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CHANGE PLAN FOR SCENARIO PLANNING

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Scenario planning for the next 20-30 years has indicated that the Commonwealth Bank must acknowledge and prepare for industry shifts. A previously conducted scenario planning process highlighted the potential of numerous threats to Commonwealth Bank, that not only presented a threat to the Commonwealth Banks business model but also present an opportunity for market competitors to take advantage of. This report will outline the effects of a future where hyperinflation is present and a management plan for the commonwealth bank to undertake, which will include interventions and strategies to prepare and take advantage of this possible future scenario.

Implications of Scenario Planning

The future scenario planning suggested that there is a probable likelihood that Australia could face hyperinflation within the next 30 years. As a result of hyperinflation, it was highlighted that the Commonwealth Banks current model of offering savings accounts that earn interest and then repackaging invested money to make loans could be drastically impacted by the volatility of hyperinflation. Hyperinflation can often lead to a rise in common goods by up to 50% a month, this often leads people to turn away from the use of savings accounts (0.05% per annum) and put their money in an asset that will be able to minimise the potential loss of monetary value in their savings (Tscach, 2000). There have been many different mitigations identified to prepare for such a scenario but one of the most adaptable plans to the Commonwealth Banks current model is to start offering cryptocurrencies through CommSec to allow customers to maintain their economic value in a fluctuating market. The cryptocurrencies will be sold through CommSec, and the banking sector will offer higher interest rates on the assets (like the 5% A.P.Y offered on other cryptocurrencies) to ensure the Commonwealth bank maintains cash flow to make financial products in a time of hyperinflation.

Situation Analysis and Change structure

The following table will incorporate the McKinsey Seven-S Framework to demonstrate the current state of the Commonwealth Bank, the state they need to be in to prepare for hyperinflation and the gap between the two states and incorporate the whole system (Waterman, 1980). This table will mostly look at how the Commonwealth bank will need to transition to have a cryptocurrency department, with some aspects of what will have to change to incorporate cryptocurrencies into CommSec's financial offers mode.