

Swot analysis of commonwealth bank of australia

[Parts of the World](#), [Australia](#)



Sovereign, Prosthetic, Comes, and Bandiest. Strength - Scale Commonwealth Bank has a strong presence in Australian financial services industry and has the largest customer base of any Australian bank. Commonwealth bank is the main financial institution for more than 33% of Australians who are 14 years of age or above. It provides products and services to every day Australians, corporations, government entities and other major institutions operating in Australia. Commonwealth Bank have businesses globally in New Zealand, Europe and the Asia-Pacific region.

As of January 2008 Commonwealth bank is the second largest Australian listed company on the Australian Securities Exchange. Strength - Diversified business mix Commonwealth Bank holds diversified business mix by providing integrated financial products and services through retail banking, premium banking, business banking, institutional banking, fund management, superannuation, insurance and stockbrokers. Strength - High Customer Satisfaction According to the latest Roy Morgan " Main Financial Institution Customer Satisfaction" survey in April 2013, 82. % of Commonwealth banks customers are satisfied with the banks products and services. Based on Roy Morgan survey Commonwealth Bank currently hold the number 1 position for customer satisfaction among the big four major banks operating in Australia. Commonwealth Bank of Australia - Weaknesses Weakness - Weak Global Presence Compared to other globally recognized banks such as HSBC and Citibank, Commonwealth bank has weak global presence. Weakness - Decline in revenue from lending products The lending and the deposit markets in Australia are very competitive.

As a yearly results. Especially in the home loan, business loan, retail deposit indirect card business. Commonwealth Bank of Australia - Opportunities Opportunities - Expand Globally Commonwealth bank has growing international presence through Retail Banks in New Zealand and Indonesia, Banking investments in China and Vietnam, representative offices in Beijing and Hanoi as well as banking branches in London, New York, Tokyo, Hong Kong, Shanghai, Singapore, Auckland, Ho Chi Mini City and Iambi.

The bank has opportunities to further expand its Global operations, especially in the Asia-Pacific Region. Opportunities - Grow Stockbrokers Services Reserve Bank of Australia's decision to reduce official cash rate to 2.5% means fix income assets such as term deposits and government bonds will become less attractive for investors. This is likely to increase trading in the stock market as inventors turn to the stock market in order to find opportunities to get ahead of the market. This provides Commonwealth Bank Group with opportunities to grow and expand its stockbrokers services.

Commonwealth Bank of Australia - Threats Threats - Uncertainty in Global Markets Four years after the global financial crisis, the global economy continues to be volatile. The impact of uncertainty in the global markets has created a challenging piratingenvironmentin the Australian banking sector, with lower consumer confidence, higher savings rates, lower demand for credit, lower discretionary spending and weaker equity markets. All these operating conditions combined is likely to create lower revenue and profit growth for Commonwealth Bank of Australia.

Threats - Competition Although Australian banking sector is currently dominated by four major banks with Commonwealth Bank being one of them, Australia has an extremely competitive banking and financial services industry. Commonwealth bank competes with foreign banks, building societies, mutual banks and smaller regional banks. Growing innovation and technological advancements has led to increased emergence of new competitors and competition within the Australian banking and financial services sector. Threats - Government Regulations New government regulations there have made it easier and cheaper for customers to change banks.

For example, banks in Australia are no longer able to charge early exit fees such as deferred establishment fees on mortgage and personal loans due introduction of new regulation in early 2011. Competitive Advantage of Commonwealth Bank of Australia Maximizing long-term value for its customers, shareholders and its employees is the organization's main strategic priority. Commonwealth bank's strategy is to create long-term value and maintaining competitive advantage by differentiating itself from its competitors.

The organization's goal is to achieve long-term value for its customers, shareholders and its employees through domestic and growth outside of Australia. Given the Commonwealth Bank Group's franchise position, the organization aims to capture the opportunity to generate growth domestically and outside of Australia by identifying and meeting more of the needs of its customers. In April differentiation, and achieving long-term value

through capturing opportunity for growth domestically and internationally, the Commonwealth Bank Group's Chief Executive Officer Ian Nearer announced the organization's refreshed strategic direction.

According to Commonwealth Bank Group's CEO Ian Nearer, the organization's refreshed strategic direction intends to achieve differentiation and long-term value for its customers, shareholders and employees by focusing on strengthening the delivery of three key capabilities which are difficult to replicate as these capabilities are not based around pricing or branding which can be changed overnight.

The organization aims to focus on strengthening capabilities that takes years to build and years to strengthen. The three key capabilities of focus for the organization are well suited for its continued importance on opportunity for growth domestically and internationally as well as underpinning productivity opportunities which is significant for the organization.

The three key capabilities the organization seeks to focus on as part of its strategic directions are as follows; Being world-leading in the application of technology to financial services and products Maintaining a vibrant and customer-focus culture and people Achieving strong, flexible balance sheet Long-term Competitive Advantage through Technology Commonwealth Bank Group aspire to become world leader in application of technology in the financial services industry as part of its strategic direction.

The organization seeks utilities technological innovations to simplify banking and grow its customer base domestically and outside of Australia in order to

create long-term value for its customers, shareholder, community and its employees. Commonwealth Bank Group believes that a critical factor in surviving in the long-run and sustaining TTS competitive advantage is by achieving the status of world-leading technological bank.

One area that did not slow down during the global financial crisis was the development of technology. Rapidly changing and improved technology has continued to change customer's needs and preference, increased competitors and provided opportunities for improved productivity. The organization's aim is to adept to rapid changes in technology and to be a leader in application of technology in the financial service industry in order to sustain long-term viability and capture growth opportunities in the external environment.

Customer-focus Culture and People Customer service remains the primary objective for the Commonwealth Bank Group, and this is also reflected in the Group's mission statement which is " to be Australia's finest financial services organization through excelling in customer service". The organization's goal is to create long-term value and capture growth opportunities by achieving customer focus culture and people as well as strengthening customer base.

The organization seeks to achieve customer focus-culture and people through enhancing employee talent programs, long-term focus on employees, committing to perversity and by not offspring Jobs overseas. Strong and Flexible Balance Sheet Commonwealth bank Group's CEO believes having a strong and flexible balance sheet is an important

component in long-term viability in a volatile economic environment.

Viability compared to its international counterparts. The organization's CEO believes this is due to its stronger and flexible balance sheet.

The organization believes that one of the Group's main strength is its ability to maintain strong and flexible balance sheet. The Group's current revised strategic direction seeks to draw upon this trench in order to capture opportunities in domestic market's such business banking and institutional banking sectors as well as growth outside of Australia especially in countries such as Indonesia where it currently already has branches established and also strengthening its current partnership with China Unhappy in order to open new growth avenues for the organization.

Evaluation of Commonwealth Bank Groups Performance Commonwealth Bank Group have stakeholders beyond customer's and its shareholders. The main stakeholders for the organization are its employees, customers, shareholders and the community. Different aspects of Commonwealth Banks performance effectdifferent stakeholders. However the interest of the banks stakeholders tends to be interlinked, meaning engaged employees create great experience for its customer's and good experience for its customers create good returns and value for its shareholders which in turn will allow the bank and its shareholders to do more to support the community.

Group's Performance from Employees' Perspective According to data provided on overview of Commonwealth Bank on its website there is currently more than 51, 000 people working at the Commonwealth Bank Group. The organization believe engaging and empowering its employees is

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a critical factor in the organization's success. The organization believe in offering flexible work options to support its people through career breaks, parental leave, career's leave and study leave.

In 2012, Commonwealth Banks internal People and Culture Survey showed that 87% of Commonwealth Banks employee agreed or strongly agreed their managers allowed them the flexibility to meet their work goals and personal needs which is consistent with its goal of offering flexible work options for its employees. Training is major role in the development for Commonwealth banks Employees.

According to Commonwealth Bank Group's 2012 sustainability report, during 2011-2012 Commonwealth Banks staff completed more than 6, 300 online learning and face-to-face programs, with over 20, 500 employees participating in the programs which is an increase of 35% in staff participation compared to its previous year's results. Furthermore In 2010, the Commonwealth Bank Group announced its commitment to gender diversity in the organization by setting a public target for women's representation at senior levels. The organization commitment to increasing the presentation of women in Executive Manager position and above from 26. % in December 2009 to 35% by December 2014. According to the banks 2012 sustainability report, as of 30 June 2012, 30. 9% of Commonwealth Bank Group's senior management positions are held by women which is a progressed toward achieving its target of 35% by December 2014. Group's Performance from Customers' Perspective Commonwealth bank believe engaging in its people will help achieve creating great survey conducted by

Roy Morgan research of the big four major banks in Australia; being ANZA, CAB, ANZA and Wastage.

According to customer satisfaction survey results in April, Commonwealth Bank maintained number one position in customer satisfaction among the four major banks in Australia for the fourth consecutive month. In April the organization's customer satisfaction was up 0.1% to 82.6% on six month average and up 14.1% since 2006 when the organization commenced its commitment towards improving its customer satisfaction position from fourth place to being number one. According to Roy Morgan research 33% of Australians who are 14 years of age and above consider Commonwealth Bank as their main financial institution which is 1 in 3 Australians.

Commonwealth Bank Group seeks to maintain TTS current customer satisfaction score position and continue to improve and provide the best customer service for its customers through continuous improvement of its financial service websites and its distribution networks of 50 branches nationally, 3,700 Australian Post agencies, over 4,200 ATMs nationally and more than 274,000 EFFETE terminal throughout Australia. Group's Performance from Shareholders' Commonwealth bank believes good customer experience leads to creating value for its shareholders. This evidence of the belief can be seen in latest financial results of the organization.

For the half year ended 31 December 2012 Commonwealth bank group announced a half yearly statutory net profit after tax (INAPT) of \$3,661, which is a 1% increase from Deck 2011 half yearly results. This is a good

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result for its share holders especially in current volatile market conditions. For 2012 interim dividend Commonwealth Bank paid a fully franked interim dividend of \$1.64 per share, which is an increase of 20 per cent from its 2011 interim dividend. Dividend payout ratio on cash basis was approximately 70% for the interim dividend which is up from previous year interim dividend payout ratio of 61%.

Both increases are consistent with the Board's revised dividend policy to increase the payout ratio to its shareholders for interim dividends, which was announced in August 2012. Group's Performance from Community's Perspective In financial year ended 2012 the Commonwealth Bank Group contributed over \$200 million in community contribution and rewarded a total of 244 grants through its Community Grants Program. Furthermore the organization Awarded \$2 million to organizations that supported the health and wellbeing of Australian youth and educated 235,735 children through Starters financial literacy programs.

In 2009, Commonwealth bank committed to providing 350 career opportunities for Aboriginal and Torres Strait Islander people across the Group by June 2012. As at 30 June 2012 Commonwealth Bank exceeded its target and created 354 indigenous career opportunities. Commonwealth Bank Groups' Social, Community and Environmental Performance Social Performance Backbone forms part of the bank's social media strategy to create a community of customers and interact with them online. Commonwealth Bank attracts more than 100,000 fans' to its Backbone page a year after launching its page on the social network.

The organization uses backbone as a way of providing support and services to its customers in a new and innovative way. The banks customer service team extending its customer service model beyond traditional phone and branch interactions. Commonwealth Bank is currently one of the top banks in the world when it comes to utilizing technology and social media to serve its customers. According to figures provided in Commonwealth Banks half year ended 31 December 2012 media presentation, the organization currently has over 1. Million Australians log onto their Antenna website each day.

Community Performance Commonwealth Bank Group support the Australian community through many different charities and avenues. The organization has a proud history of providing financial education programs catering to young Australians as it believes that a financially literate community leads to a more prosperous society. Additionally Commonwealth Bank Group and its people provide give its time to the regularly by way of volunteering in different community events.

These volunteer activities range from producing meals for those in need through Cooking for a Cause with Sofas, agitation projects with conservation volunteers Australia or working with clients of the Celebrate Palsy Australia. Commonwealth Bank Group currently has a Reconciliation Action Plan which is a formal commitment by the organization to help create new social and economic opportunities for Aboriginal and Torres Strait Islander Australians. Through this Foundation, the organization invests in projects that give aboriginal youth access to educational opportunities.

Commonwealth Bank staff also participates in cultural events to learn more Aboriginal and Torres Strait Islander's cultures and social values. The organization also contributes towards achieving social equality for Indigenous Australians through sponsoring local community events and ANODIC Week. Furthermore Commonwealth Bank provides support to the community through its partnership with many different organizations. To name Commonwealth Bank currently has partnership with the Australian Chamber Orchestra, Banger Dance Theatre and Opera Australia in order to support arts and culture in Australia.

The organization also has partnership with the Breast Cancer Institute of Australia and the Prostate Cancer Foundation of Australia to support and promote health in Australia. Environmental Performance Commonwealth Bank Group believes that environmentally sustainable business practices are required to deliver value to customers, staff and wider community in the long-term. The organization focuses on three opportunities renewable energy, clean technology and carbon trading in order to help achieve environmentally sustainable business practices.

The Commonwealth Bank Group has been a senior investor in clean and renewable energy projects since 2004, with investments in wind, biomass and hydroelectric sectors. Commonwealth Bank has been involved in many different renewable energy projects which include; Collar Wind Farm project which reached practical completion in 2012 and provides around half of the wind generation capacity in the South West Interconnected System (SWIS) in

Perth. Pacific Hydro project which is a portfolio of Brownfield and Greenfield development sites of wind and hydro assets in Australia, Brazil and Chile.

ACT Solar Project which is a 40 megawatt solar project in the ACT which would be the largest solar plant (combined) under construction in Australia once underway. In 2009, Commonwealth Bank Group set a target to reduce the organization's carbon emissions from their Australian tones of carbon. As of 2011-2012 the organization has so far reduced 23, 500 tones in carbon emission according to their 2012 sustainability report. Furthermore the organization's sustainability report states it has achieved a 50% reduction in printing at Commonwealth Bank Place and fitted energy efficient lighting for its 950 ranches.

In 2012 Commonwealth Bank received their first 6 star green star building for it's newly opened Commonwealth Bank Place building in Sydney Darling Harbor. In the same year the organization also received the NEWS Government's Green Globe 10 year Sustainability achievement award. Recommendation on Commonwealth Banks Future Strategic Direction It is evident from SOOT analysis of Common Bank Group that its internal strengths outweigh its internal weaknesses and external threats outweigh external opportunities.

Therefore the organization's future strategic direction should aims to maintain its position in the industry. The organization should continue focusing on its current strategic areas; application of technology to financial services and products, maintaining a vibrant and customer-focus culture and people and achieving strong, flexible balance sheet. In current volatile

market conditions and competitive market it is hard for financial institutions to achieve competitive advantage.

Commonwealth bank strategic direction to be differentiated from its counterpart is important for the long-term viability of the organization. In a readily innovative and changing technological environment the Commonwealth Bank's strategy to be a leading applicator of technology in the financial services industry is an intelligent move. Adopting new technology and innovation to operate the bank's businesses not only will provide the organization with competitive advantage. It can also help the organization in combating new competitors brought on by technology advancement.

Further utilizing technology and innovation can allow the organization to tap into global markets more efficiently and quickly in order to grow outside of Australia. Commonwealth Bank should also seek to maintain its customer satisfaction level for long-term survival. Customer is a core area of any organization's growth and value creation. Therefore the bank should invest further in employee development in order to ensure a customer-focus culture and people remain in the organization. Furthermore Commonwealth Bank Group should