

Tuesday, 18 April 2023

Officer
ACCC
Lonsdale Street,
Melbourne, Vic
(GPO Box 3131, Canberra 2601)



Dear Sir,

Re:

Statement of Preliminary Views

4 April 2023

Australia and New Zealand Banking Group Limited

Application for merger authorisation MA1000023

CowBank is an agricultural service business which leases cow herds to farmers which has been operating for 24 years. We operate primarily in the dairy industry and over that time have entered into over 650 herd leases with farmer clients.

CowBank has had a bank funding relationship with Suncorp Bank since 2007 and we appreciate the very good support for our non-traditional agribusiness that Suncorp has provided for the past 16 years. Strategically, CowBank would prefer to have more than one source of bank funding, so we have made a number of approaches over the years to the big four banks and Rabobank seeking to secure a second bank funding relationship. Although we have gone through extensive application and credit processes with the large banks, we are yet to be successful with securing a funding relationship. It has been our experience that the larger agribusiness banks are more focussed on high volume traditional agribusiness lending, primarily backed by traditional asset mortgages with less willingness to fund non-traditional/bespoke businesses.

We are responding as a Suncorp customer to **Statement of Preliminary Views** where further information is sought, as follows:

2. The ACCC invites views and any further information regarding:
 - a. The extent to which the major banks compete with each other?
 - b. How, and the extent to which, the second-tier banks, including regional banks, compete with the major banks?
 - c. The extent to which the removal of Suncorp Bank, as either an independent second-tier bank or as a constituent part of a merged and larger second-tier bank, affects competition in the banking industry, particularly on non-price elements of competition?
 - d. The extent to which scope for new entry or the expansion of existing providers would be sufficient to replace the loss of competitive constraint from Suncorp Bank?

2a. We would observe that the major banks do compete with each other, in particular for high volume and larger scale agribusiness banking, primarily secured by land/water mortgages and asset finance. The major banks do not compete strongly (or have significant appetite) for funding non-traditional or niche agricultural businesses.

2b. The second-tier banks compete strongly with the major banks for traditional lending, however they are typically at a disadvantage to the major banks in respect to their funding and operational costs. Therefore, in our experience they have more focus on servicing specialised geographic, industry or product differentiations, providing stronger competition in areas where the major banks are less willing or capable of meeting non-standard agribusiness customer needs. In the specific case of Suncorp Bank, it is our experience that Suncorp Bank makes additional effort to understand more complex/unique client situations to service those clients.

2c. In our view the removal of Suncorp Bank as an independent or merged second-tier bank would reduce competition within the markets that Suncorp currently operates in. The reduced competition (and/or service provision) would likely be most substantial in specialised customer segments, where competition relates more to the willingness to provide funding to non-standard and smaller customer segments, rather than competition on price.

2d. If Suncorp Bank were merged into ANZ, then other second-tier banks would likely seek to fill market gaps that may not be as well serviced by the merged ANZ-Suncorp entity. However, this would create disruption, inefficiency and uncertain outcomes for those Suncorp Bank customers who may be affected.

We thank ACCC for inviting responses to the Statement of Preliminary Views in respect to the Suncorp-ANZ Bank merger.

Yours sincerely,

A rectangular grey box redacting the signature of Rod Banks.

Rod Banks
Managing Director