



Cardtronics Australasia Pty Ltd

Application for authorisation – Allpoint ATM network
and Allpoint+ ATM network

22 December 2021

CONTENTS

SECTION	PAGE
1. EXECUTIVE SUMMARY	2
1.1 Application for authorisation.....	2
1.2 Parties to this application.....	2
1.3 The proposed conduct is pro-competitive and will result in clear public benefits	2
1.4 Application for interim authorisation.....	3
2. PARTIES TO THE PROPOSED CONDUCT	3
2.1 Applicant	3
2.2 Address for service of documents	3
2.3 Description of the Applicant's business activities	3
2.4 Classes of persons who may become engaged in conduct	5
3. BACKGROUND TO THE PROPOSED CONDUCT	6
3.1 Proposed operating model for the Allpoint network.....	6
3.2 Establishment of the Allpoint network.....	7
3.3 Establishment of the Allpoint+ network	8
4. PROPOSED CONDUCT.....	9
4.1 The proposed conduct for which authorisation is sought	9
4.2 Provisions of the Competition and Consumer Act which might apply to the proposed conduct	11
4.3 Rationale for the proposed conduct	11
4.4 Term of authorisation.....	12
4.5 Classes of persons who may be impacted by the proposed conduct.....	13
5. APPLICATION FOR INTERIM AUTHORISATION	14
5.1 Overview	14
5.2 No lessening of competition or detriment to any market participant	14
5.3 Urgency of the need for interim authorisation.....	15
5.4 Possible harm to Cardtronics, financial institutions and merchants if interim authorisation is not granted	15
5.5 Clear public benefits.....	16
6. INDUSTRY OVERVIEW	16
6.1 The ATM Industry	16
6.2 Decline in demand for cash	18
6.3 Decline in the use of ATM services	18
6.4 Decline in the number of ATMs	19
6.5 Decline in the number of bank branches	19
6.6 ATM surcharge free networks and RBA access regime.....	20
6.7 Relevant markets.....	21
6.8 Overlaps between the parties	22
7. COMPETITIVE CONSTRAINTS	23
7.1 The parties will continue to face vigorous competition	23
7.2 Countervailing power	27
8. PUBLIC BENEFITS	27
8.1 Benefits for financial institutions	27
8.2 Benefits for merchants	28
8.3 Benefits for consumers / cardholders of Allpoint members	29
9. PUBLIC DETRIMENTS	29

1. **EXECUTIVE SUMMARY**

1.1 **Application for authorisation**

This application relates to the establishment of the Allpoint and Allpoint+ ATM networks in Australia by Cardtronics Australasia Pty Ltd (**Cardtronics**).

The Allpoint network is a proposed surcharge free ATM network that will be owned and operated by Cardtronics. It is intended that cardholders of financial institutions that join Allpoint will not incur any surcharge for performing cash withdrawal transactions and balance checks at Allpoint ATMs.

After the initial roll out of the Allpoint network, Cardtronics is planning to establish a separate network, Allpoint+, which will comprise a network of advanced functionality ATMs and kiosks owned and operated by Cardtronics (some of which may also be configured to operate as part of the Allpoint network). Allpoint+ will provide surcharge free cash deposit transactions to cardholders of financial institutions that join Allpoint+. It is currently intended that the Allpoint+ network would primarily be offered in regional and remote areas where access to retail banking services is limited. Financial institutions could join either Allpoint or Allpoint+, or both.

Cardtronics seeks authorisation, on behalf of itself and current and future members of the Allpoint and Allpoint+ networks, to make and give effect to contracts, arrangements or understandings that contain provisions to the effect that Cardtronics will provide:

- (a) Allpoint members' cardholders with surcharge free ATM transaction services (cash withdrawals and balance checks); and / or
- (b) Allpoint+ members' cardholders with surcharge free cash deposits at Allpoint+ ATMs and kiosks,

as applicable.

1.2 **Parties to this application**

This application is made by Cardtronics on behalf of:

- (a) itself; and
- (b) all financial institutions that have agreed to become members of the Allpoint network as at the date of this application (which is limited to Bank of Queensland (**BOQ**)) and all other financial institutions that become members of the Allpoint or Allpoint+ networks in the future,

(together, the **Parties**).

1.3 **The proposed conduct is pro-competitive and will result in clear public benefits**

The Allpoint and Allpoint+ networks will enable financial institutions (large and small) to offer their cardholders the benefits of surcharge free transactions across a substantial fleet of ATMs around Australia, that extends beyond the size and scope of the financial institution's own fleet. Allpoint and Allpoint+ will provide these financial institutions with national ATM coverage and greater ability to compete with larger financial institutions, whilst maintaining economically viable arrangements in the supply chain between Cardtronics, financial institutions, merchants and cardholders.

Allpoint and Allpoint+ will act as a counterbalance to the removal of ATMs and bank branches by many financial institutions and will assist to maintain more cash access points

for Australian consumers, particularly in regional and remote communities. In particular, Allpoint+ could provide additional deposit taking locations for consumers in communities where bank branches have been removed.

Cardtronics considers that the proposed conduct will not lessen competition in any relevant market, and will not lead to any public detriments.

1.4 Application for interim authorisation

Cardtronics is seeking interim authorisation to enable it to enter into and give effect to contracts, arrangements or understandings with financial institutions seeking to become members of the Allpoint network that contain a provision to the effect that Cardtronics will provide Allpoint members' cardholders with surcharge free ATM transaction services (cash withdrawals and balance checks) at ATMs forming part of the Allpoint network.

Cardtronics requests that the ACCC grant interim authorisation in respect of the proposed conduct within the ACCC's usual 28 day period for granting interim authorisations.

Cardtronics' application for interim authorisation is set out in detail in section 5 below.

2. PARTIES TO THE PROPOSED CONDUCT

2.1 Applicant

Name, address (registered office), telephone number and ACN	Contact person's name, position, telephone number and email address	Short description of business carried out by applicant
Cardtronics Australasia Pty Ltd 87 Corporate Drive, Heatherton VIC 3202 ACN 097 550 519	Andrew Wingrove, Managing Director [REDACTED] [REDACTED]	See below.

2.2 Address for service of documents

Tihana Zuk
Partner, Ashurst
Level 11, 5 Martin Place, Sydney NSW 2000

Email: [REDACTED]
Phone: [REDACTED]

2.3 Description of the Applicant's business activities

Cardtronics is a subsidiary of Cardtronics Limited, a company incorporated in the United Kingdom, a global independent deployer of ATMs and provider of ATM managed services and solutions, operating approximately 285,000 ATMs across 10 countries in North America, Europe, the Asia-Pacific region and Africa.¹

¹ In June 2021, Cardtronics Limited became a wholly owned subsidiary of NCR Corporation. NCR Corporation is a software- and services-led enterprise provider in the financial, retail, hospitality and telecommunications and technology industries. See: <https://www.ncr.com/news/newsroom/news-releases/company/ncr-and-cardtronics-announce-definitive-acquisition-agreement>

Cardtronics is a major independent ATM deployer in Australia, providing convenient access to cash in all States and Territories. Cardtronics provides ATM deployment and related services for retail, corporate and financial institution customers. Cardtronics' ATM services include installation, operation, maintenance, transaction processing and cash settlement. Cardtronics also provides cash management services in certain circumstances, which includes forecasting and loading.

Cardtronics' business consists of three segments: merchant ATM services, corporate ATM services and managed ATM services, described in more detail below.

(a) Merchant ATM services

Cardtronics currently owns and operates 4,585 ATMs at retail locations across Australia, pursuant to agreements with merchants who own and/or operate the relevant retail sites. The businesses operated from these sites typically include gaming venues, pubs/hotels/clubs, convenience stores, service stations, supermarkets and other retail venues, festivals, sporting arenas and venues.

The provision of ATM deployment services to merchants involves entering into contracts with merchants, pursuant to which one or more ATMs are deployed at the merchant's site(s), enabling cardholders to withdraw cash and check their balance. Cardtronics charges cardholders a surcharge amount agreed with the merchant for withdrawals of cash from the ATM (and balance checks), and shares an agreed proportion of the surcharge amount with the merchant. Cardtronics also provides maintenance (and security upgrade) services, and (at the option of the merchant) cash funding/filling and forecasting services.

Cardtronics' arrangements with merchants are based on standard form ATM agreements, which typically include the following terms:

- (i) the merchant can select if it wishes to provide and load the cash to the ATM (known as "self-cash") or if Cardtronics will supply and load the cash to the ATM (known as "cash in transit" or "CIT");
- (ii) the agreement is for a fixed term (usually 5 or 6 years), which renews unless terminated by the merchant (Cardtronics gives written notice to the merchant at least five months before the agreement rolls over, giving the merchant an opportunity to terminate);
- (iii) Cardtronics collects and retains the surcharge revenue paid by cardholders to conduct a transaction on the ATM (usually \$2.50 – \$2.90) and pays the merchant a rebate for each successful cash withdrawal transaction conducted by a cardholder on the ATM. The rebates are paid to the merchant monthly in arrears;
- (iv) a rebate is not payable when the transaction is an "on-us transaction". An "on-us transaction" is one in respect of which a surcharge is not payable. This is typically when the card used to request the transaction is a card issued by a financial institution whose branding is on the ATM, or a financial institution with whom Cardtronics has made arrangements to treat transactions requested by cards of that financial institution as if the ATM were part of that other financial institution's network;
- (v) Cardtronics provides maintenance services for the ATM when needed; and
- (vi) Cardtronics can apply branding to the ATM in its discretion, or in agreement with the merchant.

The cash-loading, term, surcharge and rebate are agreed between the merchant and Cardtronics when the agreement is entered into.

For completeness, Cardtronics has alternative ATM agreements available for merchants, including a version based on the Clubs Australia Industry Standard ATM Agreement² and a licence agreement.

(b) Corporate ATM services

Cardtronics also has bespoke ATM deployment arrangements with large corporate groups. These contracts are typically negotiated with each corporate group and apply to the corporate group's identified business sites. However, as a matter of substance, the arrangements are similar to those described in (a) above.

Cardtronics currently owns and operates 2,038 ATMs at large corporate group sites, such as Coles Express, BP, 7-Eleven and Ampol. Cardtronics refers to these customers as "corporate merchants".

(c) Managed ATM services

Cardtronics also provides "managed services" to financial institutions and in respect of their ATM fleet. Under these arrangements, Cardtronics essentially operates ATMs on behalf of the financial institution, by providing transaction processing, maintenance, general operation and cashing of the ATM. The ATMs may be owned by the financial institution or Cardtronics; however, the terms on which cardholders can transact at the ATMs are always dictated by the financial institution. Financial institutions pay a fee to Cardtronics for these services.

The financial institution typically holds the contract with the site at which the ATM is deployed (eg branch, shopping centre etc).

Cardtronics also provides a limited range of managed services to independent ATM deployers, including transaction processing and maintenance services. The independent deployer typically holds the contract with the site at which the ATM is deployed and manages other aspects of the operation of the ATMs.

Cardtronics is a party to ATM managed services agreements with 20 financial institutions (covering 538 ATMs across Australia) and 9 independent ATM deployers (covering 93 ATMs across Australia).

Cardtronics will continue to offer the above-mentioned services in Australia. This authorisation application relates to new offerings that Cardtronics is launching in Australia – the Allpoint and Allpoint + ATM networks. The ATM networks and services that Cardtronics proposes to offer to financial institutions and, consequently, merchants and cardholders are described in sections 3.1 to 3.3.

2.4 Classes of persons who may become engaged in conduct

Membership of the Allpoint and Allpoint+ networks is targeted at financial institutions that issue cards that can be used in an ATM, including retail banks, community banks, building societies and credit unions that operate in Australia.

² See ACCC Determination AA1000444 in respect of the Application for Authorisation lodged by Clubs Australia in respect of collective bargaining on behalf of its members with a number of suppliers across a range of goods and services, 11 September 2019. Available at: https://www.accc.gov.au/system/files/public-registers/documents/AA1000444%20-%20Clubs%20Australia%20-%20Final%20Determination%20-%2011.09.19%20-%20PR_0.pdf

As at the date of this application, one financial institution, BOQ, has entered into a Participation Agreement with Cardtronics to join the Allpoint network. The Participation Agreement was entered into with BOQ on 22 December 2021 and is expressly subject to a condition that the agreement will not come into effect until the ACCC grants interim or final authorisation in respect of the Allpoint network.³

Cardtronics seeks authorisation for itself and on behalf of all financial institutions that have agreed to participate, or may agree to participate, in the Allpoint or Allpoint+ networks, and become engaged in the proposed conduct the subject of this application, in the future.

Details of BOQ are set out in Part A of Annexure B. A list of financial institutions with whom Cardtronics is currently in discussions to join the Allpoint network, and their contact details, is at confidential Part B of Annexure B.

3. **BACKGROUND TO THE PROPOSED CONDUCT**

The proposed conduct relates to the establishment of the Allpoint and Allpoint+ ATM networks in Australia. Each of these networks is described below.

3.1 **Proposed operating model for the Allpoint network**

Cardtronics' US-based parent company has operated the Allpoint network in the US since 2005. The network consists of approximately 55,000 ATMs globally, over 40,000 of which are located in the US.⁴ The ATMs offer surcharge free transactions for cardholders of US-based financial institutions that are members of the network.

The proposed operating model for the Allpoint network in Australia is based on the US model, and involves the following:

- (a) all ATMs in the Allpoint network will be owned and operated by Cardtronics;
- (b) Cardtronics will seek to attract a wide range of financial institutions to join the Allpoint network. Cardtronics does not intend to impose any restrictions or minimum operating requirements for financial institutions to join the Allpoint network and those financial institutions would be free to continue to operate their own ATMs and participate in other ATM networks;
- (c) each financial institution that wishes to become an Allpoint member will negotiate an agreement bilaterally with Cardtronics;
- (d) each financial institution will pay a fee to Cardtronics [REDACTED] in exchange for Cardtronics enabling cardholders of those financial institutions to use all ATMs in the Allpoint network for withdrawals and balance inquiries without paying a surcharge;
- (e) cardholders of non-participating financial institutions would be charged a surcharge for transacting on Allpoint ATMs. Importantly, there will be no agreement or discussions between Cardtronics and members regarding the fees Cardtronics will charge to third party cardholders for transacting at Allpoint ATMs. Cardtronics will set surcharge fees based on its existing agreements with the relevant merchant at whose site each ATM is located, and otherwise negotiate and agree surcharge fees with merchants in respect of new sites, in the way it currently does for Cardtronics ATMs; and

³ Cardtronics' contract with BOQ is based on the template Participation Agreement enclosed at confidential Annexure C.

⁴ See: <https://www.allpointnetwork.com/>

- (f) the merchants on whose premises the ATMs are located will receive a rebate for every surcharge-generating transaction at the ATM. The rebate/surcharge arrangement between Cardtronics and each merchant is subject to a separate agreement with the relevant merchant, as described in more detail in section 2.3(a) above. There will be no agreement or discussions between Cardtronics and Allpoint members about the rebate payable to merchants.

Relevantly also:

- (g) Cardtronics will unilaterally make decisions in relation to expansions of the Allpoint network, including the number and location of additional ATMs to be added to the Allpoint network;
- (h) financial institution members will continue to unilaterally make decisions about their own ATM fleets (to the extent they have, or plan to roll out, ATM fleets);
- (i) there will be no coordination between Allpoint members about the fees they will pay to Cardtronics for access to the network;
- (j) there will be no coordination or restrictions agreed between Cardtronics or any Allpoint member, or between Allpoint members, with respect to:
 - (i) the terms on which any Allpoint member provides ATM services outside the Allpoint model;
 - (ii) allocating geographic territories or customers in the provision of ATM transaction services (or any other services); or
 - (iii) restricting or limiting the supply of ATM transaction services (for example, by reducing the number of ATMs operated by Allpoint members outside the network, or the number of Allpoint network ATMs). As noted above, that will continue to be a matter for each member and Cardtronics to decide unilaterally, and will have no bearing on members' eligibility to participate, or participation in, the Allpoint network.

3.2 Establishment of the Allpoint network

Cardtronics intends to establish the Allpoint network using select ATMs in its existing retail and corporate fleet. In selecting the sites for Allpoint ATMs, Cardtronics intends to identify ATMs that meet four selection criteria:

- (a) the ATM currently offers an appropriate transaction volume to ensure that the locations are likely to be used by Allpoint members' cardholders and provide sustainable revenue through expected transaction / usage fees;
- (b) the terms of the relevant agreement with the merchant / corporate group that currently apply to the ATM enable Cardtronics to include that ATM in the Allpoint network;
- (c) the selected ATMs, together, will provide wide demographic and geographic spread in metropolitan, regional and remote locations nationally; and
- (d) the ATM is not located in a gaming venue.

Having regard to these selection criteria, Cardtronics expects that the initial roll out of Allpoint ATMs will include a minimum of approximately 680 ATMs in metropolitan, regional and remote locations which are currently owned and operated by Cardtronics under ATM deployment contracts with a range of merchants.

Cardtronics does not intend to change the basis on which merchants currently receive rebates for each successful transaction conducted by a cardholder on the relevant ATM for which a surcharge is payable.

Depending on demand for Allpoint services, Cardtronics may add further ATMs to the network.

Many of these new ATMs would be additional to Cardtronics' current ATM fleet and would be utilised to expand the geographic coverage of the Allpoint network.

Cardtronics will continue to offer its existing ATM deployment services to merchants and corporate groups, and ATM managed services to financial institutions (as described in section 2.3 above) in parallel to the Allpoint network.

3.3 **Establishment of the Allpoint+ network**

After the initial roll out of the Allpoint network, described above, Cardtronics is considering the establishment of a separate network of new advanced functionality ATMs, and kiosks, called "Allpoint+". Allpoint+ will provide fee-free deposit transactions and would be operated as a separate service to Allpoint. Some ATMs and kiosks in the Allpoint+ network may also be configured to operate as part of the Allpoint network, which would enable cardholders of financial institutions participating in Allpoint to access surcharge fee withdrawals and balance enquiries at those machines. It is currently intended that Allpoint+ ATMs and kiosks would primarily be offered in regional and remote areas where access to banking services is limited. Financial institutions could join either Allpoint or Allpoint+, or both.

Cardtronics intends to operate the deposit-taking aspect of Allpoint+ using an agency model, pursuant to which Cardtronics will provide deposit taking services to cardholders on behalf of the financial institutions that are members of Allpoint+, acting as their agent.

Cardtronics currently provides deposit functionality as part of its managed ATM services for several of its financial institution customers. As part of those services only the cardholders of those financial institutions can perform a deposit transaction at the ATMs that receive the managed services, and the financial institution pays a per transaction fee to Cardtronics.

Cardholders of financial institutions that join Allpoint+ will not incur any surcharge for performing deposit transactions at Allpoint+ ATMs and kiosks. The financial institutions will pay a fee to Cardtronics for each deposit transaction undertaken by their cardholders at Allpoint+ ATMs and kiosks.

Cardtronics proposes to enter into a Participation Agreement with each financial institution that joins Allpoint+, similar to the Allpoint template described at 4.1 below. However, the Allpoint+ Participation Agreement will also include the following:

- (a) the financial institution's obligations to ensure it can support the technical and operation requirements to perform a deposit transaction;
- (b) a process for identifying deposits by the financial institution's cardholders and a direction to pay deposits to a nominated account held by the financial institution;
- (c) a process for managing deposit transactions at Allpoint+ ATMs that are disputed by the financial institution's cardholders; and
- (d) the financial institution's obligations in respect of compliance with legislation applicable to an authorised deposit-taking institution in respect of deposits.

4. **PROPOSED CONDUCT**

4.1 **The proposed conduct for which authorisation is sought**

Cardtronics seeks authorisation, on behalf of itself and current and future members of the Allpoint and Allpoint+ networks, to make and give effect to contracts, arrangements or understandings between Cardtronics (or its related bodies corporate) and current and future members of the Allpoint and Allpoint+ networks (or their related bodies corporate) that contain provisions to the effect that Cardtronics will provide members' cardholders with:

- (a) surcharge-free ATM transaction services (cash withdrawals and balance checks) at Allpoint ATMs; and/or
- (b) surcharge-free cash deposits at Allpoint+ ATMs and kiosks,

as applicable.

A copy of the proposed template Participation Agreement, in relation to Allpoint, containing the potential cartel provision described in 4.1(a) above is enclosed at confidential Annexure C.

The template Participation Agreement in relation to Allpoint + will largely reflect the Allpoint Participation Agreement, but would include the potential cartel provision described in 4.1(b) above (and the ancillary operational and mechanical provisions noted in section 3.3(a) to 3.3(d), which do not themselves give rise to competition law risks).

Cardtronics intends to negotiate the terms of the Participation Agreement with each future member of the Allpoint and Allpoint+ networks (including the fees payable by each member to Cardtronics). However, the potential cartel provisions in the Participation Agreements which provide for members' cardholders to obtain surcharge free ATM transaction services (in respect of Allpoint) and surcharge free deposit-taking services (in respect of Allpoint+ only) will be fundamental to each Participation Agreement and will not change.

This conduct may, but for an authorisation, be characterised as fixing, controlling or maintaining the price for services provided to consumers at ATMs by the applying parties, in contravention of sections 45AF, 45AG, 45AJ and/or 45AK of the *Competition and Consumer Act 2010* (Cth) (**CCA**).

This is because:

- (c) In respect of surcharge free ATM withdrawals and balance checks for Allpoint:
 - (i) Cardtronics does not consider itself as a competitor of financial institutions. However, Cardtronics acknowledges that, for the purposes of the CCA, it may be regarded as competitive in the supply of ATM transaction services with financial institutions that seek to become members of the Allpoint or Allpoint+ networks. Cardtronics expects that some financial institutions will continue to operate their own ATM fleets. To the extent that those financial institutions operate ATMs in close proximity to Cardtronics' ATMs (whether the existing merchant fleet or Allpoint ATMs), Cardtronics and the financial institution may be regarded as being in competition in the supply of ATM transaction services to cardholders in those local markets.
 - (ii) As noted above, a fundamental part of the Allpoint model is that Cardtronics will not charge members' cardholders surcharge fees for transacting on Allpoint ATMs. Agreements with financial institutions will contain a commitment to the effect that Cardtronics will set the fee for ATM withdrawals and balance inquiries at Allpoint at zero for members' cardholders.

- (d) In respect of surcharge free deposits for Allpoint+ :
- (i) Cardtronics considers that it does not compete in the supply of deposit-taking services with financial institutions, including financial institutions that seek to become members of the Allpoint+ network because:
- (A) As explained in section 6.1, Cardtronics is not an Australian Prudential Regulatory Authority-licensed "Authorised deposit-taking institution" and is therefore unable to conduct retail banking activities (including deposit taking activities) in Australia. As such, Cardtronics does not have the ability to compete with any financial institution with respect to deposit taking activities; and
- (B) As explained in section 3.3, Cardtronics intends to operate the deposit taking aspect of Allpoint+ using an agency model.
- (ii) Notwithstanding the above, Cardtronics seeks authorisation for these aspects of the Allpoint+ arrangements to address any residual risk Cardtronics may be regarded as competitive in the supply of deposit-taking services with financial institutions that seek to become members of the Allpoint+ network. This is in the context where:
- (A) financial institutions will continue to offer deposit-taking services at bank branches;
- (B) some financial institutions may obtain or expand their own fleets of deposit-taking ATMs either at bank branches or off-site, or may provide deposit-taking services via other arrangements such as Bank@Post;⁵
- (C) it is possible that financial institutions will operate bank branches or deposit-taking ATMs, or otherwise provide deposit-taking services, in close proximity to Cardtronics' deposit-taking ATMs (whether a subset of the existing merchant fleet or Allpoint+ ATMs); and
- (D) there is not a clear legal position in Australia as to when an agent may be regarded as being in competition with its principal, following the High Court's decision in *Australian Competition and Consumer Commission v Flight Centre Travel* (2016) 261 CLR 203.
- (iii) As noted above, a fundamental part of the Allpoint+ model is that Cardtronics will not charge members' cardholders surcharge fees for making deposits on Allpoint+ ATMs. Agreements with financial institutions will contain a commitment to the effect that Cardtronics will set the fee for deposits at Allpoint+ ATMs at zero for members' cardholders.
- (e) Accordingly, making and giving effect to such contracts, arrangements or understandings may contravene the prohibition on price fixing.

Cardtronics considers that the proposed conduct raises a risk of a technical breach of the CCA. It does not involve setting prices to consumers at supra-competitive levels. Rather, it involves the setting of surcharge fees for cardholders at \$0. Cardtronics considers that the conduct is, as a matter of substance, pro-competitive.

This application is made for the purpose of addressing the risks identified above.

⁵ Bank@Post is an agency service provided by Australia Post offering cash withdrawals and deposits on behalf of over 80 financial institutions. See: <https://auspost.com.au/money-insurance/banking-and-payments/bank-at-post>

Cardtronics acknowledges that, even if it is not regarded as being in competition with prospective financial institution members of the Allpoint and/or Allpoint+ networks, its Participation Agreements with those parties, to the extent they contain the provisions described in 4.1(c)(ii) and 4.1(d)(iii) above, could be challenged under the prohibition on contracts, arrangements or understandings that contain provisions that have the purpose or likely effect of substantially lessening competition, in section 45 of the CCA. Cardtronics is confident that the provisions do not have an anti-competitive purpose, and considers that they are unlikely to substantially lessen competition in any relevant market – to the contrary, the arrangements are pro-competitive. Please refer to sections 4.3 and 5.2, and part 7, for more details.

4.2 Provisions of the Competition and Consumer Act which might apply to the proposed conduct

Cardtronics, on behalf of itself and current and future members of the Allpoint and Allpoint+ networks, seeks authorisation to:

- (a) make and give effect to a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of the CCA (being the provisions described in section 4.1 above); and
- (b) make and give effect to a contract or arrangement, or arrive at an understanding, a provision of which (being the provisions described in section 4.1 above) would be, or might be, in contravention of section 45(1)(a) or 45(1)(b) of the CCA.

4.3 Rationale for the proposed conduct

Cardtronics' core business is the supply of ATM services, enabling merchants to attract additional foot traffic to their retail outlets, cardholders to access cash in convenient locations and financial institutions to offer their cardholders the benefits of access to cash and ATM services across Australia.

The Allpoint network is a revolution in the way Cardtronics offers these services in Australia. Although the Allpoint offering has been available in the United States since 2005, it is new to Australia.

Recent industry trends in Australia (see section 6 for details) have resulted in:

- (a) for financial institutions, costs of operating ATM fleets that may no longer be recouped via surcharges, and strong commercial incentives to rationalise ATM fleets and find lower cost ways to offer their cardholders ATM transaction services; and
- (b) for cardholders, a desire to (and expectation of being able to) transact at ATMs for free.

Cardtronics expects that these industry trends will likely see even further rationalisations of ATMs, particularly in regional and remote communities.

Whilst the use of cash has significantly declined in the last decade, the use of cash as a payment method remains widespread, and access to cash remains particularly important for certain demographics (including older Australians and lower income earners). Further, the continuing decline in bank branches will necessitate the provision of alternative services to ensure that services traditionally provided bank branches (including deposit taking services) remain accessible.

The Allpoint and Allpoint+ networks will allow Cardtronics to expand its current offering to account for these industry trends. Allpoint and Allpoint+ will help maintain more cash access and deposit points for communities and will enable financial institutions (large and

small) to offer their cardholders the benefits of surcharge free transactions and self-service bank services across a substantial fleet of ATMs around Australia, the size and scope of which would far exceed the size and scope of the financial institution's own fleet. It will provide these financial institutions with national coverage, whilst maintaining economically viable arrangements in the supply chain between Cardtronics, financial institutions, merchants and cardholders.

Two of Cardtronics' close competitors in the supply of ATM transaction services in Australia, Armaguard and Prosegur, have each recently launched large scale surcharge free ATM networks, known as atmX and Precinct respectively. Cardtronics understands that atmX is currently providing surcharge free transactions to cardholders of its participating financial institutions. The Allpoint and Allpoint+ networks will, among other things, allow Cardtronics to continue to compete vigorously for customers with Armaguard and Prosegur which will result in better competitive outcomes than would otherwise be the case in the absence of entry by Allpoint and Allpoint+.

As noted above, Cardtronics will continue to offer its ATM deployment services to merchants and ATM managed services to financial institutions in parallel with the operation of the Allpoint and Allpoint+ networks.

4.4 **Term of authorisation**

Authorisation for the proposed conduct is sought for a period of 10 years.

The establishment of the Allpoint and Allpoint+ networks in Australia will require a considerable upfront investment by Cardtronics including new software development and testing procedures for existing ATMs in respect of the surcharges charged by those ATMs, rollout and rebranding costs, marketing and contracting costs, and ongoing operational, maintenance and audit costs. Cardtronics intends to operate the Allpoint and Allpoint+ networks in the long term.

The conduct for which authorisation is sought – the charging of \$0 fees to members' cardholders for transacting on Allpoint ATMs or for making deposits at Allpoint+ ATMs – is the core value proposition of the Allpoint and Allpoint+ networks.

Cardtronics believes that the key factors for financial institutions considering whether to join the Allpoint or Allpoint+ networks are:

- (a) confidence that Cardtronics is committed to the Allpoint and Allpoint+ networks and that the networks are "here to stay";
- (b) the ability to offer their cardholders the benefits of surcharge free ATM transactions; and
- (c) certainty that the making and giving effect to an agreement that contains a commitment by Cardtronics to provide surcharge free cash withdrawals, balance checks and deposits at Allpoint and Allpoint+ ATMs to the financial institution's cardholders (as applicable) does not give rise to competition law risks.

Cardtronics intends to enter into Participation Agreements with financial institutions joining Allpoint or Allpoint+ for an initial term of 3 to 5 years, with provision for renewal of the agreement for successive 3 year terms. A 10 year authorisation will give Cardtronics the certainty it needs to invest in the Allpoint and Allpoint+ networks and enable it to attract financial institutions to these networks, acknowledging that doing so may take time. As Cardtronics progressively expands the Allpoint and Allpoint+ networks over time, and seeks to increase the number of financial institutions party to the networks, a shorter authorisation of 5 years may impede some financial institutions making a long term commitment to joining. This may, in turn, limit the attractiveness of the Allpoint or Allpoint+ networks as the authorisation nears expiry which would put Allpoint or Allpoint+ at a competitive

disadvantage compared to other surcharge free ATM networks in Australia that are not subject to ACCC authorisation (whether that is because they have a higher risk threshold or have structured their arrangements in a way to minimise inherent competition law risks).

The ACCC has found previously that surcharge free ATM arrangements have resulted in significant public benefits and limited (if any) detriments, and concerns have not been raised with the ACCC following the implementation of such arrangements.⁶ In those circumstances, the ACCC has been prepared to grant reauthorisation for a period of 10 years.

Cardtronics considers that a 10-year authorisation period is appropriate given that the proposed conduct amounts to a potential technical breach of the CCA, will be pro-competitive, and will result in clear public benefits.

Cardtronics submits that there is limited (if any) basis on which circumstances could change in a 10 year period which could result in unanticipated detriments arising from the proposed conduct given the conduct is narrowly confined to surcharge free ATM services offered on the Allpoint or Allpoint+ networks, where all of the ATMs are owned by Cardtronics and where participation in the networks by financial institutions is on a non-exclusive basis.

4.5 **Classes of persons who may be impacted by the proposed conduct**

The classes of persons who may be affected by the proposed conduct include:

- (a) financial institutions who may participate in the Allpoint or Allpoint+ networks;
- (b) cardholders of financial institutions who may participate in the Allpoint or Allpoint+ networks;
- (c) merchants on whose premises the Allpoint or Allpoint+ ATMs are located;
- (d) operators of competing ATM networks, including Prosegur and Armaguard; and
- (e) in respect of Allpoint+ only, operators of competing deposit taking services, including operators of deposit-taking ATM fleets, financial institutions who operate bank branches and providers of other deposit-taking services, such as Bank@Post (operated by Australia Post).

6

See:

- ACCC Determination A91429, in respect of the Application for Revocation and Substitution lodged by Cashcard Australia Limited in respect of the 'Fee Smart' ATM network, 27 August 2014. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/D14%2B115709.pdf>
- ACCC Determination A91450 - A91452, in respect of the Application for Revocation and Substitution lodged by Cuscal Limited in respect of rediATM network direct charging arrangements and ATM deployment arrangements, 3 December 2014. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/D14%2B165981.pdf>
- ACCC Determination A91508 & A91509, in respect of the Application for Revocation and Substitution lodged by Suncorp-Metway Limited & Bendigo and Adelaide Bank Limited in respect of their agreement not to 'direct charge' each other's cardholders for ATM transactions, 1 October 2015. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/D15%2B148441.pdf>
- ACCC Determination A91593, in respect of the Application for Revocation and Substitution lodged by Australian Bankers' Association Inc in respect of arrangements to reduce ATM fees in selected very remote Indigenous communities, 21 December 2017. Available at: <https://www.accc.gov.au/system/files/public-registers/documents/A91593%20-%20Revocation%20and%20Substitution%20of%20A91312%20-%20Australian%20Bankers%27%20Association%20Inc.%20-%20Final%20Determination%20-%202021.12.17%20-%20PR.pdf>

The anticipated effect of the proposed conduct on each of these classes of persons is described in sections 8 and 9.

5. APPLICATION FOR INTERIM AUTHORISATION

5.1 Overview

Cardtronics is seeking interim authorisation to enable it to enter into and give effect to Participation Agreements with financial institutions containing the potential cartel provision described in section 4.1 in relation to the Allpoint network only. Cardtronics does not seek interim authorisation in relation to the Allpoint+ network arrangements.

Interim authorisation would enable Cardtronics to:

- (a) progress meaningful negotiations and enter into contractual arrangements with potential financial institution members; and
- (b) make necessary arrangements for launch of the Allpoint network while its authorisation application is being determined, including:
 - (i) developing and deploying communication and marketing strategies with potential Allpoint members; and
 - (ii) completing programming and development work with Cardtronics' transaction processing provider, Fiserv, to enable it to develop the technical capacity required to operate Allpoint.

Cardtronics notes that the ACCC has granted interim authorisation to each of the surcharge free ATM arrangements that it has previously considered.⁷

5.2 No lessening of competition or detriment to any market participant

Interim authorisation is unlikely to detrimentally affect the competitive dynamics in any relevant market. There is a finite number of financial institutions in Australia, many of whom are eschewing ATM ownership but still require access to ATM transaction services for their cardholders. Cardholders of those financial institutions have also come to expect ATM

7

See:

- ACCC Determination A91119 in respect of the Application for authorisation lodged by Cashcard Australia Limited and Bank of China (Australia) Limited in respect of a 'Feesmart' joint venture agreement between participating financial institutions not to charge each other's cardholders direct fees for ATM withdrawals, 4 June 2009. Available at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/cashcard-australia-limited-bank-of-china-australia-limited-authorisation-a91119> (**Feesmart Authorisation**); and
- ACCC Determinations A91175-A91177 in respect of the Application for authorisation lodged by Cuscal Limited, National Australia Bank Limited and rediATM network members in respect of rediATM network direct charging arrangements and ATM deployment arrangements, 27 January 2010. Available at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/cuscal-limited-ors-authorisations-a91175-a91177> (**rediATM Authorisation**).
- ACCC Determinations A91232 - A91233 in respect of the Application for authorisation lodged by Suncorp Metway Limited & Bendigo and Adelaide Bank Limited in respect of direct charging arrangements, 13 September 2010. Available at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/suncorp-metway-limited-bendigo-adelaide-bank-limited-authorisations-a91232-a91233> (**Suncorp Authorisation**).
- ACCC Determination A91312, in respect of the Application for Authorisation lodged by the Australian Bankers' Association in respect of a proposal to reduce ATM fees in selected very remote Indigenous communities, 8 November 2012. Available at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-bankers-association-inc-authorisation-a91312> (**ABA Authorisation**).

transactions to be surcharge free. This has resulted in a move towards financial institutions participating in, and demand for, surcharge free ATM networks.

Cardtronics expects that interim authorisation would have a pro-competitive effect on the relevant markets by allowing Cardtronics to take steps to establish and implement a new surcharge free ATM network to compete with the surcharge free ATM networks of atmX and Precinct. If Cardtronics cannot enter into, and give effect to, a Participation Agreement with financial institutions for Allpoint for the approximate 6 month period which might be required in order for the ACCC to make its decision on final authorisation, those financial institutions may enter into long term agreements with atmX or Precinct. For the reasons described in the section immediately below, that is a very real risk. Those financial institutions would miss out on the benefit of competitive tension that would be provided by Cardtronics, and Cardtronics may miss out on the opportunity to attract a baseload of financial institution partners to the Allpoint network.

The characteristics of the relevant markets themselves mean that the proposed conduct is unlikely to have any lasting impact if interim authorisation is granted but final authorisation is denied. The number of ATMs that could be the subject of the proposed conduct during the interim authorisation period is very small. Further, each Participation Agreement will contain an automatic termination clause which will be engaged if authorisation is revoked by the ACCC.

5.3 **Urgency of the need for interim authorisation**

Cardtronics requests that the ACCC grant interim authorisation in respect of the proposed conduct within the ACCC's usual 28 day period for granting interim authorisations.

Cardtronics believes that current and previous participants in the rediATM scheme are currently looking to enter into alternative arrangements to ensure that they can continue to offer their cardholders surcharge-free ATM withdrawals after the rediATM scheme is no longer offered in the market, which Cardtronics understands is slated for 31 December 2021. If Cardtronics is unable to negotiate agreements or make its Allpoint network available before the ACCC makes its final determination, it is likely that many (if not all) of the financial institutions currently participating in the rediATM scheme will contract with the incumbent providers, atmX and Precinct. Once those financial institutions contract with alternative providers, they are likely to remain with those providers for at least 3 years, given the typical length of contracts.

Additionally, a further approximately 6 months' lead time (while the ACCC is considering the authorisation application) would enable the incumbents, atmX and Precinct, to develop and employ aggressive strategies to defend their position against Allpoint's entry. Any existing or potential customers that Cardtronics loses during this period would likely be uncontestable for around 3 or more years, given the typical duration of contracts in the sector (particularly if the contracts require exclusivity).

5.4 **Possible harm to Cardtronics, financial institutions and merchants if interim authorisation is not granted**

Interim authorisation of the proposed conduct is necessary to enable Cardtronics to address its pressing need to respond to a changing competitive environment and move quickly to secure a baseload of financial institution partners to achieve the scale of transactions needed to viably operate the Allpoint network.

If interim authorisation is not granted, Cardtronics will likely experience the detriment outlined in the previous section 5.3.

If Cardtronics is unable to compete until it receives final authorisation, financial institutions would miss out on the benefits of more vigorous competition in the supply of surcharge free

ATM network services. Further, those financial institutions that do wish to join the Allpoint network would be harmed to the extent they are unable to give effect to the surcharge free arrangements until final authorisation is received, because they will not be able to offer their cardholders the benefit of surcharge-free transactions in the intervening period. The cardholders of those financial institutions would not be able to benefit from access to surcharge-free transactions on the Allpoint network.

Cardtronics' merchant partners who currently have BOQ / rediATM branded ATMs at their premises would be likely to lose the benefit of foot traffic that surcharge-free ATMs draw to their premises, since, once the rediATM scheme is no longer offered in the market, those ATMs would likely be operated as full surcharge ATMs (unless an alternative arrangement was entered into).

5.5 **Clear public benefits**

The anticipated public benefits arising from the proposed conduct are described in detail in section 8. Many of these benefits are able to be assessed at the time interim authorisation is assessed. In particular, interim authorisation would:

- (a) increase competition in the supply of ATM deployment services (including managed services) to financial institutions. Financial institutions who are seeking to enter into ATM network arrangements, and who currently have the option of choosing between incumbents atmX and Precinct, will have the option of an additional provider with a national network of ATMs;
- (b) enable cardholders of financial institutions that sign up to Allpoint to access surcharge free ATM services at a greater number of ATMs than would otherwise be available to them; and
- (c) enable smaller financial institutions to compete more effectively with larger financial institutions that have larger ATM networks, to the extent that a financial institution's ATM network is taken into account by consumers in choosing between financial institutions.

Cardtronics considers that the request for interim authorisation is reasonable and justifiable in circumstances where:

- (a) there are clear public benefits to the proposed conduct;
- (b) no discernible anti-competitive effects or other public detriments (see section 9); and
- (c) the proposed conduct raises a risk of what is effectively a technical breach of the CCA.

6. **INDUSTRY OVERVIEW**

6.1 **The ATM Industry**

The Australian ATM system was established in the early 1970s. It operates through a network of bilateral interchanges between the major financial institutions and industry aggregators for smaller institutions, providing ubiquitous access for all cardholders at all ATMs. The ATM clearing system rules are managed through the industry self-regulatory payments body, the Australian Payments Network Limited or "AusPayNet" (formerly the APCA).

The Australian ATM system consists of two distinct types of ATM owners:

- (a) Financial institutions, who traditionally maintain networks of ATMs largely as part of a bundled service to their own customers; and
- (b) Independent ATM deployers (**Independent Deployers**), who operate standalone ATM networks unaffiliated with financial institutions. Unlike financial institutions, they do not have their own cardholder base and must therefore rely solely on the fees generated by ATM transactions in order to finance their ATM fleet. Independent Deployers' ATMs are deployed in a wide range of venues, including service stations, gaming venues, pubs, hotels, clubs, supermarkets, convenience stores, cafés and restaurants, retail businesses, shopping centres, sporting clubs, adult venues, event venues, health institutions, educational institutions, transport locations (such as train stations and airports) and some bank branches (under white-labelling arrangements with the relevant financial institution).

A financial institution may be licensed by the Australian Prudential Regulatory Authority (**APRA**) as an "Authorised deposit-taking institution" (**ADI**) which permits the institution to carry on a "banking business" in Australia.⁸ A "banking business" consists of both taking deposits (other than as part payment for identified goods or services) and making advances of money, as well as other financial activities prescribed by regulation.⁹

Cardtronics and other Independent Deployers are not ADIs licensed by APRA.

Prior to 2009, the Australian ATM system operated through the payment of "interchange fees" by financial institutions to ATM owners for the provision of ATM services to customers of the financial institution. In other words, where a cardholder used an ATM that was not owned by the cardholder's financial institution, the cardholder's financial institution would be charged an interchange fee by the owner of the relevant ATM.

Reforms introduced in 2009 with the support of the Reserve Bank of Australia (**RBA**) prohibited interchange fees (in most circumstances), removed disloyalty fees charged by banks for use of a third-party ATM and permitted the charging of a transaction fee direct to the cardholder for use of the ATM. These reforms were implemented partly through an Access Regime imposed by the RBA under the *Payment Systems (Regulations) Act 1998* (Cth).

The 2009 reforms spurred expansion in the ATM industry both in terms of new entry of Independent Deployers and an overall increase in the number of ATMs. Following the introduction of the reforms, financial institutions typically would not charge ATM transaction fees to their own cardholders but would charge these fees to cardholders of a different financial institution.

Despite this initial expansion, the ATM industry has changed significantly over the past decade, due to:

- (a) decline in demand for cash;
- (b) decline in the use of ATM services;
- (c) decline in the number of ATMs; and
- (d) decline in the number of bank branches.

Each of these factors is discussed below.

⁸ *Banking Act 1959* (Cth) s 9.

⁹ *Ibid* s 5 (definition of "banking business").

6.2 Decline in demand for cash

The use of physical currency as a means of payment in Australia has been in decline for many years. Customers have increasingly switched to other forms of payment, particularly the use of debit and credit cards. This trend has been facilitated by the increasing availability of "tap and go" functionality and digital wallets. According to the RBA, the share (by number) of total consumer payments made in cash has fallen from 69% in 2007 to 27% in 2019.¹⁰ As a proportion of the total number of payments, "contactless" card payments (including digital wallets) increased from under 10% in 2013 to nearly 60% in 2019.¹¹ The RBA's 2019 Consumer Payments Survey also found that, during the period covered by the survey, a third of consumer made no cash payments (compared with 18% in 2016).¹²

The COVID-19 pandemic has accelerated the decline in transactional cash use causing a shift away from day-to-day cash use which may become permanent for many consumers.¹³ This decline is associated with decreases both in consumer use of cash and cash acceptance by businesses.¹⁴

However, although the use of cash for transactions continues to decline, there are significant parts of the community that still heavily rely on cash for many of their payments.¹⁵ For example, older Australians and those on lower incomes tend to use cash relatively frequently, although for a smaller proportion of transactions than they might have in the past. The RBA has acknowledged that, as the transition away from cash to electronic payment methods continues, it will be important to consider the needs of those members of society who continue to rely on cash for their day-to-day payments.¹⁶

6.3 Decline in the use of ATM services

The decline in the use of cash has been accompanied by a decline in the use of ATM services by cardholders to acquire cash. The number of cash withdrawals at ATMs in Australia fell from 625.4 million in FY2017 to 466 million in FY2020, and fell further to 394.7 million in FY2021.¹⁷ The increasing availability of eftpos "cash-out" (in some cases, without making an accompanying purchase) may also have contributed to this decline.

The COVID-19 pandemic has also resulted in a substantial decline in the number and value of cash withdrawals at ATMs. According to the RBA, the number of ATM withdrawals fell by around 50% in the first 2 months of the pandemic and by the end 2020, withdrawals were still 20% lower than before the pandemic in February 2020.¹⁸

¹⁰ Reserve Bank of Australia, Bulletin - Cash Demand during COVID-19 (18 March 2021), <https://www.rba.gov.au/publications/bulletin/2021/mar/cash-demand-during-covid-19.html>

¹¹ Reserve Bank of Australia, *Payment System Board Annual Report – 2020: Trends in Payments, Clearing and Settlement Systems* (15 September 2020), <https://www.rba.gov.au/publications/annual-reports/psb/2020/trends-in-payments-clearing-and-settlement-systems.html>

¹² AusPayNet, *Australia's move towards a less cash economy* | Australian Payments Network (auspaynet.com.au)

¹³ Reserve Bank of Australia, Bulletin - Cash Demand during COVID-19 (18 March 2021), <https://www.rba.gov.au/publications/bulletin/2021/mar/cash-demand-during-covid-19.html>

¹⁴ Ibid.

¹⁵ See: <https://www.rba.gov.au/publications/annual-reports/psb/2020/trends-in-payments-clearing-and-settlement-systems.html>

¹⁶ Ibid.

¹⁷ AusPayNet, Digital Economy Infographic – September 2021. <https://www.auspaynet.com.au/sites/default/files/2021-09/DigitalEconomy2021.pdf>

¹⁸ Reserve Bank of Australia, Bulletin - Cash Demand during COVID-19 (18 March 2021), <https://www.rba.gov.au/publications/bulletin/2021/mar/cash-demand-during-covid-19.html>

However, the most common way consumers withdraw cash remains through ATMs.¹⁹

6.4 Decline in the number of ATMs

In 2016, each of the "big four" banks removed transaction fees from their ATM fleets for cardholders of other financial institutions. This meant that, effectively overnight, those ATMs ceased to generate any revenue for the big banks. At the same time, transactions by non-member cardholders on those ATMs increased (as those cardholders sought to take advantage of surcharge free transactions on those ATMs), while transactions by member cardholders declined (reflecting the general trends in the use of cash).

These developments have resulted in financial institutions (and to a lesser extent, independent ATM deployers) rationalising their fleets, leading to a reduction in overall ATM numbers.²⁰

The number of active ATMs in Australia peaked in December 2016 at nearly 33,000 terminals and has now declined to just over 26,000 terminals as at June 2021.²¹

The Reserve Bank of Australia (**RBA**) has been monitoring these developments, and has indicated as follows:

One area where the declining transactional use of cash has been having an impact is the ATM industry. As discussed in the 'Trends in Payments, Clearing and Settlement' chapter, the number and value of ATM cash withdrawals has been declining for more than a decade. This has prompted banks and other ATM deployers to begin to rationalise their ATM fleets over recent years, with the total number of active ATMs in Australia declining by about 15 per cent to March 2020 since the peak in 2016. For banks, the focus initially was on rationalising their off-branch fleets, and some banks have recently begun to sell their remaining off-branch fleets to third-party operators, supported by commercial arrangements that enable the banks' customers to continue using the machines fee-free. By contrast, banks have generally sought to maintain their branch ATM fleets, and they are also continuing to invest in upgrading the capabilities of these machines to handle a wider range of services, including cash deposits, as part of broader branch modernisation strategies.

The Bank has indicated that it has an open mind to the consolidation of ATMs under one or more ATM utilities, whether jointly owned by participants or outsourced. In an environment of declining ATM use and rising costs of ATM deployment, such arrangements may be a more efficient way to sustain a broad coverage of ATMs, which is particularly important for regional and remote areas that often have fewer options for accessing cash services.²²

6.5 Decline in the number of bank branches

According to the RBA, the network of full-service bank branches in Australia has declined by around 20% (or 1,400 branches) over the decade to mid-2020.²³ Further, the 4 major

¹⁹ According to the RBA, ATMs accounted for 72 per cent of the total number of cash withdrawals and 62 per cent of the value of withdrawals in 2020. See: <https://www.rba.gov.au/payments-and-infrastructure/payments-system.html>

²⁰ Reserve Bank of Australia, *Payment System Board Annual Report – 2020: Trends in Payments, Clearing and Settlement Systems* (15 September 2020). Available at: <https://www.rba.gov.au/publications/annual-reports/psb/2020/trends-in-payments-clearing-and-settlement-systems.html>

²¹ AusPayNet device statistics, <https://www.auspaynet.com.au/resources/device-statistics>.

²² See: <https://www.rba.gov.au/publications/annual-reports/psb/2020/retail-payments-regulation-and-policy-issues.html>

²³ Reserve Bank of Australia, *Bulletin - How Far Do Australians Need to Travel to Access Cash?* (17 June 2021), <https://www.rba.gov.au/publications/bulletin/2021/jun/how-far-do-australians-need-to-travel-to-access-cash.html>

banks have publicly indicated that more than 220 branches have been closed or are due to close (on net) since then.²⁴

The RBA has recognised that the reduction in bank branches over the past few years has meant that that Bank@Post outlets have become more important at "filling in the gaps" and providing access to cash deposit functionality in particular.²⁵

On 22 October 2021, the Federal Government announced the establishment of a regional banking taskforce to assess the impact of bank branch closures on regional communities.²⁶ The taskforce intends to assess how bank branch closures have impacted local businesses, industries and communities and work collaboratively to identify possible solutions.

Cardtronics considers that Allpoint and Allpoint+ would assist to alleviate the impact on local businesses, industries and communities resulting from the steady decline of bank branches in regional communities by providing additional cash access and deposit taking points.

6.6 ATM surcharge free networks and RBA access regime

The industry developments described above have created increased consumer demand and expectation for surcharge free ATM services. Access to surcharge free ATM services is a factor for consumers in selecting transaction accounts.²⁷ With the increased costs of running their own ATM fleets and consequent rationalisation of those fleets, financial institutions have an incentive to provide their cardholders with access to surcharge free ATM services via networks such as Allpoint.

The Access Regime originally established by the RBA generally prohibited the imposition of interchange fees between participants in the ATM system in relation to any ATM transaction.²⁸ There were limited exemptions to this prohibition where the interchange fee was paid by:

- (a) a participant with a one-way arrangement to access one, and only one, other participant's ATMs and the fee is paid in respect of this arrangement; or
- (b) a participant that is a member of an ATM sub-network and the fee is the common interchange fee payable between the members of the sub-network, and the fee is paid to another member of that sub-network.²⁹

The effect of these provisions was that, while a participant was able to be a member of multiple ATM sub-networks, a participant was effectively unable to participate in multiple one-way arrangements to access another participant's ATMs. In theory, a participant could have multiple one-way access arrangements with other participants, but there would be no commercial incentive for this to occur because only one of the participants would be able to charge interchange fees to the first participant.

²⁴ Reserve Bank of Australia, Bulletin - How Far Do Australians Need to Travel to Access Cash? (17 June 2021), <https://www.rba.gov.au/publications/bulletin/2021/jun/how-far-do-australians-need-to-travel-to-access-cash.html>

²⁵ Ibid.

²⁶ See: <https://ministers.treasury.gov.au/ministers/michael-sukkar-2019/media-releases/taskforce-examine-impacts-regional-bank-branch>

²⁷ ACCC, *Determination – Application for revocation of authorisation A91119 and substitution of new authorisation A91429 lodged by Cashcard Australia Limited* (27 August 2014) (**FeeSmart Authorisation**), paragraph 32.

²⁸ Access Regime for the ATM System, paragraph 11.

²⁹ A "sub-network" is an arrangement where multiple institutions allow each other's cardholders to access ATMs across the sub-network in exchange for interchange fees (which, under this rule, must be a standard interchange fee across the sub-network). The difference between a sub-network and a unilateral access arrangement (such as Allpoint) is that, in a sub-network, each member contributes ATMs to the sub-network and provides reciprocal access.

The consequence of this rule was that a financial institution could not participate in more than one ATM access arrangement, unless an exemption was granted by RBA under paragraph 16 of the Access Regime.

Relevantly, on 22 October 2021 the RBA's Payments System Board granted an exemption that allows financial institutions to enter into a one-way arrangement (such as Allpoint) with more than one ATM provider. The exemption effectively removes the previous limitation of the Access Regime described above. In granting the exemption, the RBA acknowledged the challenges faced by the ATM industry, which Allpoint hopes to address, and stated that:

The exemption will support changes in the ATM industry that can help address some of the challenges associated with declining ATM use and rising costs of ATM deployment, and thereby help sustain broad coverage of ATMs. In discussing the exemption, members stressed that any use should not be accompanied by the re-introduction of opaque issuer fees on cardholders of the kind that existed prior to the introduction of the ATM Access Regime in 2009.

A copy of the full media release exemption is attached at Annexure D.

6.7 Relevant markets

In the context of its reviews of previous transactions and authorisations concerning the ATM industry, the ACCC has identified the following markets:

- (a) local markets for the supply of ATM transaction services to cardholders,³⁰ or local markets for consumer cash dispensing through ATMs³¹ (**Local ATM Transaction Services Markets**);
- (b) the national wholesale market for the deployment and operation of ATMs,³² which also includes ATM deployment to merchants³³ (**National ATM Deployment Market**); and
- (c) national markets for the supply of retail banking services,³⁴ including the supply of deposit-taking services.

Having regard to the developments in payment options and significant shifts in consumer behaviour described below, Cardtronics considers the market described in (a) above is more appropriately defined as a market for the supply of access to cash or equivalent payment methods to consumers.

Cardtronics considers that the market described in (b) above encompasses the supply of ATM managed services to financial institutions, and ATM network models such as Precinct, atmX and the Allpoint network.

³⁰ See Feesmart Authorisation, rediATM Authorisation, Suncorp Authorisation and ABA Authorisation.

³¹ See ACCC's informal review of Customers Limited's proposed acquisition of ATM Solutions Australasia Pty Limited, completed on 21 February 2007. Available at: <https://www.accc.gov.au/public-registers/mergers-registers/public-informal-merger-reviews/customers-limited-proposed-acquisition-of-atm-solutions-australasia-pty-limited> (**Review of ATM Solutions Acquisition**).

³² See the ABA Authorisation, the rediATM Authorisation, the FeeSmart Authorisation and the Suncorp Authorisation.

³³ See Review of ATM Solutions Acquisition. In assessing this acquisition, the ACCC identified a national market for ATM deployment to merchants, which appears to be narrower than the "national wholesale market for the deployment and operation of ATMs". Cardtronics considers that the former is a subset of the latter.

³⁴ See the ABA Authorisation, the rediATM Authorisation, the FeeSmart Authorisation and the Suncorp Authorisation.

Cardtronics considers that the market described in (c) above encompasses the supply of cash deposit-taking services to consumers, whether that be through ATMs, bank branches or alternative providers like Bank@Post.

It is not necessary, for the purpose of this authorisation application, to form definitive views on market definition as the proposed conduct will not lessen competition in any relevant market, however defined.

6.8 Overlaps between the parties

Cardtronics is not an APRA-licensed ADI and is therefore unable to conduct retail banking activities (including deposit taking activities) in Australia. As such, Cardtronics does not have the ability to compete with any financial institution with respect to deposit taking activities or other retail banking activities for which APRA licensing is required.

Cardtronics intends to operate the Allpoint+ network using an agency model whereby Cardtronics will provide deposit taking services to customers on behalf of the financial institutions that are members of Allpoint+.

Financial institutions who become members of the Allpoint network may compete with each other in the provision of retail banking or other financial services. However, the extent of competition between them in respect of those services is unlikely to be detrimentally affected by the proposed conduct for the reasons set out in section 7.1(c).

Financial institutions do not offer ATM deployment services or ATM managed services and are very unlikely to offer these services in the foreseeable future.

Despite the rationalisation of ATMs in recent years, many financial institutions continue to own and operate ATM fleets. Some financial institutions outsource the operation of their ATM fleet to ATM managed services providers. For off-premise ATMs, financial institutions typically contract separately with the relevant site owner (usually a high street location or shopping centre) under a lease agreement and pay a fixed monthly amount to the site owner. There is limited overlap between these arrangements and ATM deployment contracts entered into between independent ATM deployers (including Cardtronics) and merchants, which tend to cover a much broader range of merchant venues and typically involve a sharing of surcharge revenue, rather than a monthly lease payment.

Cardtronics and financial institutions that may become members of Allpoint and/or Allpoint+ are only likely to overlap in the provision of ATM services to cardholders (if at all) in one or more local markets, to the extent that they have ATMs in close proximity. Cardtronics does not have data on the location of each ATM in Australia, or their ownership, and the overlap or potential overlap between its own ATMs and ATMs operated by financial institutions that may join the Allpoint or Allpoint+ networks (given that the identity of financial institutions that may join the Allpoint or Allpoint+ networks in the future is not known).

The table below lists financial institutions and the number of ATMs in their fleet, Australia-wide, as at 30 June 2021.³⁵

FINANCIAL INSTITUTION	NUMBER OF ATMS
ANZ	1,274
Commonwealth Bank	2,492

³⁵ Australian Prudential Regulation Authority, *Authorised deposit-taking institutions' points of presence statistics*, 20 October 2021. Available at: <https://www.apra.gov.au/authorised-deposit-taking-institutions-points-of-presence-statistics>

FINANCIAL INSTITUTION	NUMBER OF ATMS
NAB	895
Westpac	1,301
Bank of Queensland	569
Bendigo and Adelaide Bank	497
Other financial institutions	729
ATM deployers ³⁶	18,300
Total ATMs nationwide³⁷	26,047

Cardtronics does not have access to more granular data regarding:

- (a) the number and location of ATMs which have deposit taking functionality.
- (b) the number of ATMs deployed by independent deployers for 30 June 2021.

The number of ATMs currently owned or operated by the financial institutions that are in discussions with Cardtronics in relation to potentially joining the Allpoint network is at confidential Part B of Annexure B.

7. COMPETITIVE CONSTRAINTS

7.1 The parties will continue to face vigorous competition

Cardtronics faces competition in each of the markets in which it operates and will continue to do so if the authorisation is granted. The presence of strong rivals in these markets will prevent any ability or incentive for the parties to raise prices or reduce quality or choice. Relevantly:

(a) Local ATM Transaction Services Markets

Cardtronics will continue to face competition from:

- (i) other surcharge free ATMs, including any atmX or Precinct ATMs, and financial institutions' ATMs in relevant local markets (branch and off-premise ATMs);
- (ii) ATMs of other independent deployers and financial institutions;
- (iii) cash out services offered by major supermarkets, large retailers, food chains, Australia Post and some smaller merchants; and
- (iv) the increasing ability and willingness of consumers to conduct cashless transactions using electronic forms of payment.

(b) National ATM Deployment Markets

³⁶ This figure is calculated by subtracting the total number of financial institutions' ATMs (according to APRA data) from the total number of ATMs nationwide (according to Australian Payments Network data) for June 2021.

³⁷ Australian Payments Network Device Statistics 2021. Available at: <https://www.auspaynet.com.au/resources/device-statistics#atm>

Services supplied to merchants

Cardtronics competes with independent deployers, including the major independent deployers listed below, in the supply of ATM deployment services to merchants (including both small merchants and large-scale corporates).

Deployment of ATMs at merchant sites benefits merchants both directly (because a merchant typically receives a rebate based on the value of transaction fees or another payment for having the ATM at its premises) and indirectly (because the ATM gives customers easy access to cash to spend within the merchant's premises and because the ATM drives foot traffic to the merchant).

As outlined in section 3.2 above, the establishment of the Allpoint network in Australia involves Cardtronics utilising a number of its existing ATMs where it is entitled to do so under the terms of its agreement with the merchant at whose premises the current ATM is deployed.

For the reasons explained in sections 8.2 and 9 below, Cardtronics considers that the conversion of a Cardtronics ATM to an Allpoint ATM at a merchant's site is likely to benefit the merchant and not cause detriment.

Cardtronics' main rivals in the supply of ATM deployment services to merchants include the entities listed in the table below.

PROVIDER	DESCRIPTION ³⁸
Next Payments	Next Payments is headquartered in Victoria and provides ATM deployment services across Australia and New Zealand at venues similar to Cardtronics.
Banktech	Banktech was the first independent ATM deployer in Australia. It currently owns and operates over 2,500 ATMs across Australia, located primarily in gaming venues.
atmx	atmx is a national ATM network owned and operated by Armaguard. It will include over 2,100 ATMs deployed in high street locations, shopping centres and Ampol sites. It does not compete to provide ATM deployment services to gaming venues.
ATM West	ATM West is based in Perth, Western Australia, but supplies services nationally. Unlike some other deployers, which typically offer customers a range of hardware, ATM West primarily uses the same unit across all customers.
ATM2GO	ATM2GO provides mobile (trailer mounted) ATMs for use at events, such as markets and festivals. It operates directly and via a network of 17 franchisees. ATM2GO also provides ATM deployment services to businesses, including large and small shopping centres and retail businesses.
Prosegur / Precinct	Prosegur offers its "KwikCash" ATM deployment service to a broad range of venues including retail, gaming and hospitality. Prosegur also operates the Precinct network consisting of approximately 800 ATMs.

³⁸

Based on Cardtronics' review of publicly available information and market intelligence.

PROVIDER	DESCRIPTION ³⁸
Cashpoint	Cashpoint specialises in ATM and cash dispensing technology. It has a national fleet of ATMs deployed at merchant locations similar to Cardtronics and Next Payments and is also one of the largest providers of under-the-counter EFT cash dispensing options.

These providers will continue to compete with Cardtronics for merchant sites, including the sites identified for Allpoint ATMs.

Services supplied to financial institutions

Cardtronics' rivals in the supply of ATM managed services and similar services are listed in the table below.

PROVIDER	DESCRIPTION ³⁹
Armaguard / atmx	Armaguard provides ATM management services, cash forecasting services and maintenance support for onsite and offsite ATMs for financial institutions, ATM deployers and retailers.
Prosegur	Similarly to Armaguard, Prosegur provides cash forecasting, replenishment, reconciliation and device maintenance services and currently services over 5,000 ATMs nationwide (including its deployed ATMs).
Diebold Nixdorf	Diebold Nixdorf is a USA-based multinational company offering a variety of transaction-related services, software and hardware. Diebold Nixdorf provides its "AllConnect" Self-Service Management Service primarily to financial institutions. Diebold has partnered with Prosegur to provide ATMs for financial institution ATM managed services, most recently to Bank of Sydney.

As a surcharge free ATM network, Allpoint will compete for members with existing surcharge free networks. The primary competing surcharge free networks are:

- (i) Precinct, which is operated by Prosegur. Precinct acquired the off-premises ATM fleet of Westpac Banking Group, consisting of approximately 800 ATMs with the intention of rebranding to Precinct. Cardtronics understands that Precinct's membership includes Westpac.
- (ii) atmx, operated by Armaguard. ANZ Banking Group is a foundational member of the atmx network, which consists of approximately 2,100 ATMs. Recently, atmx has announced that Suncorp, Horizon Bank, Broken Hill Community Credit Union, Central Murray Credit Union, BOQ, Virgin Money, ME Bank, Police Bank, Police Credit Union, GMCU, Central West Credit Union, WAW,

³⁹

Based on Cardtronics' review of publicly available information and market intelligence.

Warwick Credit Union, Orange Credit Union and BNK Banking Corporation have all joined its network.⁴⁰

- (iii) rediATM, which is operated by Armaguard. Cardtronics understands that the rediATM network encompasses more than 30 financial institutions and over 1,700 ATMs, although as previously noted, Cardtronics understands that the rediATM scheme is in the process of being decommissioned from the market.

Cardtronics understands that the rediATM scheme is intended to no longer be offered in the market from 31 December 2021. From that date onward, in the absence of entry by Allpoint, Precinct and atmX will likely be the only two surcharge free networks of scale, excluding the ATMs deployed by financial institutions.

The scale and distribution of Precinct and atmX makes them attractive options to financial institutions and correspondingly makes them effective competitors of Allpoint.

A financial institution may consider that membership in a single scheme is sufficient and may therefore consider the price and nonprice aspects of the schemes' offerings in determining which scheme to join. However, following the RBA's exemption to the ATM Access Code, there is no restriction on a financial institution joining multiple schemes. In particular, Cardtronics' intention is for Allpoint to operate on a nonexclusive basis and to be open to all financial institutions, regardless of size.

(c) *Retail banking services markets (including deposit taking services)*

Retail banking services encompasses the broad range of personal and retail business banking services provided by financial institutions to consumers and businesses.

Cash withdrawal and deposit services are one aspect of retail banking, and an increasingly insignificant one given the decline in the use of cash and the availability of surcharge free transactions (both at the ATMs of a cardholder's own bank, at ATMs of the major banks and at bank branches).

To the extent that a financial institution's ATM network is taken into account by consumers in choosing between financial institutions in respect of certain retail banking products that require regular cash transactions (including, for example, transaction accounts and SME business banking accounts), the proposed conduct is likely to have a pro-competitive effect by ensuring that smaller financial institutions are not at a competitive disadvantage in providing ATM services or in attracting customers more generally by virtue of the size of their ATM network.

Cardtronics understands that deposit taking services are currently only supplied by financial institutions as part of the retail banking services provided at bank branches, through on site ATMs (with deposit taking functionality) or through bank tellers. Bank@Post performs a similar role to a bank branch and provides deposit taking services to consumers on behalf of a range of financial institutions, including at more than 1,800 in rural and remote locations.⁴¹

Cardtronics expects that deposit taking ATMs in the Allpoint+ network will act as an additional or alternative option to deposit taking services offered by financial institutions at bank branches and by Aus@Post. The proposed conduct will likely have a pro-competitive effect and result in a net public benefit by ensuring continued

⁴⁰ See: <https://atmx.com.au/>

⁴¹ See: <https://auspost.com.au/money-insurance/banking-and-payments/bank-at-post>

access to deposit taking services particularly in rural and remote communities where the number of bank branches are declining.

7.2 **Countervailing power**

In addition to the threat of choosing a rival surcharge free ATM network, financial institutions have significant countervailing power due to their ability to:

- (a) maintain their own ATM network;
- (b) enter into an agreement for surcharge free access to the ATM fleet of another financial institution or Independent Deployer; and/or
- (c) adopt other solutions to provide consumers with surcharge free access to cash. For example, ING and ME Bank do not have ATM fleets or participate in surcharge free networks, and instead offer to reimburse their respective cardholders for any ATM fees they incur.⁴²

Cardtronics considers that the authorisation of Allpoint and Allpoint+ would increase financial institutions' choice and countervailing power with respect to other surcharge free ATM schemes.

In addition, while some financial institutions may wish to ensure that their cardholders have increased access to surcharge free ATM services, this access is not a necessary requirement for a financial institution's service offering to consumers. In particular, given the decline in the use of cash and numbers of ATM transactions, and given the ease with which many customers will be able to conduct non-withdrawal ATM transactions (such as balance checks) via online, telephone and mobile banking, many financial institutions are increasingly unlikely to view access to surcharge free ATM services as a critical offering for their cardholders.

8. **PUBLIC BENEFITS**

The proposed conduct would increase competition in the National ATM Deployment Market and national markets for the supply of retail banking services, including the supply of deposit-taking services. Financial institutions who are seeking to enter into ATM network arrangements, and who currently have the option of choosing between incumbents atmX and Precinct, will have the option of another provider. This increased competition will likely manifest, over time, in more favourable terms and conditions for financial institutions and improved offerings, including ATM network scope and geographic coverage.

The public benefits expected to be realised by each of the participants in the Allpoint and Allpoint+ networks are described below.

8.1 **Benefits for financial institutions**

The public benefits that will likely be realised for financial institutions participating in the Allpoint and Allpoint+ networks include the following:

- (a) Smaller financial institutions will be able to better compete with larger financial institutions that have access to a larger ATM network, without each financial institution having to invest in significant physical infrastructure to build their own ATM networks. Allpoint will provide surcharge free ATM access to members' customers via a significantly wider network of ATMs than would otherwise be

⁴²

See: <https://www.mebank.com.au/support/need-an-atm/> and <https://www.ing.com.au/faq-result.html?faqid=7242>

available to that financial institution, including access to over 1000 surcharge free ATMs in Australia and up to 55,000 worldwide.

- (b) Fee free arrangements may also assist smaller financial institutions to attract or maintain retail banking customers. To the extent that a financial institution's ATM network and associated fees are taken into account by consumers in choosing between financial institutions, fee free arrangements assist smaller financial institutions to avoid being at a competitive disadvantage relative to larger institutions.
- (c) Broader ATM service areas for each financial institution's customers including in regional and remote communities may drive customer growth and loyalty for each participating financial institution and benefit those regional and remote communities which may otherwise have less convenient access to ATM services.
- (d) Significant cost savings for each financial institution compared with deploying ATMs owned and operated by the financial institution on a similar scale to Allpoint.
- (e) Access to additional non-branch service offerings through Allpoint+ (as described in section 3.2) which may not be otherwise available to financial institutions without bank branch ATMs (for example, deposit taking features or card free access).
- (f) Provides an additional choice for financial institutions in relation to surcharge free network offerings in Australia.
- (g) Allows financial institutions to utilise Cardtronics' existing Application Programming Interface (API) software in each of its Allpoint ATMs to add ATM locations to existing mapping solutions used by each financial institution.

8.2 **Benefits for merchants**

The public benefits that will likely be realised for merchants participating in the Allpoint and Allpoint+ networks include the following:

- (a) Facilitates individual merchants becoming a destination for everyday banking transactions by consumers. Cardtronics believes that Merchants will benefit from increased in-store purchasing opportunities and higher transaction volumes that come with consumer foot traffic drawn to the retail store by the placement of a surcharge free ATM, which increases value and revenue to a store as the ATMs offer higher transaction volumes.
- (b) Additional exposure to merchant businesses by virtue of the Allpoint locator tool attracting new customers to stores that would not have been previously driven to that store, including international customers that use the Allpoint network overseas.
- (c) Increased availability of cash in the merchant's store (including relative to an in-store ATM that charges fees) increases the likelihood that consumers will pay with cash, reducing EFTPOS fees payable by the merchant.
- (d) Increased exposure to consumers through marketing and branding opportunities for merchants through the use of retail logos and store promotions on the screen of the Allpoint ATM.
- (e) Increased customer loyalty as surcharge free access to cash may be viewed as a community benefit.

8.3 **Benefits for consumers / cardholders of Allpoint members**

The public benefits that will likely be realised for cardholders of Allpoint and Allpoint+ members include the following:

- (a) Improved access to cash and choice, by being able to withdraw cash and transact free of charge at more than 1,000 ATMs across Australia in addition to those ATMs provided by financial institutions.
- (b) Increasing the appeal of smaller financial institutions as retail banks of choice will provide a greater range of choice for consumers to meet their retail banking requirements and will ensure that the retail banking market will be subject to continued competitive pressure.
- (c) Access to surcharge free ATMs internationally at up to 55,000 Allpoint ATMs if Australian Allpoint members elect to provide their cardholders fee free access to the international Allpoint network.
- (d) Acts as a counterbalance to the removal of ATMs and branches that is occurring by many financial institutions, particularly in regional and remote communities, by providing additional or alternative cash access points to consumers.
- (e) Access to additional non-branch service offerings through Allpoint+ (as described in section 3.2) which may not be otherwise available to cardholders of financial institutions without bank branch ATMs (for example, deposit taking features and card free access). In particular, Allpoint+ could provide additional or alternative deposit taking functionality for consumers in regional communities where bank branches have been removed.

9. **PUBLIC DETRIMENTS**

The Australian Competition Tribunal has stated that public detriments may include any impairment to the community generally and any harm or damage to the aims pursued by society, including the achievement of economic efficiency.⁴³

Cardtronics considers that the proposed conduct will not lead to any public detriments, including any negative impact on competition in the relevant markets. Cardtronics submits that the proposed conduct is likely to be pro-competitive, rather than anti-competitive.

To the extent that any public detriments are identified, these would not be material and would be outweighed by the substantial public benefits outlined above. In particular, Cardtronics considers that any potential reduction in competition amongst members of the Allpoint network at the retail banking level resulting from their offer of the same ATM network at the same fees would be negligible given that those fees are nil and the Allpoint ATM network is likely to be materially more extensive than ATM networks that those financial institutions would otherwise offer independently.

Additionally, as described above, the Allpoint and Allpoint+ networks are not exclusive. Financial institutions can participate in either network and competing networks, as well as continuing to operate their own ATM fleets.

The proposed conduct does not require ongoing discussion or decision-making between financial institution members, and Cardtronics will remain solely responsible for decisions regarding the expansion / footprint of the Allpoint and Allpoint+ networks and any surcharge fees payable by non-member cardholders (subject to agreements with merchants).

⁴³ ACCC Guidelines for Authorisation of Conduct (non-merger), March 2019, p. 67; *Re 7-Eleven Stores Pty Limited* (1994) ATPR 41-357 at 42,683.

ANNEXURE A

Declaration on behalf of Applicant

The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertake(s) to advise the ACCC immediately of any material change in circumstances relating to the application.

The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the Criminal Code (Cth).



Signature of authorised person

Managing Director

Office held

Andrew Wingrove

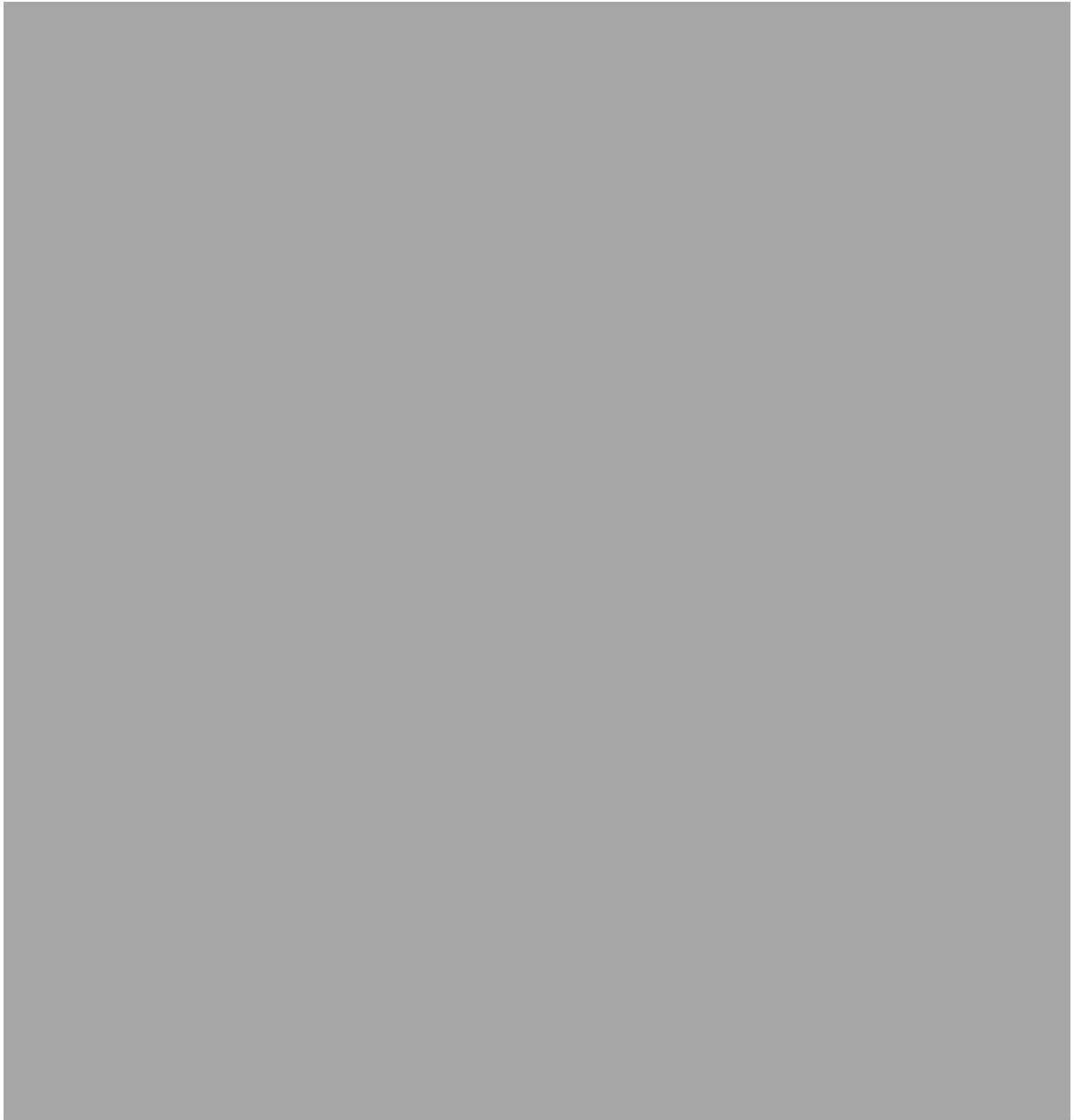
Name of authorised person

This 22nd day of December 2021

ANNEXURE B**Contact details****Part A – BOQ Details**

Name, address (registered office), telephone number and ACN	Contact person's name, position, telephone number and email address	Short description of business
<p>Bank of Queensland Limited</p> <p>ACN 009 656 740</p> <p>Registered office: Level 6, 100 Skyring Terrace, Newstead Qld 4006</p> <p>Telephone: +61 7 3212 3333</p>	<div></div> <div></div> <div></div>	<p>BOQ is one of Australia's leading regional banks. BOQ offers a wide range of personal and business banking services to customers Australia wide.</p> <p>Cardtronics understands that BOQ currently owns or operates 163 branch ATMs and 400 non-branch ATMs across Australia.</p> <p>Further information regarding BOQ is available on its website: www.boq.com.au/</p>

Part B - Financial institutions (Confidential)



ANNEXURE C (CONFIDENTIAL)
Template Participation Agreement

ANNEXURE D

RBA Exemption No. 1 of 2021 and Media Release

PAYMENT SYSTEMS (REGULATION) ACT 1998

EXEMPTION NO. 1 OF 2021

EXEMPTION FROM PARAGRAPHS 11 AND 12 OF THE ACCESS REGIME FOR THE
ATM SYSTEM

The Reserve Bank of Australia, under paragraph 16 of the Access Regime for the ATM System (**Access Regime**), exempts each participant in the ATM system from the application of paragraphs 11 and 12 of the Access Regime to the extent specified below in respect of any number of one-way arrangements entered into by the participant.

Terms defined in the Access Regime have the same meaning when used in this exemption.

Paragraph 11(i) of the Access Regime prevents the payment of an interchange fee under a one-way arrangement, unless the interchange fee is being paid by a participant with a one-way arrangement to access one, and only one, other participant's ATMs and the interchange fee is paid in respect of that arrangement. Where a participant pays an interchange fee in a one-way arrangement, paragraph 12 of the Access Regime prevents that participant from receiving an interchange fee from any other participant in the ATM system, unless both of those participants are members of an ATM sub-network and the interchange fee is the common interchange fee payable between members of the sub-network.

This exemption, granted following approval by the Payments System Board, exempts from the application of paragraphs 11 and 12 of the Access Regime any interchange fee (however described) paid or payable by an ATM Issuer to an ATM Acquirer in respect of any one-way arrangement.

For the avoidance of doubt, this exemption permits an ATM Issuer to enter into a one-way arrangement with more than one ATM Acquirer and to pay interchange fees in respect of each one-way arrangement entered into by the ATM Issuer, irrespective of whether that ATM Issuer, as an ATM Acquirer, receives any interchange fees from any other ATM Issuer under one or more separate one-way arrangements.

In granting this exemption, the Reserve Bank of Australia has had regard to:

- (a) whether granting the exemption is in the public interest;
- (b) the interests of current participants in the system;
- (c) the interests of people who, in the future, may want access to the system; and
- (d) any other matters the Reserve Bank of Australia considers relevant.

This exemption takes effect on and from 19 October 2021.

Signed




Philip Lowe
Governor
Reserve Bank of Australia

19 October 2021

Source: <https://www.rba.gov.au/payments-and-infrastructure/payments-system-regulation/pdf/exemption-no-1-of-2021.pdf>

An extract of the RBA's media release concerning the exemption⁴⁴ is provided below:

Exemption from Access Regime for the ATM System

Separate to the Review, the Board has taken a decision to grant an [exemption](#)  from aspects of the Access Regime for the ATM System, to enable card issuers to access other participants' ATM fleets in order to provide cardholders with wider access to fee-free ATMs. The exemption will support changes in the ATM industry that can help address some of the challenges associated with declining ATM use and rising costs of ATM deployment, and thereby help sustain broad coverage of ATMs. In discussing the exemption, members stressed that any use should not be accompanied by the re-introduction of opaque issuer fees on cardholders of the kind that existed prior to the introduction of the ATM Access Regime in 2009.

Enquiries

External Communications

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SYDNEY

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⁴⁴ The media release is available at: <https://www.rba.gov.au/media-releases/2021/mr-21-23.html>