



PLATFORM-ENABLED BUSINESS TRANSFORMATION AT ANZ INSTITUTIONAL

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In today's volatile, fast-paced, and AI-enabled world, being exceptional at building and reusing digital platforms pays off. In a recent study, MIT CISR found that the 51 percent of companies in the research that effectively managed one or more of four platform designs—X as a service (XaaS), internal platform, multisided marketplace, and platform as a service (PaaS)—were top performers in their industry. The top-performing companies ranked in the highest quartile for effectively managing XaaS or internal platform designs.¹ XaaS designs enable the commercialization of digital business services, creating new revenue streams. Internal platform designs focus on codifying and scaling an organization's core strengths.

In this briefing we describe the platform journey of ANZ Institutional, a division of the Australia and New Zealand Banking Group Limited (ANZ), in which the division transformed its business by building robust, scalable internal platforms, connecting and leveraging them to create revenue-generating digital business services. ANZ Institutional's business transformation doubled the division's return on equity (ROE) between 2016 and 2024.

TRANSFORMING ANZ INSTITUTIONAL

In 2024, ANZ Institutional served global business customers across financial products and services, including transaction banking, loans, specialized finance, and financial markets services. The division had 6,500 employees and operated in 29 markets, with revenues of AUD\$6.89 billion (33 percent of ANZ Group revenues) and an ROE of 14 percent.²

In 2016, ANZ Institutional's performance was very different. The division's operations across 34 countries were not well connected, and its investment focus on lending and debt

finance yielded an ROE of just 7 percent, in contrast to the 45 percent of ANZ Group capital it was consuming. ANZ's new CEO, Shayne Elliott, and the new head of ANZ Institutional, Mark Whelan, launched a two-phase multiyear digital business transformation to grow the business.

In phase one (2016–2019), they refocused on ANZ Institutional's key customers and shifted the division's investment focus to core strengths, in particular the transaction banking business. Mark Whelan explained:

*We had seventy-nine products and hundreds of sub-products, many built for one customer. We reviewed the product lines and cut about 27 percent. ... I decided to rename Country CEO to Country Head. It was symbolic. We are changing. You must support the network priorities, and that's how you're rewarded. We then thought through the simplification of the systems, which was the start of the digital revolution for us. We wanted **one** product system, **one** loan system, **one** trade system, **one** market system, and **one** transaction banking system deployed to each of the countries, and a single customer identifier.*

MARK WHELAN, GROUP EXECUTIVE, ANZ INSTITUTIONAL

In 2019, ANZ Institutional leaders launched phase two, which was focused on pivoting to growth. This included rapidly scaling the revenue from platform offerings. For example, the division's revenue from payments platform offerings grew from AUD\$187 million in 2021 to AUD\$468 million in 2024.³

DESIGNING AN INTERNAL PLATFORM FOR REAL-TIME PAYMENTS

ANZ Institutional made a multiyear investment totaling AUD\$1.2 billion in its digital business transformation to simplify systems and build enterprise capabilities. Investments in the transaction banking business included developing a real-time payments capability for the enterprise.

³ "2024 Full Year Results," ANZ Group Holdings Limited.

¹ S. L. Woerner and P. Weill, "Top-Performing Companies Reuse Four Digital Platform Designs," MIT CISR Research Briefing, Vol. XXV, No. 5, May 2025, https://cizr.mit.edu/publication/2025_0501_DigitalPlatformDesigns_WoernerWeill.

² "2024 Full Year Results," ANZ Group Holdings Limited, November 8, 2024, <https://www.anz.com/content/dam/anzcom/shareholder/2024-anzghl-full-year-results-presentation-and-investor-discussion-pack.pdf>.

ANZ Institutional CIO Peter Barrass and his technology team developed the division's Payments Services Platform (PSP),⁴ which enabled ANZ to make real-time payments via Australia's New Payments Platform.⁵ This development followed two key principles. The first principle was to build for reuse and scale. This included simplifying business processes by orchestrating API-wrapped, composable (modular) digital services while designing for automation and straight-through processing (automated electronic transfers with no manual intervention). The second principle was to self-engineer and self-operate the platform. Given the platform's strategic nature, business and technology leaders partnered to establish a strong architectural foundation on which to build new digital services for ANZ's businesses and achieve faster time to market.

The business platform owner of the PSP, ANZ's Banking Services Portfolio Lead Nigel Dobson, and the ANZ Banking Services team developed a new service operating model to guarantee real-time payments service quality. Over two years, the team mapped all payment processes in the bank, defined eight core payment services, and assumed ownership of these services, with end-to-end visibility and control over infrastructure. As a result of these efforts, ANZ businesses can consume payment services into their digital channels, with authority over configuration for their own uses.

REUSING THE PLATFORM THROUGH XAAS

In 2018, ANZ Institutional launched a strategic initiative to reuse the division's internal real-time payments capability as an offering that other financial institutions could use under their own brand. This strategy would speed up the time to market and reduce costs for financial institutions adopting the offering. It would also generate a new revenue stream for ANZ Institutional, supporting continued investment in its platform.

The transaction banking business was already offering other XaaS services to financial institutions, including correspondent banking services (the execution and clearance of transactions in Australia and New Zealand on behalf of international banks) and client monies services (virtual accounts for financial institutions' customers). Building on this foundation, with strong interest from smaller international banks, ANZ Institutional was first to market with a real-time payments service for finan-

cial institutions. It quickly delivered proof of value: By 2023, the division was conducting 42 million real-time payments annually on behalf of other financial institutions (from 9 million in 2020, 19 million in 2021, and 33 million in 2022).⁶

ADVANCING THE INTERNAL PLATFORM DESIGN WITH THE DIGITAL BACKBONE

A key goal for the second phase of the digital business transformation was to simplify and connect platforms and data to enhance customer experience, decision-making, and automation, and to enable new customer offerings. ANZ Institutional leaders developed the concept of the division's Digital Backbone (see the figure)—a technological "spine" of connected platforms, with each platform acting as a vertebra producing and consuming standardized data, contributing to ANZ Institutional's growing data ecosystem. The concept helped to effectively communicate across the organization the platform design and the business benefits from becoming real-time producers and consumers of data products.⁷ In 2021, after laying the groundwork, the leaders launched the Digital Backbone as a business-led, technology-enabled platform capability. All new business initiatives had to connect to the Digital Backbone and meet three core requirements: (1) produce data, (2) make that data available internally at scale, and (3) use a common customer identifier.

The first Digital Backbone use case, launched in 2024, transformed lending, a critical service that had been very federated (i.e., decentralized across different businesses and geographies that managed their own lending processes). By connecting its platforms supporting onboarding and Know Your Customer (identity verification process), loans processing, and credit limits, ANZ Institutional transitioned from batch-based lending to real-time lending across all geographies. By integrating data across these platforms in real time, ANZ Institutional enhanced the customer experience in lending by streamlining the loan origination process and eliminating repetitive data entry. Automatically populating onboarding data into credit and loan systems reduced manual input by 70 percent, reducing loan processing time and cost while lowering operational and compliance risks.

Today, the Digital Backbone underpins current and forthcoming digital business services including wholesale credit, digital assets, and foreign exchange. ANZ Institutional is continuously

4 "2023 Institutional Payments & Platforms Investor Briefing," ANZ Group Holdings Limited, 34, September 7, 2023, <https://www.anz.com/content/dam/anzcom/shareholder/2023-institutional-platforms-briefing.pdf?mboxid=session%234c4e7df9f05d4eb3b853cd03c9d9d-2be%231742744363>.

5 The New Payments Platform (NPP) is a national industry-wide real-time payments platform for Australia; see "It's Time to Move to NPP," Solutions, Australian Payments Plus, accessed May 30, 2025, <https://www.auspayplus.com.au/solutions/npp>.

6 "2023 Full Year Results," ANZ Group Holdings Limited, November 13, 2023, <https://www.anz.com/content/dam/anzcom/shareholder/ANZGHL-full-year-2023-results-investor-discussion-pack.pdf>.

7 Mark Whelan, "A Digital Backbone for our Global Network," *bluenotes*, Australia and New Zealand Banking Group Limited, September 11, 2023, <https://www.anz.com.au/bluenotes/2023/09/anz-whelan-payments-institutional/>.

improving the Digital Backbone, enabling faster development cycles, reduced integration costs, and richer, more connected data. In 2024, the division implemented a new data analytics platform, which is connected to the Digital Backbone. This was established to provide real-time analytics for the Institutional division's businesses, with connections to a scalable, multi-modal AI capability (maintained in Amazon Web Services, with access to third-party large language models) to enable exploration of new capabilities. For example, CIO Peter Barrass and his team improved the accuracy of data extraction in the financial spreading process (the collection of data from financial documents for analysis), which had been 60 to 70 percent using machine learning but improved to 95 percent using generative AI provided by the connected AI capability.

What's next for ANZ Institutional will include becoming more of a real-time business⁸:

We are positioning ourselves as the bank enabling real-time treasury capability. We have many customers who put their trust in us to enable them in the transition to real time.

LISA VASIC, MANAGING DIRECTOR OF TRANSACTION BANKING, ANZ INSTITUTIONAL

TRANSFORMING A BUSINESS THROUGH STRATEGIC PLATFORM DESIGN

What does it take to become exceptional at building and reusing digital platforms? It starts with a bold vision and the teamwork of many, guided by three lessons:

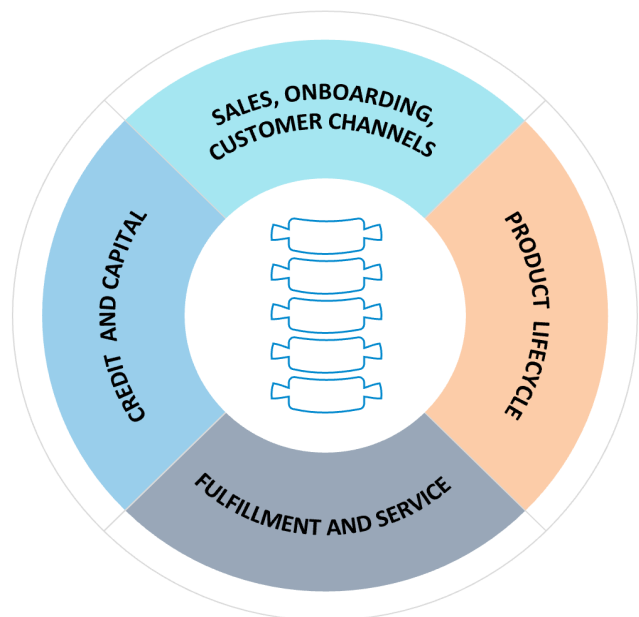
- 1. Anchor your business transformation in a strategic shift that defines your organization's core strengths and a cultural shift that breaks down silos.** ANZ Institutional embarked on a strategic transformation focused on high-value customers, connected geographies, and a simplified product mix, and then innovated. The division broke down country and product silos, starting with changing decisions rights.
- 2. Build an internal platform design, focusing on a core strength, then commercialize it.** ANZ Institutional first invested in an enterprise real-time payments platform capability for a high-value business—transaction banking—which enabled the division to provide new digital services for ANZ customers. Then it scaled value creation by reusing the platform capability to offer services to other financial institutions via XaaS.

⁸ For more on real-time business, see P. Weill, E. van den Berg, J. Birnbaum, M. de Planta. "What's Next: Top Performers are Becoming Real-Time Businesses," MIT CISR Research Briefing, Vol. XXIV, No. 8, August 2024, https://c isr.mit.edu/publication/2024_0801_RealTimeBusiness_WeillvanDerBergBirnbaumdePlanta.

- 3. Grow your internal platform design via connectivity.** ANZ Institutional designed a real-time data backbone to which its businesses must connect. This enabled new end-to-end customer offerings such as real-time lending and whole-sale credit.

As business models become increasingly AI-enabled, the strategic design, evolution, and reuse of platforms that reflect a company's core strengths will be essential to driving growth and innovation. Companies will scale both existing and new capabilities through platform designs that provide high-quality data, reusable services, and enterprise-wide integration. Are your platform designs ready to support this transformation?

Figure: ANZ Institutional's Digital Backbone



Each of the four quadrants of ANZ Institutional's Digital Backbone encompasses platforms that deliver key features important for customers:

- 1. Sales, Onboarding, Customer Channels:** platforms for customer experience, including onboarding and Know Your Customer
- 2. Product Lifecycle:** platforms for processing financial transactions, such as payments, foreign exchange, and loans
- 3. Fulfillment and Service:** platforms for information management, including regulatory reporting
- 4. Credit and Capital:** platforms for risk management, such as credit and collateral limits

The connections between these platforms represent ANZ Institutional's evolving data ecosystem, in which data is produced and consumed as a product.

Source: Derived from "2023 Full Year Results," ANZ Group Holdings Limited, November 13, 2023, page 86, <https://www.anz.com/content/dam/anzcom/shareholder/ANZGHL-full-year-2023-results-investor-discussion-pack.pdf>.

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MIT CISR is funded by our members, and we gratefully acknowledge their financial support and their many contributions to our work.

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