



Determination

Application for authorisation AA1000664

lodged by

the Australian Banking Association

in respect of

discussing, information sharing and/or reaching agreement on
business continuity measures related to Armaguard's cash-in-transit
services, and

implementation of business continuity measures but only in the event
of, or in reasonable anticipation of, a suspension, disruption or exit of
Armaguard's cash-in-transit services

Authorisation number: AA1000664

12 September 2024

Commissioners: Keogh

Carver

Ridgeway

Summary

The Australian Competition and Consumer Commission (the ACCC) has decided to grant authorisation with conditions to enable the Australian Banking Association (ABA), banks, retailers and other industry participants to discuss, share information and/or reach agreement on business continuity measures in respect of Armaguard's cash-in-transit services. The ACCC has decided to allow the parties to implement business continuity measures but only in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services.

Cash-in-transit services involve providing cash transport, management and processing services. These services are provided to banks, retailers and independent ATM operators and are crucial to maintaining access to cash for businesses and the community.

The ACCC has decided to grant authorisation with conditions until 30 June 2025.

The ACCC considers that the conduct the ACCC proposes to authorise is likely to result in a public benefit in the form of increasing the likelihood of minimising or avoiding the potential impacts of any disruption or suspension of Armaguard services to businesses and consumers and associated flow on effects in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services.

The ACCC considers that, with the conditions set out in this determination, the conduct the ACCC proposes to authorise is unlikely to result in any material public detriment. To mitigate the potential for public detriment, the ACCC has imposed conditions of authorisation that require:

- discussions, contracts, arrangements, understandings or implementation to occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group ('the working groups')
- the ABA to provide regular reports to the ACCC about discussions, developments and decisions made under the authorisation, a high-level overview of consultation undertaken during the period, and any changes to the working groups,
- to have a lawyer with competition law experience, approved by the ACCC, present at all meetings.

The ACCC is satisfied that, with the conditions, the conduct the ACCC proposes to authorise would be likely to result in a public benefit and this public benefit would outweigh any likely detriment to the public from the conduct.

The ACCC recognises the importance of maintaining access to cash in regional and remote areas, and any impacts of the conduct on that access. Despite the broad group of Authorised Parties, the ACCC understands that only a subset of those parties are currently involved in the conduct. It is the ACCC's clear expectation that the ABA and other Authorised Parties will commit to involving other users of cash-in-transit services in a meaningful way in respect of business continuity measures. The ACCC expects those other affected parties would at a minimum include ABA members other than the Major Banks, non-ABA member commercial banks, mutual banks, credit unions and building societies, the Customer Owned Banking Association and its members and other major retailers present in regional and rural communities across Australia. This would extend to consultation with these parties and providing transparency about proposed business continuity measures as they relate to maintaining access to cash in regional and remote communities.

The application for authorisation

- 1.1. On 27 March 2024, the Australian Banking Association Ltd (**ABA**) lodged application for authorisation AA1000664 with the Australian Competition and Consumer Commission (the **ACCC**).
- 1.2. The ABA is an association of 20 member banks in Australia. The ABA states that it provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services.
- 1.3. On 17 June 2024, the ABA sought to vary that application for authorisation by clarifying the list of persons who propose to engage in the conduct.¹
- 1.4. On 1 July 2024, the ABA sought to vary the conduct for which authorisation is sought to allow business continuity planning to continue to take place but that implementation of any business continuity planning is limited to the scenario where there is a disruption to Armaguard's cash-in-transit services or disruption is reasonably anticipated.² This followed an agreement reached between the ABA, Armaguard, various banks and retailers where these funding parties committed to provide short-term funding to assist Armaguard (the subject of application for authorisation AA1000674).
- 1.5. The ABA submits that although the ABA, the 8 funding parties and Armaguard entered into an agreement aimed at minimising the potential for a disruption to Armaguard's services and building a more sustainable cash-in-transit industry, the challenges facing the cash-in-transit industry remain significant.
- 1.6. The ABA submits that in circumstances where there is no other national provider of cash-in-transit services, the ABA considers it imperative that business continuity planning can continue. The ABA submits that this will ensure that in the event of any disruption to Armaguard's business, the Proposed Authorised Parties will be able to implement those business continuity plans on an urgent basis, such that potential impacts to consumers and businesses would be minimised.
- 1.7. Armaguard initially opposed the application for authorisation. However, on 1 July 2024, Armaguard submitted that given the ABA's proposed amendment to the application, it no longer opposes the application being granted.
- 1.8. The ABA is seeking authorisation on behalf of itself, its Member Banks³ and the following parties (and their subsidiaries as relevant) named or referred to in the application, to the extent that they are relevant persons or classes of persons:
 - (a) Linfox Armaguard Pty Ltd (**Armaguard**)
 - (b) the Reserve Bank of Australia (**RBA**)
 - (c) the Commonwealth Treasury
 - (d) the Royal Australian Mint
 - (e) Australia Post
 - (f) suppliers of cash-in-transit services

¹ See the ABA's letter to the ACCC dated 17 June 2024 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

² See the ABA's letter to the ACCC dated 1 July 2024 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

³ The current ABA Members Banks are listed in Annexure 1.

- (g) non-Member commercial banks, mutual banks, credit unions and building societies
- (h) the Customer Owned Banking Association (**COBA**)
- (i) Australian Payments Network
- (j) retailers, supermarkets and other businesses who distribute and utilise cash in their businesses

(collectively, the **Proposed Authorised Parties**).

1.9. The ABA seeks authorisation until 30 June 2025.

1.10. This application for authorisation was made under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (**the Act**). If granted, an authorisation provides the relevant parties with protection from legal action under the specified provisions in Part IV of the Act in respect of the specified conduct.

1.11. The ACCC has a discretion to grant authorisation, but must not do so unless it is satisfied in all the circumstances that the conduct would result, or be likely to result, in a benefit to the public and that benefit would outweigh the detriment to the public that would result, or be likely to result, from the conduct (subsections 90(7) and 90(8) of the Act (the **authorisation test**)).

Proposed Conduct

1.12. The ABA seeks authorisation for 2 or more of the ABA, the Major Banks, other Member Banks and/or other Proposed Authorised Parties to:

- (a) discuss, share information and/or reach agreement regarding business continuity measures in respect of Armaguard's CIT services; or
- (b) implement business continuity measures but only in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's CIT services,

in either case, for the purposes of:

- (a) supporting the continued and safe distribution and availability of cash to banks, retailers, other businesses and/or members of the public in metropolitan and regional non-metropolitan locations in the short term and prior to the development of a longer-term regulatory or industry solution; and/or
- (b) supporting customers and businesses who use cash in the event of any such suspension, disruption or exit.

Discussions, contracts, arrangements, understandings or implementation regarding the conduct described above in paragraph 1.12 must occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.

(the **Proposed Conduct**).

1.13. The Proposed Conduct reflects the ABA's variations received on 17 June and 1 July 2024.⁴

⁴ On 23 July 2024, the ABA confirmed that it does not intend for the Proposed Conduct, as varied, to change in terms of the proposed involvement of the RBA working groups.

Interim authorisation AA1000664

- 1.14. On 27 March 2024, the ABA requested urgent interim authorisation prior to 29 March 2024 to enable the Proposed Authorised Parties to engage in the Proposed Conduct (as originally defined in that application) while the ACCC considers the substantive application.
- 1.15. On 28 March 2024, the ACCC granted interim authorisation with conditions in accordance with subsection 91(2) of the Act.⁵
- 1.16. On 17 June 2024, the ABA amended its application to clarify the list of persons who propose to engage in the Proposed Conduct.
- 1.17. On 1 July 2024, the ABA sought to amend the scope of the conduct sought under authorisation and requested that the interim authorisation be amended to reflect the revised Proposed Conduct.
- 1.18. On 1 August 2024, the ACCC revoked the interim authorisation with conditions granted on 28 March 2024 and granted a new interim authorisation with conditions.
- 1.19. Interim authorisation was granted under subsection 91(2) of the Act⁶ with the following conditions:

Condition 1: Discussions, contracts, arrangements, understandings or implementation regarding the Interim Authorised Conduct must occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.

Condition 2: The ABA will provide the ACCC with a monthly report (or such other period as the ACCC may approve) that sets out:

- material activities, discussions, developments and/or decisions in the previous period that involved conduct enabled by this authorisation
- at a high level, the consultation that has occurred with Proposed Authorised Parties who were not attendees of a meeting of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group (including whether the ABA has received any third-party requests for participation and whether those third parties have participated in discussions)
- and any changes to the membership of the RBA Cash Sustainability Working Group and/or the RBA BCP Working Group.

The ABA will provide each report on or before the 15th day of each month.

Condition 3: The ABA will engage an external lawyer with expertise in competition law, and approved by the ACCC, to attend meetings of the RBA Cash Sustainability Working Group and the RBA BCP Working Group with instructions to immediately advise the attendees if, during the course of a meeting, they develop concerns that there is conduct occurring that is outside the scope of this authorisation and risks breaching the *Competition and Consumer Act 2010* (Cth) (the Act).

⁵ See ACCC decision of 28 March 2024 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

⁶ See ACCC decision of 1 August 2024 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

- 1.20. Interim authorisation will remain in place until the date the ACCC's final determination comes into effect, the application for authorisation is withdrawn, or until the ACCC decides to revoke interim authorisation.
- 1.21. In relation to the second condition, the ABA provided the ACCC with monthly reports on 15 April 2024, 15 May 2024, 15 June 2024, 15 July 2024 and 15 August 2024.
- 1.22. Between 15 March and 15 July 2024, a number of meetings were held under the interim authorisation. These discussions arose out of meetings of the RBA Cash Sustainability Working Group and the RBA BCP Working Group.
- 1.23. The following topics were discussed:
- (a) bank note and cash access for retailers in the event of a disruption or suspension in Armaguard's cash-in-transit services
 - (b) governance structure in respect of business continuity planning, the RBA Cash Sustainability Working Group, the BCP Committee and sub-committees and remit for each committee
 - (c) key focus areas for business continuity planning such as transport, communications, and measures to ensure access to cash in the event of a disruption or suspension in Armaguard's cash-in-transit services
 - (d) temporary regulatory relief measures from the RBA
 - (e) the role of the business continuity planning coordination committee and principles for business continuity planning workstreams,
 - (f) the draft principles for business continuity planning.
- 1.24. Between 16 July 2024 to 15 August 2024, no meetings were held. However, the RBA extended the membership of the working groups to COBA.
- 1.25. Public versions of the monthly reports provided by the ABA to the ACCC under the reporting condition of interim authorisation AA1000664 granted on 28 March 2024 and 1 August 2024 are available on the [public register](#).⁷
- 1.26. Confidential versions of these reports, which included more specific details about material activities, discussions and developments were also provided to the ACCC.
- 1.27. In relation to the third condition, the ACCC has approved a number of experienced competition lawyers nominated by the ABA to act in this capacity.

Related applications

Application for authorisation AA1000654 (cash-in-transit initiatives)

- 1.28. The application for authorisation is related to a previous application lodged by the ABA on 30 November 2023 to facilitate urgent discussions between the ABA, banks, the RBA, the Commonwealth Treasury, Armaguard and other relevant stakeholders in order to develop urgent responses to support the viability of wholesale cash distribution and continued access to retail cash services in Australia (AA1000654, the first authorisation application).
- 1.29. Authorisation for AA1000654 was granted with conditions on 27 May 2024 and remains in place until 31 October 2024. The ACCC decided to grant authorisation for

⁷ Public versions of the ABA's monthly reports can be found on the ACCC's public register: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

the ABA and the Member Banks, or the ABA, the Member banks and one or more of the other Authorised Parties to:

- (a) engage in discussions and exchange information that is for the purposes of and reasonably necessary for developing and evaluating potential urgent responses to:
 - (i) the viability of wholesale cash distribution in Australia, and/or
 - (ii) securing continued access by banks, retailers, other businesses and/or members of the public to retail cash services in one or more metropolitan or and/or regional locations and
- (b) reach in-principle agreement on the form and content of any urgent industry responses to be pursued, the implementation of which would be the subject of a separate application for authorisation.

1.30. Authorisation AA1000654 is limited to discussions and reaching in-principle agreements about any industry responses to support ongoing access to cash, but does not extend to implementation of any such industry responses or solutions.

1.31. The ACCC understands from the ABA that discussions between Authorised Parties pursuant to this authorisation are ongoing.

Application for authorisation AA1000674 (cash-in-transit sustainability measures)

1.32. The application is also related to an application for authorisation relating to cash-in-transit sustainability measures (AA1000674), which is currently before the ACCC for consideration.

1.33. On 27 June 2024, the ABA lodged application for authorisation AA1000674 to enable the Major Banks, Wesfarmers, Coles, Woolworths and Australia Post **(the Funding Parties)** to provide monthly financial contributions to Armaguard, and for the ABA, banks and retailers to discuss and implement operational sustainability and efficiency measures across services under their respective service agreements and within Armaguard's cash-in-transit business, and develop (but not implement) an independent pricing mechanism in respect of their cash services agreements with Armaguard.

1.34. The ABA submits that the Funding Parties have reached an agreement to provide short-term financial assistance to Armaguard. This agreement has been documented in the Short Term Financial Contribution Deed, which facilitates the payment of the monthly financial contributions to Armaguard by the Funding Parties on certain terms. Separately, the Short Term Financial Contribution Deed also requires the Funding Parties to agree a program of operational efficiencies within 8 months of the commencement of the Short Term Financial Contribution Deed and includes an agreement to explore the potential for an Independent Pricing Mechanism.

1.35. On 2 July 2024, the ACCC granted interim authorisation AA1000674 with a condition in respect of monthly financial contributions to Armaguard on certain terms.

2. Background

Cash-in-transit industry⁸

- 2.1. The cash distribution system manages the movement of banknotes and coins between the RBA and Major Banks and onto business and consumers.
- 2.2. The wholesale issuance of banknotes from the RBA into circulation is managed through Bank Distribution Agreements, a series of agreements that any organisation may enter into if prepared to comply with the relevant contractual requirements.
- 2.3. Currently, Australia and New Zealand Banking Group (**ANZ**), Commonwealth Bank of Australia (**CBA**), National Australia Bank (**NAB**) and Westpac Banking Corporation (**Westpac**) (**the Major Banks**) have bilateral Bank Distribution Agreements with the RBA. Only Bank Distribution Agreement participants can purchase bank notes directly from the RBA. However, they, along with other banks, retailers and businesses who are not party to a Bank Distribution Agreement, can also purchase surplus bank notes from a Bank Distribution Agreement participant.
- 2.4. The distribution of banknotes is carried out by cash-in-transit service providers who are engaged by Bank Distribution Agreement participants to transport, process and store banknotes on their behalf. A cash-in-transit service provider must be specifically nominated by a Bank Distribution Agreement participant and approved by the RBA to collect banknotes from the RBA directly.
- 2.5. Streamcorp Armoured Pty Ltd (**Streamcorp**), Brink's Australia Pty Ltd and Armaguard are the 3 wholesale cash-in-transit service providers currently approved by the RBA. Streamcorp provides armoured and unarmoured cash-in-transit services in Perth and Melbourne but does not have a national presence. Brink's Australia Pty Ltd no longer supplies cash-in-transit services in Australia but has retained its status as an approved supplier.
- 2.6. Armaguard currently accounts for over 90% of approved wholesale cash-in-transit services provided nationally.
- 2.7. Cash-in-transit service providers operating at the wholesale level are generally required to move significant volumes of banknotes and do so using armoured vehicles and specialised security guards. They generally also offer ancillary cash management services including cash quality sorting and banknote refilling for ATMs and ticket machines.
- 2.8. Armaguard also provides retail cash distribution services. At this level, cash-in-transit service providers move cash to publicly available locations such as bank branches, ATMs, retailers and supermarkets. While there are a large number of smaller cash-in-transit companies operating in Australia that are not part of the wholesale arrangements but support retail cash distribution, Armaguard's share of retail cash distribution services is estimated to be above 85%.

Decline in cash usage in Australia

- 2.9. The use of cash as a form of payment in Australia has been declining due to the uptake of electronic payment methods, a trend which was accelerated by the COVID-19 pandemic. The RBA's Consumer Payments Survey conducted in late 2022 showed

⁸ The information in this section is primarily taken from the section 2.1 of the applicant's submission in support of its application for authorisation: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-ltd-cash-in-transit-initiatives>.

that only 13% of payments were made using cash, and that this share had halved over the 3 years prior.⁹

- 2.10. However, cash remains an important means of payment for some consumers. The RBA's 2019 Consumer Payments Survey reported that around 15% of people used cash for 80% or more of their in-person transactions.¹⁰ These high cash users are more likely to be older (aged 65 and above), have lower household income, live in regional areas; and/or have limited internet access.¹¹ The majority of these high cash users indicated that they would suffer a major inconvenience or genuine hardship if they could no longer withdraw cash or if retailers stopped accepting cash.¹²
- 2.11. Cash is also used as a store of wealth and in emergency situations such as natural disasters where consumers may be unable to access electronic payment methods.

ACCC's merger authorisation decision

- 2.12. Prior to 2023, there were 2 major suppliers of cash-in-transit services in Australia that offered national coverage – Armaguard and Prosegur. On 13 June 2023, the ACCC granted authorisation to Armaguard and Prosegur in respect of the proposed merger of their respective cash-in-transit and device monitoring and maintenance and ATM businesses. The ACCC granted authorisation on the condition that the merged entity (referred to in this determination as Armaguard) give, and comply with, an undertaking to the ACCC under section 87B of the Act (the **Undertaking**).
- 2.13. In making this decision, the ACCC noted that the cash-in-transit industry is in structural decline due to the decreasing use of cash as a payment method. The ACCC formed the view that if the proposed merger did not proceed, it was highly probable that either Armaguard or Prosegur would cease to supply cash-in-transit services in Australia within the short term.
- 2.14. The ACCC considered that either Armaguard or Prosegur ceasing to supply cash-in-transit services would be likely to significantly disrupt the supply of cash-in-transit services and may affect the availability of cash-in-transit services and customers' access to cash.
- 2.15. The ACCC was not satisfied that the proposed merger would not substantially lessen competition. However, the ACCC was satisfied that, provided Armaguard complied with the Undertaking, the proposed merger was likely to result in a public benefit that would outweigh the likely public detriment. In particular, the ACCC considered that the most significant public benefit likely to arise from the merger was the avoidance of disorderly disruption to the supply of cash-in-transit services and the flow-on effects for access to cash for the community if Armaguard or Prosegur ceased to supply cash-in-transit services in Australia within the short term.
- 2.16. The Undertaking is effective for 3 years from the merger completion date. It requires the combined Armaguard-Prosegur to continue offering cash-in-transit services to all locations that are currently serviced. The Undertaking also limits its ability to reduce

⁹ T Livermore et al, *The Evolution of Consumer Payments in Australia: Results from the 2022 Consumer Payments Survey*, Reserve Bank of Australia, Australian Government, 2023, accessed 3 June 2024.

¹⁰ J Caddy et al, *Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey*, Reserve Bank of Australia, Australian Government, 2020, accessed 3 June 2024.

¹¹ J Caddy et al, *Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey*, Reserve Bank of Australia, Australian Government, 2020, accessed 3 June 2024.

¹² J Caddy et al, *Consumer Payment Behaviour in Australia: Evidence from the 2019 Consumer Payments Survey*, Reserve Bank of Australia, Australian Government, 2020, accessed 3 June 2024.

service levels and raise prices for existing customers and sets minimum terms and pricing constraints for new customers.

- 2.17. The ACCC also considered that the commitments in the Undertaking may avoid the need for government to consider an urgent response to assist in maintaining access to cash, allowing adequate time for consideration of any policy or broader regulatory response in the longer term.
- 2.18. On 15 May 2024, Armaguard submitted that since September 2023, following its merger with Prosegur Australia, Armaguard has provided its customers with cash-in-transit services in accordance with the terms and conditions of the Undertaking. Armaguard indicated that it intends to continue operating for another 3 years if it can agree additional funding with its major customers.¹³

3. Consultation

- 3.1. The ACCC invited submissions from a range of potentially interested parties including major industry associations, consumer groups, relevant Australian Government agencies, and relevant regulatory bodies.
- 3.2. The ACCC received 14 submissions from interested parties in relation to the application, and 1 submission from the ABA in response to interested party submissions. (Note that unless otherwise specified, each submission was made in respect of the application as originally lodged by the ABA).
- 3.3. On 1 August 2024, the ACCC issued a draft determination proposing to grant authorisation until 30 June 2025.
- 3.4. The ACCC received 7 submissions from interested parties following the draft determination. A pre-decision conference was not requested following the draft determination.
- 3.5. Public submissions by the ABA and interested parties have been published on the ACCC's public register.¹⁴

Consultation prior to the Draft Determination

Government bodies

- 3.6. The **RBA** made a submission in April 2024 supporting the application for authorisation. The RBA submits that it places a high priority on the community continuing to have reasonable access to cash deposit and withdrawal services. A suspension or disruption to cash-in-transit services could significantly reduce cash availability. This particularly impacts regional and remote areas where cash remains an important means of payment and widely held for precautionary and store-of-wealth purposes as a backup to electronic payments. Ultimately, the RBA submits that it supports the authorisation as it will enable discussions, agreements, and implementation of business continuity measures in the event of disruption, suspension, or an exit of Armaguard's cash-in-transit services.
- 3.7. The RBA made a **supplementary submission** in July 2024 which addresses the ongoing need for business continuity planning, and the ABA's proposed amendment to

¹³ See Armaguard's letter to the ACCC dated 15 May 2024 available at <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

¹⁴ <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-limited-0>.

the parties authorised to participate in coordinated business continuity planning initiatives.

- 3.8. The RBA considers that the risk of a major disruption to cash-in-transit services in the near term appears to have eased following the announcement in late June 2024 that Armaguard and its largest customers agreed to a \$50 million, 12-month industry support package.
- 3.9. Despite the funding announcement, the RBA considers that there remains a need for ongoing business continuity planning work given the concentration in the cash-in-transit industry and the conditional nature of the funding arrangement.¹⁵ Accordingly, the RBA supports the ABA's application, which would enable business continuity planning to continue in the public interest.
- 3.10. The RBA notes the ABA's submission in response to interested party submissions on 17 June 2024, in which the ABA proposed to amend the list of Authorised Parties to include COBA. The RBA supports the inclusion of COBA as an Authorised Party on the basis that COBA represents mutual banks, credit unions and building societies. The RBA considers that these institutions play an important role in providing cash services to their customers, including in regional Australia.
- 3.11. The **Australian Small Business and Family Enterprise Ombudsman (ASBFEO)** submits that it supports the application for authorisation. However, ASBFEO requests that the parties to the Proposed Conduct should establish and commit to measures to ensure regional small businesses continue to have access to cash deposit and withdrawal services. ASBFEO submits that if there is a reduction in regional access to cash deposit and withdrawal services, transaction costs will increase, economic activity will be reduced and the ability for small regional businesses to compete will be diminished.

Cash-in-transit providers

- 3.12. **Authentic Security Pty Ltd (Authentic)** supports the application for authorisation. Authentic however submits that it would like to be involved in current and future strategic discussions and direction alongside its industry peers. This is because it is the only cash-in-transit operator aside from Armaguard that services a national footprint. Authentic seeks proportionate financial and operational assistance that may be provided to other industry participants to continue to build upon its service capabilities and reach.
- 3.13. **Border ID Security Pty Ltd** supports the application for authorisation and requests participation in the discussions the subject of the Proposed Conduct. It also submits that the cash-in-transit industry is not sustainable in its current form and the industry needs to be reviewed with mitigation strategies to ensure business continuance.
- 3.14. **Amalgamated Cash Service** submits that a disruption to the wholesale supply of cash to the region in which it operates, the Newcastle/Hunter and Central Coast regions of New South Wales, would severely impact the viability of its customers' businesses and their own business. It would like to be a part of the discussion regarding business continuity measures being considered in the event of, or expectation of, a disruption to the supply of physical cash.
- 3.15. **Security Specialists Global** supports the application for authorisation as the continuity of cash-in-transit services is critical to their businesses and for the public's overall benefit. It submits that a majority of cash-in-transit businesses in Australia are

¹⁵ The funding is conditional on Armaguard reporting on its progress in meeting the milestones for implementing merger integration efficiencies, complying with arrangements in their cash services agreements with banks and other customers, and providing financial information to an advising accountant if required.

disadvantaged due to not being offered the opportunity to access cash which restricts trade within the marketplace.

3.16. **Armaguard** opposed the application as originally lodged, because it considered that the likely public detriments would outweigh the negligible likely public benefits.

3.17. Armaguard submitted that the public detriments involve the following:

- *Armaguard's exclusion from the ABA's business continuity measures process:* The exclusion of Armaguard and other cash-in-transit providers from the RBA BCP Working Group and the lack of transparency regarding the output of that group creates a disconnect and a real risk that the business continuity process will be less efficient, less safe, and more costly than otherwise needs to be the case. Additionally, implementing a parallel business continuity measures process which does not account for Armaguard's pre-existing business continuity measures processes, security protocols and processes of its customers will undermine the effectiveness of the ABA's proposed business continuity measures process as well as Armaguard's existing and tested business continuity measures processes.
- *Large business cooperation:* The ABA business continuity measures application allows the largest businesses in Australia that control access to cash to discuss how, when and where cash will be processed and transported in the event there is an interruption to Armaguard's supply of cash-in-transit services.

3.18. As to the purpose of the Proposed Conduct (as originally lodged), Armaguard submitted that no guidance is provided as to what is meant in practice by the phrase "more effective and equitable distribution of available cash" used in the ABA's application. Armaguard submits that this objective appears to be allowing the RBA BCP Working Group participants to co-ordinate in advance as to how they divide up the 'available cash' between them rather than providing continuity of cash-in-transit services to Armaguard's customers.

3.19. On 1 July 2024, in light of the ABA's proposed amendments to its application, Armaguard provided a submission to the ACCC that it no longer opposes the application for authorisation. Armaguard submits that it continues to support the need for robust business continuity measures regarding the ongoing supply of cash-in-transit services as it did in its original submission dated 15 May 2024.

3.20. Armaguard submits that any decision by the ACCC to grant authorisation of the ABA's amended application should be subject to such conditions as the ACCC sees fit to ensure that the potential detriment of the Proposed Conduct is minimised, and the potential public benefits of the Proposed Conduct are optimised.

ATM-related businesses

3.21. **NCR Atleos (NCR)** supports the application for authorisation as it believes industry-level discussions must occur to address critical risks that exist in Armaguard's business and the challenges the business claims to be facing to continue operating sustainably. However, NCR only supports the authorisation if it (and any other Authorised Parties) is permitted to opt in to participate in the discussions being facilitated by the ABA and RBA.

3.22. **Next Payments** supports the application for authorisation, recognising the urgent need to provide solutions for the cash-in-transit industry. However, it has indicated that it would like to participate in any future industry discussions.

Retailers

- 3.23. The **Australian Association of Convenience Stores** supports the application for authorisation to ensure the ongoing distribution of cash in the retail industry and ATM networks.

Other

- 3.24. The **Transport Workers' Union of Australia (TWU)** submits that the authorisation must require the ABA to rigorously review the payment terms offered to Armaguard and all other contracting and tendering practices with its major clients. Additionally, the TWU submits that the authorisation must require a thorough assessment of current arrangements with Armaguard and ensure that the practices meet established minimum criteria to ensure safe operations continue. This should be regularly assessed by the ACCC. The TWU also seeks to participate in any ongoing consultation processes with industry stakeholders.
- 3.25. **COBA** requests that the authorisation granted under the final determination by the ACCC specifically include COBA as an Authorised Party. While it does not have an immediate intention to participate with discussions and exchanges of information that require the protection of the authorisation, it may wish to do so in the future, either with or on behalf of its members.
- 3.26. **RollsPack Group** (a company which supplies tamper evident products for banks and major cash-in-transit companies) provided a submission about the use of cash in Australia and provides a view that cash should be an essential service in law.

Applicant

- 3.27. The **ABA** submits that the majority of the public submissions are generally supportive of the application.
- 3.28. Regarding COBA's submission, the ABA has now sought to amend the list of persons who propose to engage in the Proposed Conduct to include non-Member commercial banks, mutual banks, credit unions, building societies, and COBA.
- 3.29. Regarding ASBFEO's submission, the ABA submits that it understands the concerns about regional access to cash and notes that access to cash for regional communities remains a particular focus of discussions.
- 3.30. Regarding Armaguard's original submission dated 15 May 2024, Authentic, Amalgamated Cash Service, NCR, and Next Payments' submissions, the ABA anticipates that it will need to consult with cash-in-transit providers in due course and that consultation with other stakeholders in the cash ecosystem will also occur. The ABA considers that it is important to achieve a balance between involving key stakeholders and ensuring the size of the RBA BCP Working Group remains workable due to the ubiquity of cash across the economy and the large number of businesses and groups which have views regarding cash.
- 3.31. Therefore, the ABA considers it is not appropriate for any conditions to be attached to the authorisation relating to participation in discussions. Instead, the ABA submits that consideration of participation requests on a case-by-case basis remains the appropriate course of action. However, the ABA does not object to its existing reporting obligations being amended so that regular reports are also requested to address at a high level whether the ABA has received any third-party requests for participation and whether those third parties have participated in discussions.
- 3.32. Regarding TWU's submission, the ABA submits that although the ABA and the Funding Parties have been in discussion with Armaguard about financial assistance under the authorisation granted on 27 May 2024, the application relates to business continuity

planning, and therefore it is not the purpose of this application that the ABA review payment terms offered to Armaguard and all other contracting and tendering practices with its major clients. The ABA agrees that cash-in-transit services must be provided safely at all times, however considers that it is not within the remit of the ACCC to assess a cash-in-transit service provider's compliance with minimum safety criteria.

3.33. Regarding Armaguard's original submission, the ABA notes Armaguard's suggestion that the ABA's application "raises a question about the actual objective of the planning processes being undertaken by the RBA BCP Working Group" and whether the objective is in fact to "establish a long-term alternative means of providing cash-in-transit services to that currently provided by Armaguard". In response to Armaguard's original submission, the ABA submitted that:

- The business continuity-related planning which has occurred to date was agreed at the RBA BCP Working Group, a working group chaired by the RBA and attended by representatives of the Commonwealth Treasury as well as external competition law advisors.
- The ABA and the Funding Parties have been working diligently and in good faith under the RBA BCP Working Group to ensure that in the event of disruption to cash-in-transit services, Australian communities can continue to access cash and are supported in the event of any disruption to cash.
- The business continuity planning activities of the RBA Working Group would not be authorised if they did not occur for the prescribed purposes outlined in the application.

3.34. The ABA notes that while the commitments outlined in the Short Term Financial Contribution Deed are directed at minimising the potential for a disruption to Armaguard's services and building a more sustainable cash-in-transit industry going forward, the challenges facing the industry remain significant. In circumstances where there is no other national provider of cash-in-transit services, the ABA considers it imperative that business continuity planning can continue. This will ensure that in the event of any disruption to Armaguard's services, the Proposed Authorised Parties are able to implement those business continuity plans on an urgent basis such that impacts to consumers and businesses would be minimised.

Consultation following the Draft Determination

Cash-in-transit providers

3.35. **SecureCash** supports the continued discussions. It reiterates its recommendation of including Australia Post as an alternative resource would enable widespread coverage in support of the public's increasing use of cash.

3.36. **Streamcorp** submits that as a recognised participant in the Wholesale Banknote Distribution Framework, and an active member of the Reserve Bank Cash Sustainability and Business Continuity Working Groups, it is deeply engaged in ensuring the resilience and sustainability of Australia's cash ecosystem. Streamcorp submits that one of the most significant barriers to innovation in the cash-in-transit industry is the concentration of services among a couple of large service providers. and advocates for a more geographically zoned approach to service delivery, where accredited providers are assigned to specific regions based on their strengths, capabilities and local knowledge. Streamcorp submits that it is imperative to uphold the highest standards of security and regulatory compliance.

ATM related businesses

- 3.37. **NCR** supports the objective of the Proposed Authorised Parties to formulate business continuity measures and long-term solutions but submits that the only way it can be properly achieved is via additional key stakeholders being allowed to participate in the relevant meetings and discussions. NCR submits that the ACCC should specifically allow it the right to participate in all discussions between the ABA and the Proposed Authorised Parties, including in discussions regarding other authorisation applications made by the ABA. NCR submits that the current conditions placed on the ABA under the draft determination are not resulting in broader representation or consultation and are not providing any meaningful level of transparency to non-participating Authorised Parties. NCR Atleos Australia submits that the ACCC should prescribe that key industry stakeholders be permitted to participate in the business continuity planning workgroups.

Retailers

- 3.38. The **Australian Hotels Association** supports the application and seeks for it to be specifically named as a party to be involved and consulted. It considers that there are commercial and consumer interests that are not represented by the ABA, and an obligation upon the ABA, Armaguard and other authorised parties to commit to involving other users of cash-in-transit services in a meaningful way should be strengthened and made more transparent. The submission sets out a snapshot of cash availability in a sample of towns in New South Wales.
- 3.39. **Clubs Australia** recommends that it be specifically listed as a party to be involved in consultation and providing information on any proposed measures. Clubs Australia submits that clubs across Australia must have access to reliable ongoing distribution cash-in-transit services to facilitate their service offerings, ensure that patrons who make purchases in cash continue to do so, help clubs avoid keeping excess cash on premises and continue to provide cash to the community where the club (or pub) is the only cash provider in town.

Other

- 3.40. **Dr Bruce Arnold** (Associate Professor, University of Canberra) supports the application and made observations about the importance of consultation for the government and key stakeholders to look ahead and build resilience ahead of foreseeable national emergencies, to mitigate likely problems regarding digital networks.

4. ACCC assessment

- 4.1. The applicant has sought authorisation for Proposed Conduct in relation to Division 1 of Part IV of the Act (cartel conduct), section 45 (contracts, arrangements or understandings that restrict dealings or affect competition and concerted practices), section 46 (misuse of market power), and section 47 of the Act (exclusive dealing). Consistent with subsections 90(7) and 90(8) of the Act, the ACCC must not make a determination granting authorisation unless it is satisfied, in all the circumstances, that the conduct would result, or be likely to result, in a benefit to the public and that benefit would outweigh the detriment to the public that would result, or be likely to result, from the conduct.

Relevant areas of Competition

- 4.2. To assess the likely effect of the Proposed Conduct, the ACCC identifies the relevant areas of competition likely to be impacted.
- 4.3. Having regard to the nature of the Proposed Conduct, the ACCC considers that the relevant areas of competition likely to be affected by the Proposed Conduct are the supply of:
 - wholesale cash-in-transit services to the Major Banks, who are the only customers that require these services (because they are the only institutions that have wholesale arrangements with the RBA through Bank Distribution Agreements), and
 - retail cash-in-transit services which banks, retailers and other businesses acquire.
- 4.4. Cash-in-transit services are a necessary input into the supply of retail banking and ATM services and, for businesses that accept cash payment, the supply of retail goods and services more broadly. Accordingly, the ACCC considers that the development and implementation of business continuity measures regarding access to cash may also affect competition in the downstream markets in which the Proposed Authorised Parties operate.

Future with and without the Proposed Conduct

- 4.5. In applying the authorisation test, the ACCC compares the likely future with the Proposed Conduct that is the subject of the authorisation to the likely future in which the Proposed Conduct does not occur.
- 4.6. Whilst certain authorised parties are currently able to engage in discussions under AA1000654, the ACCC notes that authorisation is due to expire on 31 October 2024.
- 4.7. The ABA submits that in the future without the Proposed Conduct, the parties would be unable to implement the business continuity measures that have been discussed and explored under AA1000654. That would mean that in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services, the parties would be unable to implement business continuity planning on a coordinated basis which would materially affect the effectiveness of business continuity planning.
- 4.8. The ACCC considers that in the future without the Proposed Conduct, the parties would be:
 - Limited in their ability to discuss, share information and/or reach agreements in relation to business continuity measures in respect of Armaguard's cash-in-transit services, especially beyond the term of authorisation AA1000654. Any discussions and information sharing that did occur would be likely to be less effective or extensive.
 - Unlikely to be able to implement coordinated business continuity measures should the need arise, in particular given the risk of breaching competition laws.
- 4.9. In the future without the Proposed Conduct, it may be possible for some individual business to receive cash-in-transit services from alternate, second tier providers. However, the ACCC considers that, having regard to the features of the cash-in-transit market in Australia, alternate providers would have limited capacity to absorb the additional demand that would arise in the event of a serious disruption to Armaguard's services, at least in the short to medium term. In addition, business continuity measures implemented by individual businesses in isolation would be less likely to

focus on or effectively respond to the issue of maintaining access to cash across the economy, particularly in regional and remote areas.

4.10. The ACCC considers that in the future with the Proposed Conduct, the parties will:

- be able to continue to discuss, share information and/or reach agreement regarding business continuity measures in respect of Armaguard's cash-in-transit services, and
- have an increased likelihood of implementing coordinated business continuity measures in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services.

4.11. The ACCC considers that in the future with the Proposed Conduct, cash availability issues arising in the event of a suspension, disruption, or exist of Armaguard's cash-in-transit services would be likely to be less significant, including in regional and remote areas, than in the future without the Proposed Conduct.

Public benefits

4.12. The Act does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:

*...we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by the society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.*¹⁶

4.13. Having regard to information including the submissions of the ABA and interested parties, the ACCC has considered whether the proposed conduct is likely to result in public benefits in the form of minimising or avoiding disorderly disruption to the supply of cash-in-transit services and the flow on effects for access to cash for the community.

4.14. The ABA submits that the Proposed Conduct will result in significant public benefits:

(a) A disruption to cash-in-transit services and access to cash could lead to the following consequences:

- (i) *A 'run' on cash*: the potential that public concern about access to cash could cause a "run" on cash in some areas, in turn exacerbating supply issues
- (ii) *Safety and security concerns*: ATMs, businesses, retail team members and customers could be potentially vulnerable to security threats (such as robberies),
- (iii) *Urgent government intervention*: a need for government assistance to manage the above impacts, to facilitate the continued supply of cash-in-transit services and access to cash in the short term.

(b) A coordinated industry response to business continuity planning, agreed by the RBA Cash Sustainability Working Group or RBA BCP Working Group facilitated by the RBA and with the participation of the Commonwealth Treasury, will support a more effective and equitable distribution of available cash in the supply chain than

¹⁶ *Re Queensland Co-operative Milling Association Ltd* (1976) ATPR 40-012, 17, 242; cited with approval in *Re 7-Eleven Stores Pty Limited* (1994) ATPR 41-357, 42, 677.

if the participants were required to act unilaterally and will assist to minimise impacts to customers and businesses in the event of any disruption or suspension of Armaguard's cash-in-transit services. In addition, the ABA submits that a more effective and equitable distribution of cash to businesses and consumers in the cash-in-transit supply chain will maximise available access to retail cash services by businesses and members of the public in metropolitan and regional areas.

- 4.15. As discussed at paragraph 3.34, the ABA considers there to be an ongoing need for authorisation in relation to discussions about and implementation of business continuity planning due to the ongoing decline in cash usage and uncertainty surrounding Armaguard's financial position. The ABA considers that, in circumstances where there is no other national provider of cash-in-transit services, it is imperative that business continuity planning can continue to ensure that in the event of any disruption to Armaguard's services, the Proposed Authorised Parties are able to implement those business continuity plans on an urgent basis such that impacts to consumers and businesses would be minimised.
- 4.16. Similarly, as discussed at paragraphs 3.8 – 3.9, the RBA considers that although the industry funding appears to have eased some of the immediate concerns about a sudden disruption to the supply of cash-in-transit services, the RBA considers that there remains a need for ongoing business continuity planning work.

Interested party views

Next Payments

- 4.17. Next Payments is concerned that the public and small to medium-size enterprises may panic and that there may be a rush on cash, and therefore appreciates why the ABA seeks to stabilise the situation.

ASBFEO

- 4.18. ASBFEO considers that convenient access to cash deposit and withdrawal services, facilitated by cash-in-transit services, remains a critical part of regional commerce.
- 4.19. On the issue of closures of bank branches and ATMs, and the narrower scope of Bank@Post services compared to bank branch services, ASBFEO considers that this reduction in regional access to cash-access points in diminishes the public benefit of the Proposed Conduct.
- 4.20. ASBFEO considers that the Proposed Conduct should be authorised, but that the parties should establish and commit to measures that ensure that regional small businesses have suitable access to cash deposit and withdrawal services.

ACCC view

- 4.21. The ACCC considers that ensuring continued access to cash is an important objective, particularly in regional Australia and for vulnerable consumers who are reliant on cash payments.
- 4.22. The ACCC considers that it is likely that there would be significant harm to consumers and businesses in Australia in the event of any disruption or suspension of Armaguard's cash-in-transit services.
- 4.23. The ACCC considers that a coordinated implementation of business continuity measures would result in a public benefit by increasing the likelihood that the following risks would be reduced:
- (a) public concern about access to cash which could lead to a run-on cash and exacerbate supply issues

- (b) security threats to businesses, employees of businesses and customers (e.g. robberies)
 - (c) the need for urgent government intervention to address the impacts of any disruptions and/or flow on effects which could detract from resources otherwise needed for the development of other industry solutions to support the sustainability of the cash-in-transit industry,
 - (d) harm to members of regional and/or remote communities arising from less certain access to cash in these regions.
- 4.24. The ACCC considers that where parties are able to discuss, share information and reach agreement in relation to business continuity measures, taking into account meaningful consultation with interests representing a wide range of stakeholders, they are likely to obtain a more complete picture of the challenges and flow on effects that may arise in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services.
- 4.25. For example, if parties were able to participate in collaborative discussions and share information in relation to the specific challenges in maintaining access to cash for regional and remote communities, they may be able to reach agreements on cooperative business continuity measures which most effectively respond to these challenges in a more efficient and inclusive manner than what may be possible without the Proposed Conduct.
- 4.26. Given that consumers in regional and remote communities are more likely to be high cash users, and given that many of these communities do not have access to retail banking services and instead rely on other means of access to cash, the ACCC considers the quantum of any likely benefits from the Proposed Conduct depends upon the extent to which it increases the likelihood of maintaining access to cash in these communities.
- 4.27. The ACCC considers that, in the event of, or reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services, coordinated implementation of business continuity measures will increase the likelihood of maintaining access to cash, particularly in regional and remote areas, and decrease the likelihood of associated harm to businesses or consumers.
- 4.28. The ACCC emphasises the importance of maintaining access to cash in regional and remote areas, many of which do not have access to retail banking services and rely on other means for accessing cash. As noted above, the RBA has identified that cash remains an important means of payment for some consumers and high cash users are more likely to live in regional areas. Accordingly, the ACCC considers that the conditions at paragraph 5.10 are necessary to increase the likelihood of minimising or avoiding impacts on members of regional and remote communities.

Public detriments

- 4.29. The Act does not define what constitutes a public detriment. The ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:

*...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.*¹⁷

¹⁷ *Re 7-Eleven Stores Pty Limited* (1994) ATPR 41-357,42, 683.

4.30. The ABA submits that the Proposed Conduct is unlikely to result in any material public detriments given that the:

- (a) Proposed Conduct is limited to the further development of business continuity planning which has been discussed and is continuing to be explored as a result of the RBA Cash Sustainability Working Group and RBA BCP Working Group chaired by the RBA and attended by representatives of the Commonwealth Treasury
- (b) Proposed Conduct can only be engaged in for prescribed purposes. In particular, business continuity planning can only be agreed for the purposes of supporting the continued and safe distribution and availability of cash to banks, retailers, other businesses and/or members of the public in the short term and prior to the implementation of a longer-term regulatory or industry solution and to support customers and business who use cash in the event of any disruption or suspension of Armaguard's cash-in-transit services.
- (c) Proposed Conduct will be subject to oversight as it is limited to discussions, agreements (or the implementation of agreements, in the event of, or reasonable anticipation of, the exit of Armaguard's cash-in-transit services). Such discussions occur at, in preparation for or arise out of a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group which are chaired by the RBA and attended by representatives from the Commonwealth Treasury. For example, protection under the authorisation would extend to discussions and meetings of the ABA Cash Workout Group who have been supporting the RBA Cash Sustainability Working Group with advice regarding structuring matters, even though the RBA and the Commonwealth Treasury do not attend all meetings of this group, and to discussions among two or more Proposed Authorised Parties relating to business continuity planning workstreams which have been discussed at RBA BCP Working Group meetings.
- (d) Proposed Conduct is voluntary, and no Proposed Authorised Parties are required to participate in the Proposed Conduct.
- (e) ABA and its Member Banks propose that an external competition lawyer attend each meeting of the RBA Cash Sustainability Working Group and the RBA BCP Working Group held under the authorisation and that monthly reports be submitted to the ACCC regarding progress to date.

ACCC view

4.31. The ACCC has considered the following public detriments:

- potential for a limited response that does not address access whole-of-economy access
- potential for reduced competition between participants,
- potential to facilitate anti-competitive conduct beyond that authorised.

Potential for a limited response that does not address whole of economy access

4.32. The ACCC considers it crucial that any collaborative response to discuss, share information and/or reach agreement on business continuity measures takes into account whole of economy access to cash services (particularly in remote and regional areas).

4.33. The ACCC considers that the development of responses that are more narrowly focused, for example on larger metropolitan areas or the needs of the Major Banks and

larger retail customers, would not only fail to address supporting ongoing access to cash for more vulnerable members of the community, but would also be likely to exacerbate these concerns. This is because more narrowly focused solutions may reduce the likelihood of effective solutions to support ongoing access to cash for these members of the community being developed.

- 4.34. The ACCC considers that responses which are narrowly focused, and which fail to reflect potential impacts on regional and remote communities and members of more vulnerable members of the community would constitute a significant public detriment as they would increase the likelihood that:
- access to cash would be more difficult for these members of the community, particularly in remote and regional areas, and
 - a lessening of competition would occur in various retail markets, particularly if some retailers were able offer customers the cash payment option, while others were not able to readily access cash to provide this option to their customers.
- 4.35. Maintaining access to cash in regional and remote communities in the event of, or in reasonable anticipation of, a disruption to the supply of cash is a key consideration for the ACCC in assessing the Proposed Conduct. The Proposed Authorised Parties are expected to meaningfully consult with interests representing a wide range of stakeholders particularly those in remote and rural communities, as part of the development of business continuity measures relating to Armaguard's cash-in-transit services.
- 4.36. However, based on the information before it, the ACCC considers that this public detriment is likely to be mitigated by the conditions set out at paragraph 5.10 below, which include a monthly reporting obligation on consultation with a broader set of Proposed Authorised Parties, and a condition providing for oversight and participation of the RBA and the Commonwealth Treasury, whose participation will seek to ensure the broader public interest is prioritised in the development of better business continuity measures than may be the case absent the Proposed Conduct.

Potential for reduced competition between participants

- 4.37. As a general proposition, the ACCC considers that any coordination between competitors leads to a reduction in competition in some form, and this constitutes a public detriment. The ACCC also considers that collaboration and sharing of information between competitors has the potential to reduce competition between them. For example, banks, retailers and other participants may obtain a degree of visibility in relation to each other's operations, particularly in relation to their business continuity measures, their use of and reliance on cash and their utilisation of cash-in-transit services.
- 4.38. The ACCC considers that the provision of cash-in-transit services is a key input into the operation of bank, ATM and retail businesses which, to the extent that they are reliant on cash, is fundamental to allow them to effectively compete. That is, businesses that need, but do not have efficient access to cash, would be likely to be at a competitive disadvantage in attracting customers to those that do. However, the ACCC does not consider that having greater visibility about their competitors' business continuity measures as a result of the Proposed Conduct is likely to materially impact the way in which they compete in the downstream markets in which they operate. The ACCC considers that it is the availability of cash-in-transit services (and thereby access to cash), and the terms on which they are supplied, that is most important to supporting competition in downstream markets.

4.39. For these reasons, the ACCC considers that the Proposed Conduct is not likely to result in any material public detriment in the form of reduced competition between participants to the Proposed Conduct.

Potential to facilitate anti-competitive conduct beyond that authorised

4.40. The ACCC considers that public detriments may arise if contracts, arrangements or understandings create or enhance the potential for coordinated (rather than competitive) conduct on other matters that are beyond the scope of the Proposed Conduct.

4.41. The ACCC considers that the discussions between participants, and the sharing of confidential information pursuant to the Proposed Conduct, may increase the likelihood that the parties may discuss and coordinate on other matters, which may affect competition in retail banking or retailing of goods and services more broadly.

4.42. The ACCC notes that such conduct would not fall within the scope of the Proposed Conduct and may constitute a breach of the Act.

4.43. However, the ACCC considers that this potential detriment is unlikely to be material because the Proposed Conduct is narrow in scope, and only relates to discussions, exchanging of information, agreement on business continuity measures, and implementation of such measures (but only in the event of, or in reasonable anticipation of, a disruption to Armaguard's supply of cash-in-transit services).

4.44. The ACCC considers that the likelihood of this public detriment resulting from the Proposed Conduct is further mitigated by the conditions of authorisation set out at paragraph 5.10. Specifically, the ACCC has imposed a condition that requires that an external lawyer with competition law expertise attend all relevant meetings and immediately advise the attendees if, during the course of the meeting, they develop concerns that there is conduct occurring that is outside the scope of the authorisation and risks of breaching the Act. In addition, the ACCC proposes that the Proposed Conduct is subject to oversight through the participation of the RBA and the Commonwealth Treasury, as well as monthly reporting to the ACCC regarding progress and discussions, ensuring oversight and transparency of the progress of discussions.

Balance of public benefit and detriment

4.45. The ACCC considers that the Proposed Conduct is likely to result in public benefits in the form of increasing the likelihood of minimising or avoiding the potential impacts of any disruption or suspension of Armaguard services to businesses and consumers and associated flow on effects in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services.

4.46. The ACCC considers that, with the conditions at paragraph 5.10, the Proposed Conduct is unlikely to result in public detriment. The ACCC considers that:

- The Proposed Conduct is narrow in scope and only relates to discussions, the exchange of information, and reaching agreement on business continuity measures which:
 - may be implemented only in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's cash-in-transit services,
 - occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.

- The Proposed Conduct is subject to oversight through the participation of the RBA and the Commonwealth Treasury as well as monthly reporting to the ACCC regarding progress and discussions.
 - Meetings of the RBA Cash Sustainability Working Group and the RBA BCP Working Group will be attended by an external lawyer with competition law expertise who has with instructions to immediately advise the attendees if, during the course of a meeting, they develop concerns that there is conduct occurring that is outside the scope of this authorisation and risks breaching the Act.
- 4.47. The ACCC considers that, with the conditions set out at paragraph 5.10, the Proposed Conduct is not likely to result in any material public detriment. The ACCC considers that it is not necessary to impose further conditions, including specifying which particular Proposed Authorised Parties would be involved in discussions, contracts, arrangements, understandings occurring at, in preparation for, or arising out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.
- 4.48. The Act permits the ACCC to specify conditions in an authorisation. The ACCC determines the nature, form and scope of any conditions imposed and, while there is no express limit on the types of conditions which may be imposed on the grant of an authorisation, the power to impose conditions is constrained by the subject matter, scope and purposes of the Act.
- 4.49. For the reasons outlined in this determination, the ACCC is satisfied, in all the circumstances, that the Proposed Conduct, with the conditions at paragraph 5.10, would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would result or be likely to result from the Proposed Conduct, including any lessening of competition.

Length of authorisation

- 4.50. The Act allows the ACCC to grant authorisation for a limited period of time.¹⁸ This enables the ACCC to be in a position to be satisfied that the likely public benefits will outweigh the detriment for the period of authorisation. It also enables the ACCC to review the authorisation, and the public benefits and detriments that have resulted, after an appropriate period.
- 4.51. In this instance, the ABA seeks authorisation until 30 June 2025.
- 4.52. The ACCC considers that there remains a degree of uncertainty about the financial status of Armaguard, notwithstanding the developments associated with a Short Term Financial Contribution Deed outlined at paragraph 1.32, and given the risk of harms that may arise from any disruption, suspension or exit of Armaguard, based on the information currently before it, the ACCC considers that the time period sought in the current application is appropriate.
- 4.53. Accordingly, the ACCC has decided to grant authorisation with conditions until 30 June 2025.

¹⁸ *Competition and Consumer Act 2010* (Cth), subsection 91(1).

5. Determination

The application

- 5.1. On 27 March 2024, the ABA lodged application AA1000664 with the ACCC, seeking authorisation under subsection 88(1) of the Act.
- 5.2. On 17 June 2024, the ABA amended its application to clarify the list of persons who propose to engage in the Proposed Conduct.
- 5.3. On 1 July 2024 the ABA sought to amend the Proposed Conduct as follows:

The ABA seeks interim and final authorisation for two or more of the applicant, the Major Banks, other Member Banks and/or other Proposed Authorised Parties to:

- (a) discuss, share information and/or reach agreement regarding business continuity measures in respect of Armaguard's CIT services, or
- (b) implement business continuity measures but only in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's CIT services,

in either case, for the purposes of:

- (a) supporting the continued and safe distribution and availability of cash to banks, retailers, other businesses and/or members of the public in metropolitan and regional non-metropolitan locations in the short term and prior to the development of a longer-term regulatory or industry solution, and/or
- (b) supporting customers and businesses who use cash in the event of any such suspension, disruption or exit.

Discussions, contracts, arrangements, understandings or implementation regarding the conduct described above must occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.

(the **Proposed Conduct**).

The authorisation test

- 5.4. Under subsections 90(7) and 90(8) of the Act, the ACCC must not grant authorisation unless it is satisfied in all the circumstances that the Proposed Conduct is likely to result in a benefit to the public and the benefit would outweigh the detriment to the public that would be likely to result from the Proposed Conduct.
- 5.5. For the reasons outlined in this determination and with the conditions below, the ACCC is satisfied, in all the circumstances, that the Proposed Conduct would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would result or be likely to result from the Proposed Conduct, including any lessening of competition.
- 5.6. Accordingly, with the conditions, the ACCC has decided to grant authorisation.

Conduct which the ACCC has decided to authorise

5.7. The ACCC has decided to grant authorisation AA1000664 with the conditions at paragraph 5.10 for 2 or more of the Authorised Parties as defined in paragraph 5.8 to:

- (a) discuss, share information and/or reach agreement regarding business continuity measures in respect of Armaguard's CIT services, or
- (b) implement business continuity measures but only in the event of, or in reasonable anticipation of, a suspension, disruption or exit of Armaguard's CIT services,

in either case, for the purposes of:

- (a) supporting the continued and safe distribution and availability of cash to banks, retailers, other businesses and/or members of the public in metropolitan and regional non-metropolitan locations in the short term and prior to the development of a longer-term regulatory or industry solution, and/or
- (b) supporting customers and businesses who use cash in the event of any such suspension, disruption or exit.

(the **Conduct**).

5.8. The ACCC has decided to grant authorisation AA1000664 to the ABA and the following parties (and their subsidiaries as relevant) named or referred to in the application, to the extent that they are relevant persons or classes of persons:

- (a) ABA's Member Banks
- (b) Linfox Armaguard Pty Ltd
- (c) the Reserve Bank of Australia
- (d) the Commonwealth Treasury
- (e) the Royal Australian Mint
- (f) Australia Post
- (g) suppliers of cash-in-transit services
- (h) non-ABA Member commercial banks, mutual banks, credit unions and building societies
- (i) the Customer Owned Banking Association
- (j) Australian Payments Network
- (k) retailers, supermarkets and other businesses and organisations who distribute and utilise cash in their businesses

(collectively, the **Authorised Parties**).

5.9. The current ABA Member Banks and other Authorised Parties are listed in Annexure 1 to this determination.

5.10. The ACCC has decided to grant authorisation AA1000664 with the following conditions:

Condition 1: Discussions, contracts, arrangements, understandings or implementation regarding the Conduct must occur at, in preparation for, or arise out of, a meeting, meetings or communications of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group.

Condition 2: The ABA will provide the ACCC with a monthly report (or such other period as the ACCC may approve) that sets out:

- material activities, discussions, developments and/or decisions in the previous period that involved conduct enabled by this authorisation
- at a high level, the consultation that has occurred with Authorised Parties who were not attendees of a meeting of either the RBA Cash Sustainability Working Group or the RBA BCP Working Group (including whether the ABA has received any third-party requests for participation and whether those third parties have participated in discussions), and
- any changes to the membership of the RBA Cash Sustainability Working Group and/or the RBA BCP Working Group.

The ABA will provide each report on or before the 15th day of each month.

Condition 3: The ABA will engage an external lawyer with expertise in competition law, and approved by the ACCC, to attend meetings of the RBA Cash Sustainability Working Group and the RBA BCP Working Group with instructions to immediately advise the attendees if, during the course of a meeting, they develop concerns that there is conduct occurring that is outside the scope of this authorisation and risks breaching the *Competition and Consumer Act 2010* (Cth) (the Act).

- 5.11. The ACCC has decided to grant authorisation in relation to Division 1 of Part IV of the Act, and sections 45, 46 and 47 of the Act.
- 5.12. The ACCC may authorise a Committee or division of the ACCC, a member of the ACCC or a member of the ACCC staff, to exercise a decision making function under the conditions of authorisation on its behalf.
- 5.13. The ACCC has decided to grant authorisation AA1000664 until 30 June 2025. This determination is made on 12 September 2024.

Date authorisation comes into effect

- 5.14. This determination is made on 12 September 2024. If no application for review of the determination is made to the Australian Competition Tribunal, it will come into force on 4 October 2024.

Annexure 1

The Authorised Parties

Applicant

1. Australian Banking Association Ltd

Current ABA Member Banks

2. AMP Bank Limited
3. Australia and New Zealand Banking Group Limited
4. Arab Bank Australia Limited
5. Bank Australia Limited
6. Bank of China (Australia) Limited
7. Bank of Queensland
8. Bank of Sydney Limited
9. Bendigo and Adelaide Bank Limited
10. Citigroup Pty Ltd
11. Commonwealth Bank of Australia
12. HSBC Bank Australia Limited
13. ING Bank (Australia) Limited
14. JPMorgan Chase Bank, N.A, Sydney Branch
15. Macquarie Bank Limited
16. MUFG Bank Limited
17. MyState Bank Limited
18. National Australia Bank Limited
19. Rabobank Australia Limited
20. Suncorp Bank (Suncorp-Metway Limited)
21. Westpac Banking Corporation

The following parties who are named or referred to as persons or classes of persons in the Application

22. Linfox Armaguard Pty Ltd
23. the Reserve Bank of Australia
24. the Commonwealth Treasury
25. the Royal Australian Mint
26. Australia Post
27. Suppliers of cash-in-transit services
28. Non-ABA Member commercial banks, mutual banks, credit unions and building societies
29. the Customer Owned Banking Association
30. Australian Payments Network
31. Retailers, supermarkets and other businesses and organisations who distribute and utilise cash in their businesses