



ASIC

Australian Securities & Investments Commission

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Ms Hannah Ransom
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Australian Competition and Consumer Commission
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Dear Ms Ransom

Suncorp-Metway Limited (Suncorp) and Bendigo and Adelaide Bank Limited (Bendigo) (the applicants) – applications for revocation of authorisations A91232 & A91233 and substitution of authorisation A91508 and A91509

Thank you for your letter dated 31 August 2015 about Suncorp and Bendigo's application for revocation of existing authorisations and substitution of new authorisations relating to their agreement not to 'direct charge' each other's cardholders for automatic teller machine transactions (ATMs) at their ATMs (the conduct).

ASIC welcomes the opportunity to make a submission on the proposed arrangements.

ASIC supports Bendigo and Suncorp's application for a new authorisation for the conduct. ASIC agrees that the public benefits arising from the conduct are likely to outweigh the public detriments.

In reaching this view, ASIC noted that Suncorp and Bendigo are seeking new authorisations for the renewed agreement, which will be identical to the agreement previously authorised by the ACCC under A91232 and A91233, in 2010.

ASIC understands that the following matters were important to the ACCC's determination that the public benefits of the conduct outweigh the public detriments:

- The ACCC has previously recognised that under the reforms to the ATM system announced by the Reserve Bank of Australia (RBA) in 2008 (the reforms), which provided for customers to be charged directly for ATM transactions by ATM operators, larger financial institutions may gain a competitive advantage over smaller financial institutions because of their larger network of own branded ATMs where they can continue to offer their cardholders direct fee free transactions.
- To address this issue the reforms provided for smaller financial institutions to develop sub-networks where they agree not to charge each other's cardholders ATM fees.

- The ACCC is satisfied that the conduct has and will continue to result in some public benefit for consumers, namely increased competition between banks by ensuring that the applicants are not at a competitive disadvantage in providing ATM services to their customers as a result of the reforms, given they appear to be on the smaller to mid end of the market and their combined market share of deployed ATMs appears to be relatively lower than some of the larger Australian banks.
- The conduct will not undermine the intent of the reforms aimed at introducing greater competition and transparency for ATM fees.
- Direct charging arrangements will continue to apply in respect of ATM transactions undertaken by cardholders, by both the applicants and other financial institutions, outside of the conduct. That is, the objective of the reforms will continue to be promoted by direct charging applying in respect of foreign ATM transactions undertaken by the applicants' cardholders and in the ATM system more generally.
- The ACCC notes that there is no evidence that the existing authorisation has had any anticompetitive effect.

ASIC considers that these matters are relevant considerations.

Please contact me on (02) 9911 2099 or Amney.Elkontar@asic.gov.au if you would like to discuss this matter.

Yours sincerely



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Deposit-takers, Credit and Insurers