

Australian Competition and Consumer Commission  
Adjudication Branch  
By email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Attention – Hannah Ransom

8 October 2019

Dear Ms Ransom,

**Australian Banking Association – application for authorisation AA1000441 – draft determination**

Thank you for the opportunity to comment on the draft determination above, issued on 27 September 2019. My comments are made in a personal capacity. They are informed by almost 25 years in roles focused on the needs of low income consumers. I was also the consumer member of the Banking Code Compliance Monitoring Committee during its first four years of operation from 2004 to 2008.

I will focus on several key issues in the draft determination:

a) Proposed conditions in the draft determination

The Banking Royal Commission, similar to the Prices Surveillance Authority review in 1995 that raised issues in relation to the affordability of basic transaction accounts, focused its recommendations on industry self-regulation. The Commission notes in the draft determination notes that a failure on the part of industry to act effectively might trigger a legislative response. There has already been considerable forbearance in encouraging industry to take effective action on these issues. Whilst there has been considerable progress, the case studies presented to the Royal Commission confirm not all Australians can access a transaction account on fair and affordable terms.

The attachment of extra conditions and reporting requirements to confirm authorisation is therefore entirely appropriate. Some further comment on the detail of the conditions is offered below.

b) Eligibility:

I agree with the Commission's concern that the proposed eligibility criteria are minimum rather than mandatory and that this should be expressed as clearly as possible. As a general observation, the Banking Code is most effective when it makes clear, simple, consistent undertakings and where like subject matter is grouped together. That is not only useful for consumers to understand their rights but for signatory banks to meet their responsibilities.

c) Minimum Standards:

The Commission has noted the improvement in the minimum standards proposed in the application in comparison to the 2002 request. That reflects the evolution of low and fee-free products on offer and consumer expectations.

One issue absent in the draft determination was raised briefly in a joint consumer submission dated 25 June 2019. It relates to the Cashless Debit Card (CDC) and the fact the current CDC provider Indue Ltd is not a signatory to the Banking Code. The consumer submission recommended that 'the minimum eligibility criteria for basic bank accounts should apply to the CDC and suggest(ed) that the ACCC raise any inconsistency with the Minister for Social Services'.

Since that time there has been discussion about significant expansion of the CDC. The Prime Minister has expressed a preference that the CDC apply nationally, to all benefit recipients.

There are significant consumer protection, regulatory and policy issues associated with the CDC, not the least of which that it removes the ability for consumers to choose the transaction account that best suits their needs and means. It would not, in current form, meet the minimum features of a basic bank account. National rollout would however impact a significant proportion of consumers eligible for a basic bank account. Applying the terms used for the first CDC trial in Ceduna nationally, would result in over two million card and account holders.

d) Identification of potentially eligible customers:

I agree with earlier submissions that consumers should not carry the responsibility for self-identifying as eligible. Banks that offer a basic bank account should be required to inform every consumer applying for a new account of its availability and ask an appropriate question about eligibility. The first requirement can be met through the provision of general information, the second is specific to each consumer application.

Banks that are signatories to the Banking Code but do not offer a basic bank account, should be required to note that absence generally and at the point of application for a new account. These requirements should be additional conditions to authorisation.


e) Agricultural proposal:

I live and work in a rural community. The proposals seem fair and reasonable. It is however unfortunate that there was no consultation with farming representatives or rural financial counsellors.

I would be happy to clarify or expand on these comments if useful.

Thank you again for the opportunity to comment.

Yours sincerely,



David Tennant

