

Australian Mutuals History Oral History Program 2024

Interview with Grant Devine (QBANK/Coastline Credit Union)

Interview conducted by Ben Woods on 21 February 2024

00:04 (BW)

Ben Woods, Archivist, Australian Mutuals History interviewing Grant Devine, 21 February 2024. Greg, could you tell us a little bit about your upbringing and education?

00:20 (GD)

I was born and bred in Brisbane. My father was a waterside worker, and my mother was a stay-at-home mum. I went to state school in the western suburbs of Brisbane and finished high school in 1981. Probably an average student, I guess, at the end of the day with all the different experiences during those formative years. And after I left school, I didn't know what I wanted to do. I even looked at going on the wharves with my father. But that didn't come to pass. But a couple of opportunities came up and I was offered an apprentice electrician role, and a job with the ANZ Bank. The only reason that I took the bank role was because they offered it first, I could've been a tradie otherwise. It was an interesting turn of events when I was 17, after leaving school. So, I commenced my banking career in January 1981 with the ANZ Bank in Queen Street [Brisbane].

01:31 (BW)

I know you studied business and did an MBA [Master of Business Administration]. Did you start work before you went into those studies?

01:45 (GD)

Yeah, I wasn't in the frame of mind to commence studies at that point – a young bloke having a good time in Brisbane. So, to settle down in the bank job, which was a very grassroots job doing clerical work, folding statements, doing the mail, all those sorts of things. So very grassroots, then graduating ultimately to becoming a teller. And then my career progressed further after that. Studies didn't come to pass until I felt if I really wanted to progress my career that I needed to do that. In fact, I enjoyed it so much I continued to go on and finish my MBA, probably later in my career, when I was in my late 30s.

02:35 (BW)

Ok, and did you do a project or thesis in your MBA or was it more coursework?

02:46 (GD)

The MBA was a major thing. I finished my undergraduate work and really enjoyed it and decided to continue because I could relate it to my work. And I was an Assistant General Manager at Queensland Teachers Credit Union and a lot of the assignment work and case studies I used worked for the MBA. It worked really well for both my studies and in a practical sense and also obviously putting theory into practice from the academic world. I found that really useful. And that continued when I left Queensland

Teachers to go to Queensland Police Credit Union in 2008 and I continued the MBA using the credit union as a case study.

03:41 (BW)

When did you first hear about credit unions?

03:46 (GD)

My career had been split between three commercial banks both domestic and international networks, Citibank, Challenge Bank and ANZ Bank. When I left Citibank, I got married and went overseas with the kids – it was a great opportunity to take a break. I came back and a role came up, advertised in the paper as a Customer Service Manager with Queensland Teachers Credit Union.

I'd heard a little bit about them but not a lot. Credit unions were a very small sector, I never really took much notice of them. I got past the first interview, and I wasn't too sure culturally if the fit was for me. As you can imagine coming from Citibank, which was very commercially oriented to a credit union, it was very different.

I wasn't sure this was for me, but they called me back for a second interview and I thought I'd go back for it, and they explained more about the ethos of the credit union movement and how customer focused they are and given my background is in sales and marketing, that really appealed to me. Plus, the role had some staff responsibility as well, a lot more than what I would've had before, so I thought I'll give this a go for a year or so and ended up really enjoying it. I stayed there six years and ended up Assistant General Manager ...

05:22 (BW)

Once you got involved in Queensland Teachers what appealed to you about it? Could you talk a little bit more about the differences between it and the commercial banks?

05:41 (GD)

I think it was the nature of the industry and the culture that Queensland Teachers lived by. Certainly, right through the whole time that I was there, the customer was absolutely first and paramount in people's thinking and being fair and equitable. Still at the same time had a mission to be safe and secure and generate sufficient profit to be sustainable, but at the same time, very empathetic, respectful, internally, not without tension at times - all organisations should have a bit of professional tension. But the way they treated customers was important compared with Citibank where I was involved, it's no longer in Australia anyway. I was in the asset liability committee there on the marketing side, thinking of customers, and it was extremely profit driven. Literally, in some of those meetings it was said, how long can we milk the customer [indecipherable]? It was that mindset, I thought, I'm not sure of the ethics behind that and the fairness. Whereas the credit union movement was certainly mindful of that and put the customer first. And that's what really resonated with me the fairness and the ethics of thinking of the customer within reason.

07:18 (BW)

You've told us that you really got into marketing and your bio tells us that also. Over that period in the 2000s while you were with Queensland Teachers, internet banking would've really come to the fore. What were the big challenges during that time?

07:55 (GD)

Part of my mandate as I was promoted was testing and failure is not a bad thing as long as you do it quick and move on and learn from it. We tested various things at Teachers and I was given the latitude to do that particularly with the sales culture for want of a better word.

It was more of a sort of an order taker type institution, rather than providing solutions to customers with some of the products in mind. Some of the things we did were pretty rudimentary regarding incentives and celebrating success which drove significant improvement and results, in addition to some of the product development, and putting the customer at the centre.

That was really important to make sure we had really good research, got customer insight and made sure that was transposed into not only the product that met their needs, particularly teachers, and showed that we knew them, and the same thing happened at Police. We'd never be in their job of course, will never be a teacher or a police officer but we certainly empathise and understand their unique circumstances. I think that is what sets you apart from the competitors.

On technology, obviously internet banking, card developments, those sorts of things in the early 2000s were moving forward. We even developed some things internally with my IT executive, just to try a very basic Customer Relationship Management System, or banking system. And that was really interesting to see some of the results. That was quite challenging. But the organisation was looking at a bigger CRM platform to spend millions of dollars on. And I was involved with considering and making a recommendation not to proceed on that because the culture wasn't ready for it yet. You can have all the tools in the world and unless you get a skilled operator to use it, it's a waste of money. That didn't go down well. That was the honest truth at that time.

10:35 (BW)

Was that a problem then, for more of the cutting-edge things you wanted to do, getting the talent that you needed?

10:55 (GD)

The line I've heard very often, and this was when I was studying the MBA, is that being a fast follower is a good thing sometimes. Let some others sort out the bugs and learn from them. And the industry is very good with sharing information - without any collusion of course - but sharing learnings about what has worked, and what hasn't worked. And being honest about that with your peers. And I'm a big believer in that. I'm a big communicator, I like keeping in touch with people and learning from things and if things are successful, understand that and how it could be transferred to our organisation rather than spending an enormous number of resources and time on something which is really not going to deliver.

11:44 (BW)

Do you think that collaboration is alive and well?

11:51 (GD)

It is, after leaving Queensland Police in 2016, it's now QBANK, we converted to a bank, on coming back into the sector, I've kept in touch with colleagues from time to time, but I've been in the not-for-profit sector in more recent years. But going back into Coastline Credit Union as a Director at the beginning of 2023 and attending the conference last year, it showed me there has been some change, probably not as much collaboration perhaps as there used to be, which is a bit of a shame. The culture of the industry is changing, but the challenges within the industry regarding scale and competing against the majors hasn't diminished it's accelerated and obviously regulator oversight and demand are creating challenges for some smaller ones. But I always thought that would continue and it has probably accelerated which means unfortunately the sector is slowly shrinking. That does diminish the collaborations between the parties, and it is probably not as open and trusting as what it was.

13:13 (BW)

How did you move to QBANK, what happened there?

13:27 (GD)

My role with Teachers was as Assistant General Manager so I oversaw everything front of office as well as IT and the marketing team. The role with Queensland Police Credit Union, I actually didn't see, someone pointed it out to me and said you'd be great for this. They don't come up often. I did some due diligence to see what was going on there to understand what the challenges were. And there were significant challenges at that point. In terms of change management, and management change, as well. So, I knew I was going into probably the most challenging time of my career for a couple of years. But systematically taking my time and having a very close, collaborative, open relationship, and honest relationship with the board. And a no surprise policy was absolutely paramount with the board, particularly in times of significant change. I took on the role. It was a huge challenge while doing my MBA at the same time. I had great support of my wife in terms of supporting the kids. We got through that, and we saw the fruits of that in the ensuing years as we had great results and eventually moved on to become a bank in 2016.

15:01 (BW)

How do you compare the organisations, Queensland Teachers and Queensland Police as they were at the time?

15:18 (GD)

One common thread, of course was member focus, no doubt about that. Operating rhythm and culture from board down was very different as you can imagine between teachers and police as each have their own nuances. Teachers are very studious, conscientious, fairly conservative in nature. They follow the rules.

In some respects, police are the same but they do have a tribal element to them in terms of that they know what's best for their customers. And there's some truth in that, no doubt about that. But at the same time can be more direct and it takes a little bit of time to get that trust.

16:23 (BW)

That's interesting – what about size wise, how did they compare?

16:34 (GD)

Queensland Teachers was at that point about \$1.8 billion in assets. Queensland Police was probably at that point around about \$600 million or thereabouts. Staff wise probably about 75 at Police and Queensland Teachers they had a branch network of 14 branches I think, and a staff of about 170. They had different distribution, different strategies. The core of the things I looked at with Police were, were there any material issues with the regulator? As much as I could find out at the time, understanding the board and the immediate challenges that were occurring with management changes, and generally getting a feel for what mandate I had to initiate change and what delegation I had. They were the key things.

17:40 (BW)

You mentioned becoming QBANK. Queensland Police were on the early side in terms of becoming a mutual bank. You were obviously well involved in that. Could you tell us about making the change and some of your thoughts and worries about it?

18:04 (GD)

We were aware of the regulators change on credit unions using the term bank quite early in the piece and I kept a very strong relationship with the Queensland Teachers CEO, and we used to catch up periodically for lunch and talk about what we were up to. Queensland Teachers were one of the first couple to actually become a mutual bank, for their own reasons.

For us at that point the regulator required [indecipherable] but there are also probably unwritten requirements in terms of making sure there were no financial requirements, no prudential requirements that were causing any angst for a credit union to be converted to a bank. My relationship with APRA was very close and has continued to be close. I was a believer of keeping them informed of any key items for them to be aware of. There were some governance challenges with the board at that time and APRA were looking for some succession changes with the board. And obviously, sometimes the CEO can be the piggy in the middle. And notwithstanding the initial discussion around converting to a bank began two years prior in 2014 with the board. Just to sound out in a strategy day, the appetite for it, because as you can imagine dropping police from the name was going to be a big deal and at that point, we required the members to vote for that change. The way we did it, the way we restructured it because we changed the company name as well. Because you couldn't have credit union in the company name and be trading as a bank. So, we just changed the company name. The board were lukewarm on the idea. And over time we saw others change. The strategy was for QBANK to appeal to a broader audience of government employees, which we were always open to. Because QBANK has

the Q which in Queensland is synonymous with government agencies and the like. That was the big driver to be more relevant and not just for police only. So that's a somewhat similar strategy to Queensland Teachers because they had a community-based membership, anyone could join. For us it was any government employee. That project was probably the biggest project of my career and ever will be. The amount of work was pretty amazing.

20:57 (BW)

What about the term bank was that controversial and how do you feel about it?

21:06 (GD)

Once the board agreed to the change of name, we undertook an enormous amount of research with members and non-members, ones that were police and non-police and other government employees. The resounding feedback was that QBANK really did resonate. We had some other brand names that didn't. And once the board agreed that yes this is the pathway to go to change the company name, and then have a trading name, we went to the members to change the company name saying that were changing to a bank. We held back on the decision on the bank trading name, we wanted to get the company name changed first. We articulated that with the members through different open forums, morning teas and the like. We also got the commissioner of police involved and the union, I met with the commissioner, even got the commissioner to endorse supporting our brand name change for the future of our organisation, as well as getting the union to be involved in supporting it as well. I think that went a long way to get the vote over the line, all the stakeholder involvement.

22:23 (BW)

Tell us about your involvement with Indue, how did that come about?

22:29 (GD)

Queensland Police Credit Union was a major shareholder in Indue. It wasn't automatic that I took a shareholding directorship on the board immediately upon starting. That came later on in 2009 when they had a resignation, and I had an opportunity to apply for it. I'd been involved in Indue in various forums and governance is one of the things that I really enjoy as I've gotten later in my career. And so that role came up and I was appointed to the board in late 2009 and I was on the board there for six years. I learned an enormous amount from the Indue board, they were highly professional once again, credit unions were the members, and the Australian Government was a customer as well and I learned a lot from my colleagues there.

23:29 (BW)

What was the role of Indue at that time did it still have a peak body role?

23:42 (GD)

At that point Cuscal and Indue were separated. There'd always been talk about whether Cuscal and Indue would merge. There were always informal discussions which never came to pass. But Indue became sustainable in its own right, albeit having a smaller cohort of credit unions as customers. It opened other avenues in other industries such as the Australian government with the basics card. That was a big, big move for it. Cuscal on the other hand at that point created their own switch and put a lot

of capital expenditure into that for their own reasons. Cuscal was a bigger body, it had more credit union customers. Indue evolved into more of a hybrid entity basically becoming a payments expert and also had the fraud prevention part of the business with Orion as well which was commercialised and sold to other non-credit union entities.

24:54 (BW) I'll ask you about the emerging leaders program shortly but Abacus came about in 2009 or 2010, did Queensland Police join then? What happened there?

25:19 (GD)

I think it became COBA at around that mark. My involvement with Abacus going way back probably was that there was talk at the conference of having an emerging leader cohort where we could foster younger people. The criteria back then I think it was those under 30, or thereabouts who were looking to progress their career in credit unions, there were no mutual banks then, and I'm all for that. I'm a big believer in coaching and supporting meaningfully young people to progress and get practical examples from others. I was involved in a small working group to move that along. Probably going back when I was at Teachers. I can't remember the exact year but probably would have been around about 2005 or 2006 or thereabouts. I was a big supporter of that. Also, fortunately, at Police as well we had open opportunities for staff to go to the conference and attend the various sessions to develop their own professional development. But they also had to earn it so if they wanted to do that they had to apply internally to our organisation and do a presentation of why they should go and what they would get out of it. For the ones that just want to go for a bit of fun or the ones that truly want to get something out of it. So, I did that at Teachers, and I took that same philosophy across to Police. And every year we always had at least two or three internal candidates apply and put up a decent presentation saying why they wanted to go. Glad I was involved in those early days. I think that's a great thing that the industry has continued to do.

27:32 (BW)

Ok, so you ceased working with QBANK in 2016 and then worked with not for profits. How did you go from there to an involvement with Coastline?

27:58 (GD)

I worked for a not for profit called Spinal Life Australia which gave me another perspective. That was a free role, I was happy to give something back to a charitable cause so that was a big learning for me both personally and professionally. And I'm with a nonprofit in investment funds. I've always kept in touch with various colleagues in the industry. I was interested in board opportunities only if the timing is right, I'm probably getting towards the end of my full-time working career. I've kept in touch with various board members in the industry and an opportunity came up with Coastline through a resignation and unfortunately another director passed away unexpectedly. So I went through that process, and I was known to the CEO and the board, and they took me on and here I am today. And it's really refreshing to get back into it and probably bring back some of the learnings as a board director that I can provide to the industry and to Coastline. And in fact, Coastline, it's no secret, they're going through the same process right now looking to become a mutual bank.

29:30 (BW)

How do you find that experience of being a director compared to being at the top of management?

29:40 (GD)

I think that for some people it can be difficult because I think they're extremely mindful that there's a blurred line between what's management and what's board. I'm a big believer in really good governance. Back in 2009 when I took on the role of Indue Director I completed the (Indecipherable) Director's course back then. And in fact, I was a member way back in the 1990s. I've always probably unbeknownst to me always had an affinity with good governance and the right thing to do, and how to get the mission of the organisation. A Director really needs to know the nuances of the business, you give people the opportunity to flourish, provide guidance when it's necessary (indecipherable) I'm just one Director among a cohort of other directors, everyone has their say with a board no matter whether it's with an ADI [Authorised Deposit-taking Institution] or anything for that matter. And the process, I think, what I've learned, particularly at Police, because there has been some challenging times when I was at Queensland Police Credit Union, there was a line of communication between management and the board. And there's no sideline discussion going on too much. Don't rock the boat between board and CEO. A good board charter and constitution can really set an organisation up for success. There're some key fundamentals that need to be taken care of and you also need to be respectful that everyone's got a different lens of the world. We're all different people, we all come with our own baggage. We try to put that to the side a little bit more and to listen to people and hear different people's views and consider that and then come up with your own.

31:52 (BW)

Do you feel as a Director that you're there especially to represent the members?

32:08 (GD)

Yeah, absolutely. Well, they're the stakeholders. They are the owners of the entity as such and while there are thousands of them, of course, you never take that stewardship for granted. And you always have them at the centre of everything you do and doing the real deal at the end of the day and trying to put yourself in their eyes. And I've always tried to do that. My whole career, I've served all sorts of people I was a teller for five years, I've seen all people, the good the bad and the ugly. Everyone's got their own journey. And my view is you always try and play the high ground and do the right thing by people and usually good things will come back to you. That's my philosophy of life and never taking people for granted and being transparent is very important.

33:10 (BW)

What sort of institution is Coastline compared to QBANK?

33:21 (GD)

Well, similar and different. QBANK is obviously predominantly police with Queensland government employees. It has a community focus which is around that world, that cohort, quite deep. Coastline, it surprised me how community focused it is. Far more than I had envisaged and very, very engaged with the community as the board members come from the community and know lots of the community and people that have influence in the community and they respect that and also they know their role. I'm not

a local, I'm from Queensland, obviously. But they are very respectful of the local community and the intrinsic difference that makes to them against their competitors, even other mutuals that aren't within that local community so much. They've got a foundation there which was created over 20 years ago, which is pretty incredible, which does real grassroots support, it supports the local clubs with meaningful outcomes. It supports the community and young people and looking at trying to improve their way of life, giving a little bit of a leg up and Coastline are providing support. That really appeals to me. I think it's great that it's not just token words but there's real action behind it and Peter Townsend [Coastline Credit Union CEO] has been there for quite a while, he's embedded in the community very much has his finger on the pulse as do the majority of the board there as well. It's very refreshing, I really enjoy it. It's not without its challenges, obviously there's always challenges, particularly with the regulatory environment there is increasing challenges, but they've got the scale to see it through and they're probably one of the highest performers in the sector.

35:38 (GD)

Why become a bank? Why do Coastline want to become a bank?

35:44 (GD)

For similar reasons as probably a lot of others. In fact, for our brand credit union is probably harming the brand as it's just referred to as Coastline. But the view is that you also get people migrating to the region, the retirees out of Sydney and elsewhere to the Port Macquarie and Kempsey area and Taree. You walk across the branch and see Coastline and you hardly see credit union and you wonder what's all that about?

You see local artworks in there and a few offices and so forth and you see a very discreet teller function or inquiries counter and it's not clear what it really is. At the end of the day, it's about making it absolutely crystal clear that Coastline is a bank as such and for similar reasons as to a lot of others it is easier to digest particularly for younger people who probably aren't really up with the understanding of mutuality.

36:52 (BW)

How important is the mutuality aspect today?

36:56 (GD)

I think it's diminished. It showed through even in my time with Queensland Teachers and Police and with Queensland Police probably the best way to pick it up is in the voting of any resolutions. And the attendance at Annual General Meetings certainly has dropped off. At the same time, I think implicitly it's still strong with customers, because they see that they've got an avenue that is a member owned entity, not dissimilar to the superannuation industry where there's a segment replicated for credit unions in the super industry with member owned super funds. They do understand and have comfort that their voice can be heard and respected as opposed to a commercial entity where it's profit and pretty much that's it. But it's certainly not as obvious by any stretch or driven by mutuality as in the past. That can be a good thing too, because you can get some adversarial members who think they own the place, and that their voice is bigger than everyone else and you have to remind everyone that they've got one vote and everyone's a member.

38:19 (BW)

Just finally then, how do you see the role of mutuals going forward?

38:28 (GD)

It still has something to say, and I think that COBA does a great job. I've only been back on the scene for 12 months but several publications I've seen out are very strong. As we've seen of late the industry is continuing to consolidate there's still some larger mergers that are happening now. And I think that will probably continue until there is literally a cohort of 20 or so. Ultimately, where that takes us in the long run I think it will just be a smaller industry, hopefully with a body that's still supported by the majority of those remaining members to give it a voice and be a valid competitor, albeit with bigger scale and smaller players but hopefully it can get more leverage out of that scale efficiency and keep the major banks honest at the end of the day. It's ever changing as well, obviously the role of brokers over the last 20 years has permeated the credit union industry as well because about 50% of mortgage originations are done through a broker channel. And that's probably a big question for a lot of mutuals that haven't gone that way, they are probably missing out. We did that at QBANK, that was not without challenge, but we did it very systematically and carefully whilst not competing against our own ...