



Australian Banking Association Ltd
Application for authorisation AA1000654
Interim authorisation decision
6 December 2023

Decision

1. The Australian Competition and Consumer Commission (the **ACCC**) has granted interim authorisation with conditions in respect of application for authorisation AA1000654, lodged by the Australian Banking Association (**ABA**) on 30 November 2023.
2. The ACCC grants interim authorisation to the ABA and Member Banks¹, and the following parties, 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) Australia Post,
 - (e) suppliers of cash-in-transit services,
 - (f) non-Member Banks and retailers, supermarkets and other businesses who distribute and utilise cash in their businesses(collectively, the **Authorised Parties**²)
for the Authorised Conduct (as defined in paragraph 42), with the conditions set out at paragraph 44.
3. In summary, interim authorisation is granted to enable the Authorised Parties to engage in discussions and exchange information that is for the purpose of, and reasonably necessary for, developing and evaluating industry responses to support the viability of wholesale cash distribution and access to retail cash services.
4. The ACCC grants interim authorisation in relation to Division 1 of Part IV of the *Competition and Consumer Act 2010* (Cth) (the Act) and sections 45, 46 and 47 of the Act.
5. Interim authorisation commences immediately and remains in place until it is revoked, the application for authorisation is withdrawn, or the date the ACCC's final determination comes into effect.

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

² The Authorised Parties are listed in Annexure 1.

Background

The cash-in-transit (CIT) industry³

6. The cash distribution system manages the movement of banknotes and coins between the RBA and major banks and onto business and consumers.
7. The wholesale issuance of banknotes from the RBA into circulation is managed through Banknote Distribution Agreements (**BDAs**). These are a series of agreements that any organisation may enter into if prepared to comply with the relevant contractual requirements.
8. Currently, the 4 Major Banks have bilateral BDAs with the RBA.⁴ Only BDA participants can purchase bank notes directly from the RBA. However, they, along with other banks, retailers and business who are not party to a BDA, can also purchase surplus bank notes from a BDA participant.
9. The distribution of banknotes is carried out by CIT service providers who are engaged by BDA participants to transport, process and store banknotes on their behalf. A CIT service provider must be specifically nominated by a BDA participant and approved by the RBA to collect banknotes from the RBA directly.
10. Streamcorp, Brink's and Armaguard are the 3 wholesale CIT service providers currently approved by the RBA. Streamcorp provides armoured and unarmoured CIT services in Perth and Melbourne but does not have a national presence. Brink's no longer supplies CIT services in Australia, but has retained its status as an approved supplier.
11. Armaguard currently accounts for over 90% of approved wholesale CIT services provided nationally.
12. CIT 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.
13. Armaguard also provides retail cash distribution services. At this level, CIT service providers move cash to publicly available locations such as bank branches, ATMs, retailers and supermarkets. While there are a large number of smaller CIT 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%.

The decline in cash usage in Australia

14. 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 that only 13% of payments were made using cash, and that this share has halved over the past 3 years.
15. However, cash remains an important means of payment for some consumers. In the RBA's 2019 Consumer Payments Survey, around 15% of people used cash for 80% or more of their in-person transactions. 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. The majority of these high cash users indicated that they would

³ 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, available here: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australian-banking-association-ltd-cash-in-transit-initiatives>

⁴ The Major Banks who have BDAs with the RBA are Australia and New Zealand Banking Group (ANZ), Commonwealth Bank of Australia (CBA), National Australia Bank (NAB) and Westpac Banking Corporation (Westpac).

suffer a major inconvenience or genuine hardship if they could no longer withdraw cash or if retailers stopped accepting cash.

16. Cash is also used as a store of wealth and in emergency situations such as natural disasters where consumers have issues accessing electronic payment methods.

The merger authorisation

17. Prior to 2023, there were 2 major suppliers of CIT 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 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 (hereafter referred to in this interim authorisation decision as Armaguard) give, and comply with, an undertaking to the ACCC under section 87B of the Act (the **Undertaking**).
18. 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 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.
19. 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.
20. The ACCC was not satisfied that the proposed merger would not substantially lessen competition. However, the ACCC was satisfied that, provided Armaguard complies with the undertaking, the proposed merger was likely to result in a public benefit that would outweigh the likely public detriment.
21. The undertaking, which is effective for 3 years, 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 service levels and raise prices for existing customers and sets minimum terms and pricing constraints for new customers.
22. 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.

Recent developments

23. The ABA submits that at the end of October 2023, the RBA scheduled an industry roundtable meeting in order to discuss the ongoing viability of wholesale banknote distribution in Australia. Attending the roundtable were industry participants, the RBA, the ABA, the 4 Major Banks and Treasury. Notwithstanding the merger, Armaguard expressed the view that the industry is unsustainable in its current form. Armaguard also advised that, as the sole distributor of wholesale cash, it has insufficient self-generating funds to reinvest in the future sustainability of the wholesale cash distribution network on an ongoing basis.
24. The ABA submits that based on these developments, there is a serious concern that any suspension or disruption in the supply of CIT services could reduce the availability of cash to the Major Banks at a distribution level, and other participants in the retail cash distribution chain such as other commercial banks, Australia Post, major retailers and

ATM services providers. This in turn could reduce the availability of cash to consumers and businesses across Australia.

The application for authorisation

25. 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.
26. On 30 November 2023, the ABA lodged an application for authorisation AA1000654 with the ACCC. The ABA is seeking authorisation on behalf of itself, the Member Banks⁵ and other persons or classes of persons named or referred to in the Application. These parties are listed in **Annexure 1**.
27. The ABA is seeking authorisation to:
- (a) engage in discussions and exchange information that is for the purposes of, and reasonably necessary for, developing and evaluating potential industry 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 and/or regional non-metropolitan 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 ACCC authorisation, as required.
28. The ABA submits that the Proposed Conduct will involve multilateral discussions and the exchange of information between either:
- (a) the ABA and its Member Banks, or
 - (b) the ABA, Member Banks and one or more of the other Authorised Parties
- including in relation to:
- (i) actions to be taken by the Federal Government, the RBA and others to ensure the ongoing availability of cash to Australians in metropolitan and regional areas
 - (ii) modelling of anticipated customer cash usage so that Member Banks can form an understanding of projected short and long-term demand for cash services in metropolitan and regional locations
 - (iii) information about Armaguard's business so that Member Banks can form an understanding of the financial arrangements underpinning Armaguard's CIT services that are core to the immediate and longer-term sustainability of its cash services
 - (iv) Armaguard's current service delivery arrangements for core CIT services, including economics of supply, logistical efficiency, the terms of Member Banks CIT contracts with Armaguard and potential options to support the sustainability of metropolitan and regional cash services
 - (v) short-term business continuity planning for CIT services, including for disruption of existing CIT services providers

⁵ The current ABA Members Banks are listed in Annexure 1.

- (vi) wholesale cash policy changes to support the sustainability of cash services including the terms of the BDAs
- (vii) costs of cash products and retail service distribution and measures to increase the sustainability of cash products and retail service distribution
- (viii) discussions with other key industry participants including Australia Post, other major cash handlers and other suppliers of CIT services
- (ix) responses and submissions to any consultation or inquiry undertaken by governments relating to cash services; and
- (x) information required to prepare a separate application to the ACCC for authorisation of measures to implement the Banking Industry Proposal on Cash Sustainability.

29. The ABA defines the conduct described at paragraphs 27 and 28 collectively as the **Proposed Conduct**.

30. The ABA seeks authorisation until 30 June 2024.

31. The ABA states that the Proposed Conduct is intended to facilitate the urgent exploration and evaluation of banking industry responses to the current challenges in the cash supply chain. It does not involve entering into contracts, arrangements or understandings regarding non-cash services provided by the ABA or the Member Banks, such as home loans, credit cards, savings accounts or other forms of financing.

32. The application does not extend to the implementation of any industry responses or solutions which result from the Proposed Conduct. The ABA submits that it will seek a further authorisation for the implementation of any industry responses (if required).

33. In its application, the ABA sets out that it undertakes for the duration of any interim and/or final authorisations that are in place to:

- provide the ACCC with a report each month (or such other period as the ACCC may approve) about the discussions and industry responses considered at any meetings in the previous period that involved conduct enabled by the authorisation, and
- have an external lawyer with competition law experience, engaged by the ABA and approved by the ACCC, in attendance at all meetings.

The authorisation process

34. Authorisation provides protection from legal action for conduct that may otherwise breach the competition provisions of the Act. Broadly, the ACCC may grant authorisation if it is satisfied that the likely benefit to the public from the conduct outweighs the likely public detriment, including from a lessening of competition. The ACCC conducts a public consultation process to assist it to determine whether proposed conduct results in a net public benefit.

35. The ACCC may specify conditions in an authorisation. The legal protection provided by an authorisation does not apply if any conditions are not complied with.

Interim authorisation

36. Section 91 of the Act allows the ACCC, where it considers it appropriate to do so, to grant interim authorisation. This allows the parties to engage in conduct while the ACCC is considering the substantive application for authorisation.

37. The ABA has requested urgent interim authorisation to enable the Authorised Parties to engage in the Proposed Conduct as soon as possible while the ACCC considers the substantive application for authorisation.
38. The ABA submits that the RBA has convened a forum between the Member Banks and Armaguard on 14 December 2023, and the Member Banks' full participation in that forum is required so that urgent solutions can be explored and evaluated in an expedited time frame. To prepare for these meetings, and subject to the receipt of interim authorisation, discussions on cash issues will be held at a meeting of the ABA Council on 8 December 2023. Accordingly, the ABA is seeking interim authorisation prior to 8 December 2023.

Consultation

39. The ACCC has not conducted a public consultation process in respect of the request for interim authorisation, given the ABA's request that a decision on interim be made prior to 8 December 2023.
40. The ACCC will commence a public consultation process on the substantive application for authorisation and will further examine the public benefits and detriments likely to result from the Proposed Conduct during the process of assessing the application for authorisation.
41. Further information in relation to the application for authorisation and details regarding how to make a submission will be available on the [ACCC's authorisations public register](#).

The Authorised Conduct

42. The ACCC grants interim authorisation with conditions to the ABA, the Member Banks and the following parties, to the extent they are relevant persons or classes of persons:
- (a) Armaguard
 - (b) the RBA
 - (c) the Commonwealth Treasury
 - (d) Australia Post
 - (e) suppliers of CIT services,
 - (f) non-Member Banks, and
 - (g) retailers, supermarkets and other businesses who distribute and utilise cash in their business,

(the **Authorised Parties**⁶)

for the ABA and the Members 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 industry responses to:
 - (i) the viability of wholesale cash distribution in Australia; and/or

⁶ The Authorised Parties are listed in Annexure 1.

- (ii) securing continued access by banks, retailers, other businesses and/or members of the public to retail cash services in one or more metropolitan and/or regional non-metropolitan 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 ACCC authorisation, as required.

(the **Authorised Conduct**).

43. Interim authorisation does not extend to the implementation of any industry responses or solutions which result from the Proposed Conduct.

Granting of conditional interim authorisation

44. Interim authorisation is granted for the Authorised Conduct with the following conditions:

Condition 1 – Reporting requirement: The ABA will provide each month (or such other period as the ACCC may approve) a report to the ACCC setting out material activities, discussions, developments and/or decisions in the previous period that involved conduct enabled by this interim authorisation, including:

- a list of the attendees, and the topics discussed at each meeting involving the ABA and the Member Banks [or the ABA, the Member Banks and one or more of the other Authorised Parties], and
- potential urgent industry responses considered.

Each report will specifically set out:

- consultation with stakeholders who are not Authorised Parties, including the views expressed during the consultation, and
- activities, discussions, developments and/or decisions to support the availability of cash in regional and remote areas.

The ABA will provide each report on or before the 15th day of each month and the first such report will be provided on or before 15 January 2024.

A non-confidential version of each report will be provided for publication on the ACCC's authorisations public register.

Condition 2 – Presence of competition lawyer: Where the Authorised Conduct involves a meeting of or discussions between the ABA and the Member Banks or the ABA, the Member Banks and one or more of the other Authorised Parties, an external lawyer with expertise in competition law, engaged by the ABA and approved by the ACCC, must attend the meetings with instructions to immediately advise the attendees if, during the course of the meeting, they develop concerns that there is conduct occurring that is outside the scope the interim authorisation and risks of breaching the Act.

45. 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 this interim authorisation on its behalf.

Reasons for decision

46. In deciding to grant interim authorisation, the ACCC has taken into account:

- the importance of maintaining access to cash for banks, retailers and the community, with effective CIT services being critical to supporting this access. The

ACCC considers that the banking sector has a key role in addressing concerns about the ongoing sustainability of CIT services

- that the Authorised Conduct is limited to discussions and the exchange of information to develop and evaluate potential industry responses to the viability of wholesale cash distribution in Australia, and securing access to retail cash services (including to banks, retailers and other businesses, bank branches and ATMs in metropolitan and non-metropolitan locations)
 - the reporting and transparency conditions imposed on the Authorised Parties ensures that the ACCC has oversight of progress of discussions, and manages the risk of Authorised Parties coordinating on anything beyond an industry response to the viability of wholesale cash distribution, and securing access to retail cash services
 - the limited period for which authorisation is sought for the Proposed Conduct, being until 30 June 2024
 - that the information sharing and collaboration between the Authorised Parties is likely to assist in developing a better or more effective industry response to support the sustainability of CIT services than what may be achieved absent interim authorisation
 - the ACCC will consider any impacts of the conduct on competition and its effectiveness in delivering the claimed benefits as part of its assessment of the substantive application, and can vary or revoke interim authorisation at any time
 - the ABA is not seeking authorisation for implementation of the industry responses or solutions arising from these discussions. The ABA has indicated it will seek a further authorisation for implementation of such industry responses or solutions at the appropriate time (if applicable).
47. In deciding to grant interim authorisation the ACCC has been particularly cognisant of the importance of maintaining access to cash in regional and remote areas, many of which do not have access to cash 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, including older and low income consumers and that high cash users are more likely to live in remote and regional areas. The ACCC understands that in remote and regional areas where bank branches do not exist members of the public access cash through non-bank locations including Australia Post, independently operated ATMs and retailers.
48. The ACCC considers that it is critical that any industry responses and solutions ensure the ongoing availability of cash across all sectors of the economy, and particularly in rural and remote areas where cash access is more limited, and the impacts of not having ready access to cash would be most pronounced. The ACCC will be closely monitoring the activities of the ABA under this interim authorisation to assess whether this is being appropriately considered in discussions. Interim authorisation is being sought by the ABA on terms that will permit Member Banks to engage with relevant non-banks such as Australia Post and retailers. While not seeking to pre-empt any decision the ACCC may make in relation to any further application for Authorisation, the ACCC will closely assess the extent to which any industry response secures access to cash in remote and regional areas where bank branches are limited or do not exist. Such a solution could, for example, include arrangements under which non-bank users of cash services in remote and regional Australia have reliable, cost effective and fair access to those services.

49. As noted, implementation of industry responses or solutions to sustain CIT services will, if required, be the subject of a separate application for authorisation. Maintaining access to cash in regional and remote community will be a key consideration for the ACCC in assessing the public benefits and public detriments likely to result from any proposed industry responses or solutions.

Reconsideration of interim authorisation

50. The ACCC may review a decision on interim authorisation at any time.

51. The ACCC's decision in relation to the interim authorisation should not be taken to be indicative of whether or not final authorisation will be granted.

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
6. Bank of China
7. Bank of Queensland Limited
8. Bank of Sydney
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. J.P. Morgan Australia and New Zealand
15. Macquarie Bank Limited
16. MUFG Bank Limited
17. MyState Bank
18. National Australia Bank Limited
19. Rabobank Australia Limited
20. Suncorp Bank
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. Australia Post
26. Suppliers of cash-in-transit services
27. Non-Member Banks
28. Retailers, supermarkets and other businesses who distribute and utilise cash in their businesses