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23 August 2021

Dear Interested Party

Request for submissions: National Australia Bank's proposed acquisition of Citigroup's Australian consumer banking business

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Citigroup's Australian consumer banking business (**Citi**) by National Australia Bank (**NAB**) (the **proposed acquisition**).

Citi is an Australian authorised deposit-taking institution (**ADI**) whose holding company is headquartered in New York, USA. NAB is a major Australian ADI. Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact upon competition. In particular, we are seeking your views on:

- how closely NAB and Citi compete in the supply of various consumer banking products and services
- the likely impact of the proposed acquisition on fees and/or service levels, and
- the availability of alternatives to customers.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **5pm on 13 September 2021** via email with the title: *Submission re: NAB/Citi - attention Will Sommers/Olivia King*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any

questions about this letter, please contact Will Sommers on (03) 9910 9444 or Olivia King on (03) 9290 1498.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential.

Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

NAB

NAB is an ASX listed diversified financial services organisation and is an ADI (ASX: NAB). NAB's core retail banking business operates under the NAB brand and includes hundreds of physical branches across Australia, as well as online browser-based banking facilities and smartphone applications.

Citigroup

Citi is an Australian ADI whose holding company is headquartered in New York, USA. Citi operates predominantly through an online model in Australia (including a phone based sales and service team). Citi offers consumer banking services to consumers and apart from products bearing its own brand, also creates and supplies 'white label' unsecured consumer credit products that are branded and retailed to consumers by other businesses (e.g. supermarkets, retailers or other financial institutions).

The proposed acquisition

The proposed acquisition was announced on 9 August 2021, and involves NAB purchasing Citi's home lending portfolio, unsecured lending business (operating under the Citigroup brand and white label partner brands), retail deposits business and wealth management business. Completion is expected by March 2022.

Areas of overlap

Broadly, NAB and Citi overlap in the supply of Australian consumer banking products and services, including:

- credit cards
- low interest credit cards
- personal loans
- wealth management and investment products
- transaction and savings accounts
- home loans

Attachment B

1. Please provide a brief description of your organisation, and the reasons for your interest in the proposed acquisition, including any commercial relationship/s with either of NAB or Citi.

Competition

2. Please describe how and the extent to which NAB and Citi compete with each other in the supply of:
 - a. credit cards
 - b. low interest credit cards
 - c. personal loans
 - d. wealth management and investment products
 - e. transaction and savings accounts
 - f. home loans,

(each an **area of overlap**).

Relevant factors may include price, product ranges, service offering (including branch networks and technological platforms) and ancillary benefits (including rewards programs). Please provide specific examples where possible.

3. Please identify alternative suppliers for each area of overlap. Please explain how and the extent to which these suppliers compete with NAB and/or Citi in respect of each area of overlap, taking into account factors such as price, product range, quality, service levels and ancillary benefits. Please comment on any suppliers you consider particularly vigorous or effective competitors to NAB and/or Citi in each product area.
4. For customers of NAB or Citi, please describe how you would respond if, post-acquisition, NAB increased prices or decreased its service offering in each area of overlap. What competition is NAB, post-acquisition, likely to face in each area of overlap?
5. Please comment on how you expect any industry developments in the next 3 to 5 years to impact competition in the supply of each area of overlap. Consider factors such as the role of digital disruption, the presence and/or growth of buy now pay later services and changes to regulation.
6. For retail suppliers of credit card services:
 - a. If you acquire white label credit card services funded by a financial institution, provide details of your arrangements, such as who you acquire these services from, and explain your reasons for using these services, rather than self-funding or self-supplying credit card services.
 - b. If you self-fund or self-supply credit card services (that is, you do not acquire white label credit card services), provide details of your arrangements, and explain your reasons for self-funding or self-supplying rather than using white label card services.

- c. Explain how easy or difficult it would be for customers of white label credit card services to switch completely to self-supply credit card services, and the costs and timeframes involved. Provide specific examples where possible.

New entry

7. Please describe the steps required to enter and/or expand in each area of overlap and become profitable. Where possible, please comment on the time and costs to build a digital banking platform, obtain a banking licence and build a brand to attract customers. If known, provide examples of recent entry or expansion or any potential new entry or expansion in each area of overlap.
8. Please comment on the effects of economies of scale, for example having a larger customer base, in each area of overlap, and the minimum efficient scale of market entry.

Other

9. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 50 of the *Competition and Consumer Act 2010*.