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Ms Susan Philp
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

By Email – adjudication@acc.gov.au

Dear Ms Philp

Cuscal Limited – application for revocation of authorisations A91175-A91177 and substitution of new authorisations A91450-A91452

Thank you for the opportunity to comment on the application for re-authorisation lodged by Cuscal Limited and rediATM network members.

Consistent with the Bank's submission in May regarding the re-authorisation of arrangements in the Cashcard ATM network, the Bank considers that the re-authorisation of the RediATM fee arrangements among members would be consistent with the intent of the *Access Regime for the ATM System* as it relates to sub-networks and will not introduce any additional competition or efficiency issues based on the current market.

The Access Regime generally prevents interchange fees from being paid between participants in the ATM system, with ATM operators directly charging other institutions' cardholders to recover costs. The Bank considers that this framework provides for a transparent process which is subject to competition. However, to compete with institutions with large networks of ATMs, smaller financial institutions may seek to form sub-networks to allow their customers access to a larger network of fee-free ATMs, with the Access Regime allowing for payment of multilateral interchange fees between sub-network members. These interchange fees reduce the incentive for sub-network members to directly charge each other's cardholders and allow sub-network members to compete with larger financial institutions by providing their customers with access to a larger network of fee-free ATMs. Accordingly, the Bank considers that the re-authorisation of these RediATM arrangements would not be detrimental to competition in the ATM system.

Yours faithfully

Darren Flood
Deputy Head of Payments Policy