

Form G

Commonwealth of Australia

Competition and Consumer Act 2010 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:
(Refer to direction 2)

N99287 *Bank of Queensland Limited ABN 32 009 656 740 ("BOQ")*

- (b) Short description of business carried on by that person:
(Refer to direction 3)

Provider and issuer of credit and financial products and services

- (c) Address in Australia for service of documents on that person:

Level 7, 100 Skyring Terrace, Newstead Qld 4006

2. Notified arrangement

- (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

Consumer home loans and consumer transaction accounts issued by BOQ. Consumer credit cards issued by Citigroup Pty Ltd (Citi) as credit provider and distributed by BOQ pursuant to an agreement between Citi and BOQ.

- (b) Description of the conduct or proposed conduct:

BOQ is proposing to give a credit in the form of a \$1,500 gift card to Eligible Customers in relation to the supply of home loans and transaction accounts on the condition that Eligible Customers acquire and activate a consumer credit card directly from Citi.

BOQ is proposing to refuse to give a credit in the form of a \$1,500 gift card to Eligible Customers in relation to the supply of home loans and a transaction account where Eligible Customers have not acquired or activated a consumer credit card directly from Citi.

("Offer Terms").

(Refer to direction 4)

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) Class or classes of persons to which the conduct relates:
(Refer to direction 5)

Eligible, new to bank individual home loan customers (single and joint applicants) who apply for a residential home loan with BOQ between 19 September 2016 and 30 October 2016 and have that approved loan settle by 31 January 2017 ("Eligible Customers").

- (b) Number of those persons:

- (i) At present time:

Nil

- (ii) Estimated within the next year:
(Refer to direction 6)

1,770

- (c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:

Not applicable

4. Public benefit claims

- (a) Arguments in support of notification:
(Refer to direction 7)

Background

BOQ issues home loans and transaction accounts to customers under its Australian Credit Licence (ACL) and Australian Financial Services Licence. Citi issues BOQ-branded credit cards under its own ACL for distribution through BOQ's retail network. The credit card contract is therefore between Citi and the customer.

Public Benefit

The notified conduct delivers a public benefit as it provides Eligible Customers with an opportunity to receive a \$1,500 gift card from one of seven providers to put towards expenses of their choice. In addition, Eligible Customers will receive the standard annual fee waiver on personal credit cards when taking out the credit card at the same time as the home loan.

The notified conduct acts to promote competition in the Australian home lending market by providing the consumer with the opportunity to receive additional benefits and cost savings when taking out a home loan.

- (b) Facts and evidence relied upon in support of these claims:

The home lending market in Australia is extremely competitive and is currently experiencing record low interest rates and strong property prices. Most lenders pay close attention to offers and discounts made by others in the market to ensure their products remain competitive and attractive to consumers. This offer has the potential to stimulate further competition in the home lending market which may lead to benefits for the broader group of consumers looking to take out a home loan in Australia.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

The market for residential home lending and consumer credit cards in Australia is extremely competitive and highly regulated.

The major banks (ANZ, NAB, Westpac and CBA) compete against smaller, regional banks (including BOQ) for the same customer base and marketing and promotion of acquisition offers is generally price-driven and customer-focussed.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:
(Refer to direction 9)

BOQ submits that the notified conduct will not result in any public detriment.

- (b) Facts and evidence relevant to these detriments:

Customers and prospective customers can apply for a range of different home loans with BOQ or any other credit provider at any time. Eligible Customers may then separately decide whether, as part of their home loan

application, to meet the Offer Terms. That decision has no bearing on how BOQ processes customer home loan applications and it will assess all applications against its standard eligibility and credit criteria.

Major banks (ANZ, CBA, NAB and Westpac) hold 84% and 81% market share in the home loan and consumer credit card market respectively. BOQ, by comparison, hold 2% market share in the home loan market.

BOQ submits that the notified conduct will not have any detrimental effect on competition across the markets stated at (5) above particularly given the market share spread and the number of competitive alternatives available.

7. Further information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Mr Matthew Harris

Senior Product Manager – Home Lending

Level 5, 100 Skyring Terrace, Newstead Queensland 4006

Phone (07) 3212 3167

Dated.....*31.08.16*.....

Signed by/on behalf of the applicant

Matthew Harris
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(Signature)

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(Full Name) Matthew Harris

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(Organisation) Bank of Queensland

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(Position in Organisation) Senior Product Manager