

Interim Authorisation AA1000645**Report for the period 15 January 2024 to 15 February 2024****1 Background**

The ABA refers to its application for authorisation of 30 November 2023 (AA1000654) (the **Application**).

This report is provided to the ACCC in satisfaction of Condition 1 in the ACCC's decision to grant interim authorisation in relation to the Application, subject to conditions (the **Interim Authorisation**). This report covers the period from 16 January 2024 to 15 February 2024 (the **Relevant Period**).

2 Summary of Report

During the Relevant Period, 15 meetings were held between two or more of the Australian Banking Association (**ABA**), its Member Banks,¹ Linfox Armaguard Pty Ltd (**Armaguard**) the Reserve Bank of Australia (**RBA**) and the Commonwealth Treasury (together, the **Authorised Parties**) for the purpose of:

- (a) developing and evaluating potential industry responses to: (i) the viability of wholesale cash distribution in Australia; and/or (ii) securing continued access by banks, retailers, other businesses and/or members of the public to retail cash services in one or more metropolitan and/or regional non-metropolitan locations; and
- (b) reaching in-principle agreement on the form and content of any urgent industry responses to be pursued.

An overview of the meetings and discussions that took place during the Relevant Period pursuant to the Interim Authorisation are set out in Confidential Schedule 2. These discussions occurred at or arose out of meetings facilitated by the RBA and were predominantly focussed on the development of a coordinated response to the issues facing the cash distribution system in Australia. The RBA has established three workstreams: (i) short term initiatives to respond to acute issues within the cash distribution system (supported by an external forensic accountant engaged by the RBA); (ii) business continuity planning (specifically in relation to the continued provision of CIT services by Armaguard [REDACTED]); and (iii) longer term initiatives to ensure the ongoing sustainability of the wholesale cash distribution network and access to retail cash services in Australia.

Over the Relevant Period the Authorised Parties discussed the following topics:

- developments relevant to the decline in the use of cash as a payment method in Australia and the viability of the cash-in-transit (**CIT**) industry;
- potential industry-led long term solution to the issues facing wholesale and retail cash distribution in Australia, including the possibility of the establishment of a new model for cash distribution including preliminary exploration of models in other jurisdictions;
- resourcing of work stream of long term solutions including modelling and analysis of potential solutions;
- business continuity planning in the event of suspension of CIT services;

¹ A list of current ABA Member Banks is set out in Schedule 1.

- a potential further authorisation application for the implementation of potential short term relief.

The Authorised Parties reached in-principle agreement on the form and content of some of the above responses under the Interim Authorisation but have not implemented these responses. In particular, in-principle agreement has been reached in relation to:

- the Major Banks providing some non-financial assistance to Armaguard;
- the need for business continuity planning in case of the insolvency of Armaguard, including the need to involve other Authorised Parties (such as Australia Post and supermarkets) and the formation of a working group facilitated by the RBA and comprising Member Banks; and
- the need for a longer term solution, including the need to involve other Authorised Parties (such as Australia Post and supermarkets) and the formation of a working group.

Discussions are ongoing to further explore these matters. During the Relevant Period:

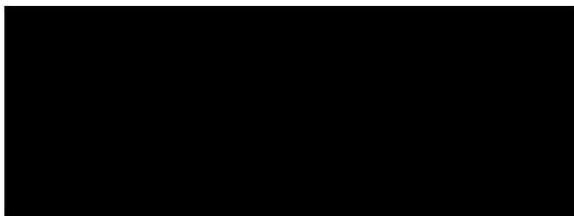
- the ABA and its Members have not consulted with stakeholders who are not Authorised Parties under the interim authorisation. The ABA understands that the RBA has had some briefings with Australia Post and three other major retailing groups; and
- there have not yet been discussions regarding supporting the availability of cash in regional and remote areas.

3 Confidentiality

The ABA regards parts of this report (being the highlighted portions of section 2, and Schedule 2 in its entirety) as confidential and requests that those parts not be disclosed to any third party, or displayed on the ACCC's public register without the prior written consent of the ABA. This request is subject to the ACCC's standard terms as to confidentiality set out below:

- there is no restriction on the internal use, including future use, that the ACCC may make of this report, consistent with its statutory functions;
- confidential documents may be disclosed to the ACCC's external advisors and consultants on the condition that each such advisor or consultant will be informed of the obligation to treat the documents as confidential; and
- the ACCC may disclose confidential documents to third parties (in addition to its external advisors and consultants) if compelled by law or in accordance with section 155AAA of the CCA.

Yours sincerely,



Christopher Taylor

Chief of Policy

Schedule 1 – Current ABA Member Banks

- AMP Bank Limited
- Australia and New Zealand Banking Group Limited
- Arab Bank Australia Limited
- Bank Australia
- Bank of China
- Bank of Queensland Limited
- Bank of Sydney
- Bendigo and Adelaide Bank Limited
- Citigroup Pty Ltd
- Commonwealth Bank of Australia
- HSBC Bank Australia Limited
- ING Bank (Australia) Limited
- J.P. Morgan Australia and New Zealand
- Macquarie Bank Limited
- MUFG Bank Limited
- MyState Bank
- National Australia Bank Limited
- Rabobank Australia Limited
- Suncorp Bank
- Westpac Banking Corporation

Schedule 2 – Details of the discussions held during the Relevant Period