

## Our business > Challenges and opportunities

### Making the most of our challenges and opportunities

Facing our challenges and asking what opportunities they present, helps us focus our strategy and make decisions to respond in the short, medium and long term.

The financial services industry is operating in an increasingly competitive environment, while facing regulatory change, as well as adapting to an evolving digital landscape. We remain focused on our Australian and New Zealand franchises, while actively managing the performance of our non-core businesses.

### Our challenges and opportunities

### How we're making the most of our challenges and opportunities

<b>Managing the performance of non-core businesses</b>	Dealing with conduct matters affecting the UK banking sector and making additional provisions for UK conduct charges in relation to Payment Protection Insurance (PPI) and interest rate hedging products.	Sold 31.8% of our interest in US based subsidiary Great Western Bank with plans to sell 100% over time, subject to market conditions.	Accelerating run off of our UK Commercial Real Estate portfolio, including the sale of a £625m portfolio of mainly impaired loans.
<b>Regulatory change</b>	Maintaining a strong capital, liquidity and funding position. Stable funding index of 90.4%, up from 72% in 2008.	Continue to monitor and manage regulatory changes including the Dodd-Frank Wall Street <i>Reformed Consumer Protection Act 2010</i> in the US, Stronger Super in Australia and Basel III in Australia and the UK.	Actively participating in regulatory review processes, including the Financial System Inquiry.
<b>Increased competition for business banking customers</b>	Renewed focus on improving customer experience.	Hiring more front line business bankers to better serve our customers and win new business.	Improve banker effectiveness through better sales disciplines and centralising activity into fulfilment centres.
<b>Technology transformation</b>	Technology transformation capabilities deployed between 2010 and 2012 have matured.	Continued innovation in customer payments and investment in underlying technology.	Progress on core transformation program will allow us to move to smaller and more frequent capability improvements aligned to our strategy.
<b>NAB Wealth</b>	Cash earnings improved 13% in 2014. We are evaluating a number of options to improve overall returns for this business.	Strengthening systems and processes and responding to regulatory change.	Building stronger alignment with our retail bank, through increasing the number of wealth advisors in stores. Continuing our trust and transparency agenda in providing sound financial advice to our customers.

 Read more about our strategy on **pages 14–21**, or read more about our Risk Disclosures on **pages 13–19** of our **2014 Annual Financial Report**.