



30 July 2020

**By email**

Daniel McCracken-Hewson  
General Manager (acting) | Adjudication  
[daniel.mccracken-hewson@acc.gov.au](mailto:daniel.mccracken-hewson@acc.gov.au)

Yak Wang  
(A/g) Assistant Director | Merger and Authorisation Review Division  
[yak.wang@acc.gov.au](mailto:yak.wang@acc.gov.au)

Kobi Maybury  
Project Officer | Adjudication  
[kobi.maybury@acc.gov.au](mailto:kobi.maybury@acc.gov.au)

Dear Mr McCracken-Hewson, Mr Wang and Mr Maybury

[Australian Banking Association application for authorisation AA1000482 – response to draft determination submission from Consumers Federation of Australia](#)

We refer to:

- the ACCC's letter dated 24 July 2020 inviting a response to a submission received from the Consumers Federation of Australia (**CFA**);
- the CFA's submission dated 22 July 2020 in relation to the ACCC's draft determination (**CFA submission**);
- the ACCC's draft determination dated 1 July 2020 in relation to the ABA's application for authorisation (AA1000482) (**draft determination**); and
- the ACCC's decision granting interim authorisation to the ABA dated 30 March 2020 (**interim authorisation**).

The ABA sets out below its responses to the CFA submission, using the headings from the submission for ease of reference.

**Consumer representative group consultation and direct debit card program**

The ABA notes that the CFA has raised concerns in relation to the scope of the debit card relief program notified to the ACCC on 29 April 2020 (**debit card program**), particularly in relation to preactivated debit cards. The ABA wishes to confirm the scope of the debit card program insofar as it relates to preactivated cards.

The debit card program involves participating member banks fast tracking the issuing of scheme or dual network debit cards to isolated and vulnerable customers in the Australian community who use passbook accounts or customers who otherwise do not have scheme debit cards for the purpose of ensuring accessibility to banking services.

While participating member banks would prefer to proactively contact each individual customer to advise them of the debit card program, this was not possible and may not be possible going forward, given the number of customers affected, the impact of COVID-19 on participating member banks' operations and the urgency with which participating member banks have been implementing the debit



card program or may need to in future. As mentioned in the debit card program notification, participating member Banks may issue the debit card without contacting the customer before or after the card is issued.

Where a card is issued ahead of a customer being contacted, participating member banks will require the debit card to be activated online or by phone. Participating member banks provide the customer with information explaining how to activate the card and access support to assist them to transfer funds into the account, amongst other things.

No participating member banks have issued, nor is it the intention of any participating member banks going forward to issue, preactivated cards to customers who have not been contacted prior to the card being issued. All participating member banks will only provide active cards to customers who have opted in. Where a customer has not been contacted prior to a card being issued, the card that is issued is not activated.

The debit card program notification mentions preactivated cards because the ABA wished to clarify in the notification that the relief that it had obtained from ASIC in relation to the debit card program covered a scenario in which participating member banks could issue active cards to customers who had not been contacted prior to the card being issued and that, if that ever were to happen, additional safeguards would have to be put in place.

The ABA notes that the CFA submission refers to an ABA Consumer Outcomes Group meeting where the CFA indicates that it was told that only 2% of customers are accepting debit cards. The ABA wishes to clarify that this was mentioned in the context of an initial pilot that one bank was running and only related to customers who were contacted directly. Participating member banks have reported significant uptake of the debit card program. As at 28 July 2020, participating member banks have issued more than 177,590 debit cards to vulnerable and isolated Australians of which approximately 31,349 cards (approximately 18%) have been activated by customer. None of the cards have been issued preactivated without the customer's prior consent.

## **Public transparency**

### *Member Banks' Phase Two COVID-19 assistance measures*

The CFA submission notes that at the time of the submission, the ACCC's public register did not refer to Member Banks' Phase Two COVID-19 assistance measures and queries whether the ACCC's notification arrangements are wording as intended.

Under the interim authorisation the ABA is required to notify the ACCC of any financial relief program or other arrangement within the scope of the interim authorisation as soon as practical after member banks have reached agreement on the terms of the conduct, but not less than 24 hours before the conduct is implemented, or otherwise given effect to. The Phase Two COVID-19 assistance measures will be implemented from late September 2020 when the first wave of repayment deferrals come to an end. The ABA's notification of the Phase Two COVID-19 assistance measures was published on the ACCC's public register on 23 July 2020 well within the time period required for notification under the interim authorisation.

Notwithstanding that implementation will only occur from late September 2020, the ABA decided to make a public announcement of the Phase Two COVID-19 relief measures as early as possible given the strong Government and public interest in assuring customers that further measures would be implemented following the impending cessation of the initial loan repayment deferrals and the possible winding down of large-scale government support programs, such as JobKeeper. The ABA provided a confidential update to the ACCC ahead of the announcement being made and confirmed to the ACCC that it would submit a notification as required under the interim authorisation as soon as possible, which it did on 23 July 2020.



*Public reporting*

The CFA submission refers to the ABA's COVID-19 webpage and notes that it does not provide bank-specific statistical information which the CFA submits would assist the public evaluation of the benefits of the authorised conduct. The CFA has also requested that the ACCC ask the ABA for certain information relating to the debit card program.

As mentioned in the ABA's submission dated 12 June 2020 in response to a previous CFA submission, the ABA has developed a COVID19 webpage on the ABA website for the purposes of educating customers and providing transparency to the public on relief measures available from member banks. The webpage provides a description of the key relief measures available, a link to member banks' websites for further information on individual support programs and statistics on member banks activity during the COVID-19 pandemic.

On 9 July 2020, APRA issued a letter to ADIs in relation to the capital treatment of loans impacted by COVID-19. APRA confirmed the importance of transparency to sustain investor and community confidence in the banking system and imposed a requirement on ADIs applying the capital treatment set out in its letter to report to APRA and provide public disclosures on the extent and nature of loans granted repayment deferrals (amongst other things). APRA has since commenced publishing aggregated data on loan deferrals from Australia's 20 largest ADIs.<sup>1</sup>

The ABA continues to maintain its COVID-19 webpage on the ABA website which is updated regularly. However, given that APRA has commenced publication of data on loan deferrals, since 19 June 2020 the ABA has paused the publication of updated statistics on member bank activities and has instead included a link to APRA's webpage.

The ABA considers that the data that is published on APRA's website (and previously on the ABA's website) is a public manifestation of the implementation and public benefit of the financial relief programs implemented by participating member banks under the interim authorisation, and as adopted separately and independently by member banks. The ABA does not consider it appropriate for the ABA to publish confidential statistical information of individual banks.

In relation to the debit card program, the ABA confirms that as at 28 July 2020:

- participating member banks have issued more than 177,591 debit cards under the debit card program;
- approximately 31,349 of the issued cards have been activated by the customer; and
- no cards have been issued preactivated without the prior consent of the customer.

The ABA would be happy to provide any further information required.

Yours sincerely



**Jerome Davidson**  
Director, Legal Affairs

<sup>1</sup> APRA's publication of data is available at <https://www.apra.gov.au/temporary-loan-repayment-deferrals-due-to-covid-19-0>