

## Issuing of scheme or dual network debit cards

The Australian Banking Association (**ABA**) notifies the ACCC under the interim authorisation (number AA1000482) granted to the ABA and its member banks on 30 March 2020, of a decision by certain member banks to implement a program to fast track the issuing of scheme or dual network debit cards to isolated and vulnerable customers in the Australian community for purpose of ensuring accessibility to banking services. A list of banks that have decided to participate in this program as at the date of notification is set out in **Appendix 1 (Participating Member Banks)**.

Given that ASIC has responsibility for consumer law issues relating to financial products and financial services, the ABA has obtained relief from ASIC in relation to the implementation of the debit card program. This is set out in more detail below.

### 1. Description of the notified conduct and customer groups

Participating Member Banks have decided to implement a program to fast track the issuing of scheme or dual network debit cards to isolated and vulnerable customers in the Australian community (**debit card program**). As part of the debit card program, participating member banks have agreed that where they create a new account and issue a scheme or dual network debit card linked to that account, they will treat all customers to whom the cards are issued as being eligible for a basic, low or no fee account as contemplated in Chapter 16 of the Banking Code.

The debit card program is aimed at the existing cohorts of Participating Member Bank customers who use passbook accounts or customers who otherwise do not have scheme debit cards. These customers are currently required to enter bank branches to withdraw cash and will typically purchase their goods and services with cash. With the stricter self-isolation and social distancing rules imposed by the Federal Government, these customers may find themselves isolated and unable to make the necessary payments for their goods and services in person or through online shopping.

The debit card program will involve Participating Member Banks:

- issuing a scheme or dual network debit card linked to an existing passbook account;
- issuing a scheme or dual network debit card linked to existing account where a card has not been issued; and/or
- creating a new account and issuing a scheme or dual network debit card.

While Participating Member Banks would prefer to proactively contact each individual customer to advise them of the debit card program, this may not always be possible, given the number of customers affected, the impact of COVID-19 on Participating Member Banks' operations and the urgency with which Participating Member Banks are looking to implement the debit card program. It is anticipated that Participating Member Banks may in some circumstances issue the debit card without contacting the customer before or after the card is issued.

Where a card is issued ahead of a customer being contacted, Participating Member Banks will require the debit cards to be activated online or by phone. The relief obtained from ASIC allows for Participating Member Banks to issue activated cards prior to the customer being contacted. If Participating Member Banks elect to do this in future, this will only occur where a Participating Member Bank has to open a new account and banks will impose a requirement that where a customer has not been contacted the first money transfer from the passbook account to the scheme or dual network debit account will occur by phone.

### 2. Implementation of the debit card program

Participating Member Banks intend to implement the debit card program from 29 April 2020.



This urgent implementation is necessary in light of the COVID-19 implications of business closures, decline in the acceptance of cash by retailers and the rules imposed by the Federal Government in relation to self-isolation and social distancing. The impacted cohorts of customers who currently use passbook accounts or do not have scheme debit cards may find themselves isolated and unable to access cash or to make payments for their goods and services.

### 3. Relief sought from other regulators

The ABA on behalf of its member banks:

- has obtained relief from ASIC in relation to certain provisions of the Corporations Act, and the ASIC Act including relating to Participating Member Banks' obligations under the anti-hawking and disclosure provisions, and requirement to obtain written consent to issue a debit card. This relief was also sought on behalf of the Customer Owned Banking Association (COBA) and its members who independently elect to implement the debit card program;
- will notify the Banking Code Compliance Committee (**BCCC**) that certain provisions of the Banking Code will be breached as part of the debit card scheme (in particular those relating to the provision to customers of terms and conditions either before or at the time a contract is made) and that the ABA will be seeking guidance from the BCCC on the type of breach reporting they require; and
- will notify the Australian Financial Complaints Authority of the relief application and outline the customer safeguards that Participating Member Banks will implement in issuing these debit cards.

## Appendix 1 – List of Participating Member Banks

Australia and New Zealand Banking Group Limited\*

Arab Bank Australia Limited

Bank of Queensland Limited

Bendigo and Adelaide Bank Limited

Commonwealth Bank of Australia

MyState Bank\*\*

National Australia Bank Limited

Suncorp Bank

Westpac Banking Corporation\* \*\*

\* ANZ and Westpac have an individual ASIC authorisation but have agreed to treat all customers to whom the cards are issued as being eligible for a basic, low or no fee account as contemplated in Chapter 16 of the Banking Code.

\*\* In order to implement the debit card program, these banks do not currently need to create new accounts.