



**Australian Banking Association Ltd**  
**Application for authorisation AA1000674**  
**Interim authorisation decision**  
**12 September 2024**

**Decision**

1. The Australian Competition and Consumer Commission (the **ACCC**) has decided to revoke the interim authorisation granted with a condition to the Australian Banking Association (**ABA**) and others on 3 July 2024 in respect of application for authorisation AA1000674 and grant a new interim authorisation with conditions allowing an expanded range of conduct, described below.
2. The ACCC grants interim authorisation to the ABA, and the following parties, to the extent that they are relevant persons or classes of persons:
  - (a) Australia and New Zealand Banking Group
  - (b) Commonwealth Bank of Australia
  - (c) National Australia Bank
  - (d) Westpac Banking Corporation(collectively, the **Major Banks**)
  - (e) Australia Post
  - (f) Coles Group
  - (g) Woolworths Group
  - (h) Wesfarmers(collectively with the Major Banks, the **Funding Parties**)
  - (i) Linfox Armaguard Pty Ltd (**Armaguard**)
  - (j) Commonwealth Treasury
  - (k) the Reserve Bank of Australia (**Reserve Bank**)
  - (l) commercial banks, mutual banks, credit unions and building societies
  - (m) the Customer Owned Banking Association (COBA)
  - (n) retailers, supermarkets and other businesses and organisations who distribute and utilise cash(collectively with the ABA and the Funding Parties, the **Authorised Parties**)

for the Authorised Conduct set out in paragraph 3 with the conditions set out at paragraph 4.
3. Interim authorisation with conditions is granted for:

Two or more of the ABA, the Funding Parties, the Reserve Bank, Commonwealth Treasury and Armaguard to discuss, share information, reach agreement on and/or implement (as relevant) the following assistance measures by one or

more of those parties for the purpose of supporting wholesale cash viability and access to cash by businesses and members of the public:

- (a) financial contributions to Armaguard on the following terms:
  - (i) that funding is conditional on agreed requirements that Armaguard reports on its progress in meeting the milestones for implementing merger integration efficiencies set out in its business plan, that Armaguard complies with its obligations under the Funding Parties' cash services agreements and that Armaguard provides information to an advising accountant if requested; and
  - (ii) if any of the Funding Parties' cash services agreement is renewed or extended during the period in which the agreement to provide financial contributions to Armaguard remains in place, any pricing uplift which would otherwise be payable by the relevant Funding Party under that renewed or extended cash services agreement will only be effective and payable by the relevant Funding Party after and with effect from the end of that period
- (b) operational sustainability and efficiency measures that can be implemented across services provided to each of the Funding Parties under their respective service agreements and/or Armaguard's cash-in-transit business, which may include (but is not limited to):
  - (i) standardised commercial deposit products;
  - (ii) pre-registration of collection values;
  - (iii) standardisation of coin order values and format;
  - (iv) the implementation of a Direct to Depot model;
  - (v) greater access to bank branches for services;
  - (vi) safe and same day value arrangements;
  - (vii) universal coin bins;
  - (viii) use of integrated safes by retailers;
  - (ix) a simplified discrepancy process; and
  - (x) standardised treatment of cassettes / bags on site
- (c) the development of an Independent Pricing Mechanism which is
  - (i) analogous to pricing which would apply to regulated services, and
  - (ii) which does not unreasonably discriminate between cash-in-transit users, and the in-principle agreement to apply (but not implement) that Pricing Mechanism in respect of each (future) cash services agreement with each of the Funding Parties

**(the Authorised Conduct).**

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

**Condition 1** – The ABA will provide the ACCC with a report within 7 days of a financial contribution being made to Armaguard pursuant to this interim authorisation that sets out the amount of the contribution(s) made by the Funding Parties and the date those contribution(s) were made.

**Condition 2** – At least 5 business days prior to implementation of an agreed operational sustainability and efficiency measure, the ABA must provide a written report to the ACCC, the Reserve Bank and Treasury which:

- (a) describes the measure in detail and how it will be implemented,
- (b) identifies which Armaguard service(s) and Funding Parties that measure is proposed to be implemented in respect of,
- (c) attaches a written, dated letter sent by the ABA to the following recipients which includes the information described in paragraphs (a) and (b) above and invites the recipient to provide any comments in respect of that measure, including its potential impact on the accessibility of cash in regional and remote areas, to the ABA in writing within 5 business days of receipt:
  - (i) ABA members other than the Major Banks
  - (ii) the Customer Owned Banking Association on behalf of members, and
  - (iii) IGA / Metcash,
- (d) attaches any written comments received by the ABA in accordance with paragraph (c) above and describes the ABA's response to those comments, and
- (e) to the extent it is known or can be reasonably ascertained by the ABA, describes any potential impact on the accessibility of cash in regional and remote areas resulting from implementation of the measure.

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

**Condition 3** – The ABA will provide each month (or such other period as the ACCC may approve) a report to the ACCC, the Reserve Bank and Treasury:

- (a) setting out material activities, discussions, developments and/or decisions in the previous period that involved conduct enabled by this authorisation, including:
  - (i) for each meeting involving two or more of the ABA, the Funding Parties, the Reserve Bank, Treasury and Armaguard, a list of the attendees and the topics discussed,
  - (ii) where an operational sustainability and efficiency measure(s) was discussed and/or agreed, a description of each operational

sustainability and efficiency measure discussed and/or agreed and the parties to that discussion and/or agreement,

- (iii) where the Independent Pricing Mechanism was discussed and/or agreed, a description of that discussion and/or agreement, including identification of any principles discussed and/or agreed to apply to the Independent Pricing Mechanism, and the parties to that discussion and/or agreement, and
- (iv) a description of any consultation that has occurred with recipients of Armaguard's cash-in-transit services other than the Funding Parties, including the identity of those consulted, the topics consulted on, and the method of consultation.

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 the 15th day of the month following the month in which this authorisation is issued in respect of application AA1000674.

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

**Condition 4** – Discussions, contracts, arrangements or understandings regarding any operational sustainability and efficiency measure and/or Independent Pricing Mechanism must occur at, in preparation for, or arise out of, a meeting, meetings or communications of the RBA Long Term Solutions Working Group.

5. The ACCC grants interim authorisation with conditions in relation to Division 1 of Part IV of the *Competition and Consumer Act 2010* (Cth) (the Act) and sections 45(1), 46 and 47 of the Act.
6. 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.
7. 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.
8. The ACCC recognises the importance of maintaining access to cash in regional and remote areas, and any impacts of the Authorised Conduct on that access. The ACCC's clear expectation is that the ABA, the Funding Parties and Armaguard will involve other users of cash-in-transit services in a meaningful way in respect of the development of operational sustainability and efficiency measures or an independent pricing mechanism, including by consulting with ABA members other than the Major Banks, the Customer Owned Banking Association and other major retailers present in regional and rural communities across Australia and providing transparency about proposed measures before they are implemented. The ACCC also recognises the broader public interest and policy context surrounding the cash-in-transit industry, and the importance of the Reserve Bank and Commonwealth Treasury's involvement in respect of the Authorised Conduct.
9. The ACCC intends to consider the content of reports received in accordance with the conditions of this interim authorisation, particularly in respect of steps taken to

meaningfully involve other affected parties. when deciding whether substantive authorisation will be granted.

### **The application for authorisation**

10. ABA makes the application for authorisation AA1000674 on behalf of itself and the Funding Parties.
11. The ABA submits that to enable the Funding Parties to implement the assistance measures as documented in a Short-Term Financial Contribution Deed, authorisation is sought for the following conduct.

Two or more of the ABA, the Funding Parties, the Reserve Bank, Commonwealth Treasury and Armaguard propose to discuss, share information, reach agreement on and/or implement (as relevant) the following assistance measures by one or more of those parties for the purpose of supporting wholesale cash viability and access to cash by businesses and members of the public:

- (a) short term financial contributions to Armaguard on the Relevant Terms;
- (b) operational sustainability and efficiency measures that can be implemented across services provided to each of the Funding Parties under their respective service agreements and/or Armaguard's cash-in-transit business, which may include (but is not limited to):
  - (i) standardised commercial deposit products;
  - (ii) pre-registration of collection values;
  - (iii) standardisation of coin order values and format;
  - (iv) the implementation of a Direct to Depot model;
  - (v) greater access to bank branches for services;
  - (vi) safe and same day value arrangements;
  - (vii) universal coin bins;
  - (viii) use of integrated safes by retailers;
  - (ix) a simplified discrepancy process; and
  - (x) standardised treatment of cassettes / bags on site.
- (c) the development of an Independent Pricing Mechanism which is (i) analogous to pricing which would apply to regulated services, and (ii) which does not unreasonably discriminate between cash-in-transit users
- (d) the in-principle agreement to apply (but not implement) that Pricing Mechanism in respect of each (future) cash services agreement with each of the Funding Parties,

(each or together Cash-in-transit Sustainability Measures).

For the purposes of (a) above, the Relevant Terms are:

- (i) that funding is conditional on certain agreed requirements including that Armaguard reports on its progress in meeting the milestones for implementing merger integration efficiencies set out in its business plan, that Armaguard complies with its obligations under the Funding Parties' cash services agreements and that Armaguard provides information to an advising accountant if requested; and
  - (ii) if any Applicant's cash services agreement is renewed or extended during the Term, any pricing uplift which would otherwise be payable by the relevant Applicant under that renewed or extended cash services agreement will only be effective and payable by the relevant Applicant after and with effect from the expiry of the Term. (the *Proposed Conduct*).
- 12. The Proposed Conduct reflects variations sought by the ABA in letters dated 26 July 2024 and 4 September 2024.
- 13. The ABA seeks authorisation until 30 June 2026.

*Rationale for the Authorised Conduct*

- 14. The ABA and the Funding Parties understand from Armaguard that the financial support is required as soon as possible to support the short-term sustainability of the business. Without this, the ABA and the Funding Parties submit that, alongside further capital contribution by its shareholders, the sustainability of Armaguard and the Australian wholesale cash operations industry remains a significant risk.
- 15. The ABA and the Funding Parties also understand from Armaguard that the short-term funding is an important first step that facilitates other actions to support the sustainability of Armaguard and the wholesale cash operations industry, including assisting Armaguard to realise its efficiency program from merger integration and enabling the Authorised Parties to work together over the next 12 months to achieve greater efficiencies through standardisation and other measures.
- 16. In respect of the efficiency measures, the ABA submits that it is clear from the discussions to date that the challenges facing Australia's cash-in-transit industry are significant and that providing urgent assistance to Armaguard to implement operational efficiencies in respect of its largest customers will maximise the likelihood of avoiding a disruption to the supply of cash-in-transit services and access to cash more generally. The ABA submits that Armaguard has advised that it is important that the efficiency measures can be discussed and start to be implemented progressively and therefore interim authorisation is required on an urgent basis. The ABA submits that the Proposed Conduct is very unlikely to give rise to any competitive detriment in any relevant markets. The ABA submits that there are a number of important safeguards which will mitigate the risk of the Proposed Conduct giving rise to any competitive detriment, including:
  - (a) the conduct is confined to the conduct agreed in the Short Term Financial Contribution Deed.
  - (b) The purpose of the Proposed Conduct is to support wholesale cash viability and access to cash by businesses and members of the public. Conduct will only be authorised to the extent that this purpose is met.
  - (c) The measures listed at paragraph (b) of the Proposed Conduct implemented under the Short Term Financial Support Deed will apply only to the services provided to the Funding Parties and/or Armaguard's cash-in-transit business

and would not be imposed on other parties. For other parties, Armaguard will continue to be obliged to provide services in the way it does today pursuant to agreements that are in place with those customers (and in any case subject to the section 87B Undertaking given by Armaguard to the ACCC).

- (d) While the measures listed at paragraph (b) of the Proposed Conduct are focused on services to Funding Parties and/or Armaguard's cash-in-transit business (i.e. they will not be imposed on non-Funding Parties), by assisting to make Armaguard's business more sustainable, those measures will reduce the risk of a disruption to cash-in-transit services more generally, including to those non-Funding Parties.
- (e) It is proposed that quarterly reports be submitted to the ACCC regarding progress made in relation to the measures listed at paragraph (b) of the Proposed Conduct and other discussions under the authorisation.

17. The ACCC notes that these submissions were made generally in respect of the Proposed Conduct and has considered them in respect of the Authorised Conduct, as relevant.

### **The authorisation process**

18. 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.
19. 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**

20. 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.
21. The ABA originally requested interim authorisation as follows:
  - in respect of paragraph (a) of the Proposed Conduct, interim authorisation prior to 3 July 2024 and
  - in respect of the balance of the Proposed Conduct, interim authorisation prior to 31 July 2024.
22. On 3 July 2024, the ACCC granted interim authorisation in relation to the financial contributions to Armaguard with the condition that the ABA provide the ACCC with a report within 7 days of a financial contribution being made to Armaguard. As at 12 September 2024, the ACCC has not received any report that a financial contribution has been made to Armaguard.

### **Consultation**

23. On 3 July 2024, the ACCC commenced a public consultation process on the balance of the conduct for which interim authorisation was sought and on the substantive application for authorisation.

24. The ACCC received 15 submissions from interested parties, and 2 submissions from the applicant.

#### *Government bodies*

25. The **Reserve Bank** submits that it is broadly supportive of the measures proposed in the ABA's application. However, in respect of the independent pricing mechanism, the Reserve Bank submits that it will be important for it to be developed with the broader public interest in mind.
26. **Commonwealth Treasury** submits that the provision of financial support from industry to Armaguard is important in alleviating the immediate financial pressures in the sector.

#### *Cash-in-transit providers*

27. **SecureCash** submits that they support the continuation of discussions. SecureCash submits that medium term solutions as the next priority for discussions would be welcomed.
28. **Authentic Security** submits that no decision should be made on the application. This is because the circumstances that justified past authorisations no longer apply. Authentic Security also submits that the only parties whose interests have been effectively represented are the Funding Parties and Armaguard. This has excluded most of the entities who have a vital stake in the continued viability of the cash economy. The two proposed areas of further agreement in the application [the efficiency measures and independent pricing mechanism] would be likely to entrench deeply anticompetitive structures in the markets that relate to cash, to the detriment of the unrepresented parties, consumers and the economy generally.
29. Authentic Security provided a **further submission** in response to the applicant's letter dated 26 July 2024. Authentic Security submits that the letter contains factual assertions and assumptions that are highly contestable and should not be accepted by the ACCC without sceptical consideration. For the efficiency measures and independent pricing mechanism, there will be a substantial risk of anti-competitive effects if the arrangements in the application are put in place by negotiation between the Funding Parties and Armaguard. Authentic Security submits that it is seeking the following outcomes on the application:
  - Recognition that the cash-in-transit services industry has substantially stabilised and is amenable to a re-emergence of genuine competition, provided that participants are afforded a level playing field
  - Interposition of an independent facilitator, not the ABA, in the next round of discussions and negotiations relating to further stabilisation and encouragement of competition in the cash-in-transit services sector
  - Authorisation to be conditional on genuine participation being facilitated for affected parties outside of Armaguard and the Funding Parties, including cash-in-transit providers.

#### *Industry associations*

30. The **Australian Hotels Association (AHA)** submits that it has no objection to the interim authorisation granted. However, it submits that the obligation upon the ABA, the Funding Parties and Armaguard to "commit to involving other users of cash in transit services in a meaningful way" needs to be strengthened and made more



transparent. Ultimately, the AHA proposes that it be specifically named in the interim authorisation as a party to be involved and consulted.

31. **Community Clubs Victoria (CCV)** encourages the ACCC to actively examine the importance of cash-in-transit businesses and the important services they provide to not-for-profit community clubs that are increasingly becoming de facto banks. CCV submits that this changing environment is adversely impacting the community, especially older people.
32. The **Australian Security Industry Association Limited** requests that the ACCC defer its decision on the application for authorisation. It believes that is crucial to allow for discussion with a broader range of stakeholders beyond the Funding Parties and the Authorised Parties.
33. **Clubs Australia** submits that it strongly recommends that it be specifically listed in the interim authorisation as an authorised party.
34. **ATMIA** submits that it supports any efforts to secure the role of cash in Australia's payment system and the current discussions achieve this.

#### *ATM-related businesses*

35. **Next Payments** submits that they support the application for authorisation. However, they submit that there should be a seat at the table for independent ATM owners, smaller cash providers, large hotels, clubs and smaller supermarket chains.
36. **Banktech** submits that the current ABA led negotiations are focussed on the interests of the Funding Parties and a single supplier, Armaguard. This excludes many other vital stakeholders in the cash economy. Banktech submits that the conditions that justified past ACCC authorisations for the cash-in-transit industry no longer hold true. The two proposed areas of further agreement [the efficiency measures and independent pricing mechanism] only benefit the funding parties, therefore could entrench anti-competitive structures, harming unrepresented parties, consumers, and the economy. Banktech submits that the discussions should be facilitated by an independent party, potentially the Reserve Bank or one appointed under its oversight, rather than the ABA. Banktech submits that it is advocating for a pause, reconsideration of the approach and genuine representation of all affected parties in future negotiations. Banktech strongly believes the ACCC should not make a decision until these issues are further examined and addressed.
37. **NCR Atleos** submits that the ACCC should not provide unconditional authorisation for the Proposed Conduct. NCR Atleos submits that the ACCC should impose conditions that require Armaguard and the Funding Parties to include NCR Atleos/the broader industry in the discussions relating to efficiency measures and the independent pricing mechanism and place guardrails on these to ensure that NCR Atleos and other Armaguard customers who rely on Armaguard's services are not offered terms or services that are worse than those offered to the Funding Parties. NCR Atleos states that the application lacks adequate details on several key issues. NCR Atleos submits that the application should not be granted in its current form because:
  - Without wider industry participation, the application is both exclusory and not capable of realising proposed public benefits
  - Measures which purport to apply only to the Funding Parties will undoubtedly have 'spillover' effects to non-Funding Parties and the wider industry

- Excluding non-Funding Parties from the independent pricing mechanism is discriminatory and anti-competitive
- There is a real risk that efficiency measures will competitively disadvantage non-Funding Parties,
- The application preferences certain Armaguard customers with the effect of discriminating against others.

#### *Retailers*

38. **RollsPack** submits that cash is still being utilised widely in Australia. RollsPack states that cash should be deemed an essential service.

#### *Other*

39. **Cash Welcome** requests that the ABA, member banks and large retailers commit to supporting a range of measures aimed at supporting the future of cash.

#### *Applicant*

40. The **ABA** provided a response to public submissions on 26 July 2024. The ABA submits that significant public benefits will flow from the measures contemplated by the Short Term Financial Contribution Deed. In response to the requests from various interested parties to be involved in discussions, the ABA submits that it is important to strike a balance between consulting with other stakeholders. In particular:
- A requirement to engage in extensive consultation with other stakeholders and groups of stakeholders could quickly become unworkable
  - It is also significant that these initiatives are being progressed by the Funding Parties in the context of a substantial funding contribution which has been negotiated over many months
  - The ABA queries why other cash-in-transit providers such as Authentic Security would need to be consulted on the pricing or service offering of a competitor. In contrast, Armaguard and the Funding parties accept that it would be useful for some consultation to occur with other cash-in-transit users.
41. The ABA, Armaguard and the Funding Parties agree that it would be useful for operational sustainability and efficiency measures and an independent pricing mechanism to be developed with an understanding of the extent to which similar measures could inform approaches with other customers in the future. This will assist Armaguard in particular with its broader planning concerning its broader customer base in the future as contracts expire and/or are negotiated.
42. In respect of the development of the independent pricing mechanism, the ABA proposes that targeted workshops be held with ABA members, COBA members and other major retailers to consult with them on what an independent pricing mechanism could look like and obtain their feedback on the pricing mechanism developed prior to implementation. This would potentially be facilitated by a third party expert which the Funding Parties are retaining to assist with this exercise.
43. In respect of the development of operational sustainability and efficiency measures, the ABA proposes that targeted discussions be held with a number of customer cohorts (i.e. ABA members, COBA members and major retail chains in remote and regional areas) regarding those efficiency measures potentially relevant to both the Funding Parties and those other customer cohorts. This would likely take the form of

facilitated workshops, attended by Armaguard, to understand the extent to which operational efficiencies developed for the Funding Parties could inform future approaches with Armaguard's other customers.

44. The ABA does not consider it appropriate for any conditions to be attached to the authorisation relating to third party consultation.
45. The ABA provided a **further submission** on 4 September 2024. The ABA submits that there have been detailed discussions about supporting equitable access to cash across regional and remote Australia in each of the workstreams established by the Reserve Bank. A separate workstream is underway regarding longer term solutions to secure continued access to cash by banks, retailers, other businesses, and members of the public.
46. The ABA submits that in developing operational sustainability and efficiency measures and an independent pricing mechanism, it is not the intention of the Funding Parties to negotiate pricing or other terms that would seek to preference the Funding Parties over other Armaguard customers. The amendments to the Proposed Conduct sought by the ABA seek to make this clearer, including through more detailed reporting obligations and by expressly requiring that the independent pricing mechanism must support pricing for cash-in-transit users across metropolitan, regional and remote locations which does not unreasonably discriminate between cash-in-transit users.

#### **Reasons for decision**

47. In deciding to grant interim authorisation for the Authorised Conduct, with conditions, the ACCC has taken into account:
  - the importance of maintaining access to cash for banks, retailers and the community, with effective cash-in-transit services being critical to supporting this access
  - that there would be a significant risk of a disruption of cash-in-transit services in Australia in the near term if financial support is not provided by the Funding Parties
  - the position of the ABA, the Funding Parties and Armaguard that the Authorised Conduct is an important first step that facilitates other actions to support the sustainability of Armaguard and the wholesale cash operations industry
  - that the Authorised Conduct is limited to conduct which has the purpose of supporting wholesale cash viability and access to cash by businesses and members of the public
  - that the Authorised Conduct will increase the likelihood of a more sustainable supply of wholesale cash distribution services and access to cash by businesses and members of the public than what may be achieved absent interim authorisation
  - that the ACCC will consider any impacts of the Authorised Conduct on competition and access to cash in regional and remote areas, and its effectiveness in delivering the claimed benefits as part of its assessment of the substantive application, including based on reporting received in accordance with the conditions of authorisation, and can vary or revoke interim authorisation at any time.

48. In deciding to grant interim authorisation with conditions, 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. The Reserve Bank 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.
49. As noted above, the ACCC has a strong expectation that the Funding Parties and Armaguard will demonstrate their commitment to meaningfully involving other affected parties in relation to the Authorised Conduct and the steps they have taken to do so, including in reports provided in accordance with the conditions of this authorisation. The ACCC also considers the involvement of the Reserve Bank and Commonwealth Treasury is important, noting the broader public interest in the cash-in-transit industry.

#### **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.