



RESERVE BANK OF AUSTRALIA

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1 September 2017

Mr Gavin McNeill
Assistant Director, Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

By Email – adjudication@acc.gov.au

Dear Mr McNeill

A91593 – Australian Bankers' Association – submission

Thank you for the opportunity to comment on the Australian Bankers' Association's (ABA's) application for authorisation to extend the previously authorised Implementation Agreement between certain banks and ATM deployers to allow them to continue to provide fee-free access to ATM services in certain very remote indigenous communities.

We note that there are only minor variations to the Implementation Agreement and that it is proposed that the scheme continue to operate in the same manner that it has since it was established in 2012. Our assessment of the public benefits and detriments is largely the same as when the initial authorisation was granted in 2012.¹

The Reserve Bank considers that continuation of the ATM scheme is in the public interest. The industry-funded scheme provides fairer access to banking services for residents in selected remote communities who face numerous challenges in accessing these services. Without the scheme, there would likely be a reintroduction of ATM fees in the affected communities. Given the relatively frequent use of ATMs by residents in these communities, reflecting limitations in financial literacy as well as some specific practical and cultural issues, the scheme's removal would likely result in a sizeable increase in expenditure on ATM fees. This could be a significant financial burden for the residents in these communities considering their relatively low incomes.

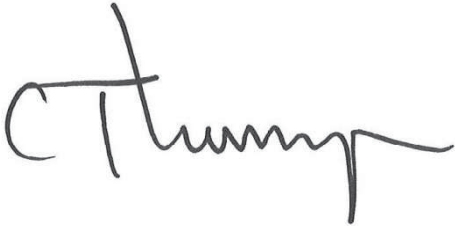
The Reserve Bank does not view the ATM scheme as limiting competition in the overall supply of ATM services or other retail banking services more generally. The scheme relates to ATMs in selected very remote communities where there are no alternative retail banking services. Given the cost of deploying ATMs in very remote locations, it is unlikely that these communities would be able to support more than one ATM, even without fee-free access. In addition, the proposal remains limited in scope, with no change in the maximum number of 85 ATMs that can be part of the scheme, and would be limited to five years. The Implementation Agreement also allows for other issuers and ATM deployers to participate in the scheme.

1 Please refer to the RBA's 2012 submission to the ACCC in relation to the original application for authorisation (<http://registers.acc.gov.au/content/trimFile.phtml?trimFileTitle=D12+96545.pdf&trimFileFromVersionId=1088767&trimFileName=D12+96545.pdf>)

Separate to this ACCC authorisation process, the ATM scheme currently operates under an exemption from the interchange provisions in the Reserve Bank's ATM Access Regime.² At its August 2017 meeting, the Payments System Board (PSB) considered an application by the ABA for an extension of this exemption to allow the fee-free ATM scheme to continue for another five years. The PSB gave its in-principle approval for the exemption to be extended for a further five years, subject to the outcome of this ACCC consultation process.

Please feel free to contact me on 02 9551 9159 should you wish to discuss this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C Thompson', with a stylized flourish at the end.

Chris Thompson
Deputy Head
Payments Policy Department

² See RBA *Exemption No 1 of 2012* (<http://www.rba.gov.au/payments-and-infrastructure/atms/rem-indigenous-com-290812.pdf>)