

ABA responses to ACCC questions - 29 April 2020

1. **We understand that participating member banks have agreed that customers to whom the scheme debit cards are issued will be considered as being eligible for a basic, low or no fee account as contemplated in Chapter 16 of the Banking Code.**

a. **Could you please confirm whether the agreement extends, as foreshadowed in the call last week, to participating member banks agreeing to only offer the relevant customers one of those basic, low or no fee accounts rather than any other type of account that the participating member bank may have (and which may attract a range of fees)?**

Yes, that is correct. Where participating member banks create a new account as part of the debit card program and issue a debit card linked to that account, all new accounts will be a basic, low, or no fee account, rather than any other type of account that the participating member bank may have. In addition, and as mentioned in response to the ACCC's previous questions, each bank confirmed separately to the ABA that they will have arrangements in place to ensure customers will not be charged transaction fees or fees for falling below a minimum balance.

b. **Could you please confirm whether the special features of basic, low fee or no fee accounts as set out in Chapter 16 of the Banking Code for eligible customers will apply to all accounts that are opened under the scheme debit card program? i.e. no informal overdrafts (except where it is impossible or reasonably impractical to prevent the account being overdrawn) and no overdrawn fees or dishonour fees? In relation to "basic accounts" can you confirm that where such an account is opened, it will have the minimum features as set out in Chapter 16 of the Banking Code?**

Yes, participating member banks will apply all the special features set out in Chapter 16 of the Banking Code to all new accounts that are opened as part of the debit card program. Participating member banks will also apply the minimum features in Chapter 16 of the Banking Code to any basic accounts that are opened.

2. **Based on your email yesterday and the notification, we understand that some participating member banks may provide scheme debit cards to customers who have not opted into the program. In addition, participating member banks may not contact the customer before or after the scheme debit card has been issued.**

a. **Please provide some details on how the participating member banks will inform customers of the purpose of the scheme debit card and their options to opt out of the program?**

In most cases, it is expected that member banks will contact customers before issuing a card. However, the following response covers circumstances in which that contact has not been made.

Participating member banks will include relevant disclosure information, and a letter outlining the reasons why the card has been issued, with the issued card. As mentioned in the notification and the response to the ACCC's queries, where a customer has not opted in and has been sent a card ahead of being contacted by a bank, the card that is issued will be not be activated. The disclosure information and letter sent with the issued card will also inform customers that, if they do not wish to use the card they can contact the bank to close the account and/or destroy the card.

Where the customer contacts their issuing bank to activate the card, call centre staff will be able to have a broad discussion with the customer about the terms of use of the card. Part of this discussion will revolve around the customer understanding the card's operations and making customers aware of available measures to protect against fraud and scams including suggesting that customer only transfer the funds required for basic living expenses and not transferring large amounts of money from their passport account.

3. **Based on the notification, we understand that some participating member banks may elect to send customers an activated scheme debit card prior to them being contacted.**

- a. **Please confirm that this means some participating member banks may send customers an activated scheme debit card before they have opted into the program?**

It is not the intention of any participating member banks to issue activated cards to customers who are not contacted prior to the card being issued. All participating member banks will only provide active cards to customers who have opted in. Where a customer has not been contacted prior to a card being issued, the card that is issued will not be activated. The ABA wished to clarify in the notification that the relief obtained from ASIC covered a scenario in which participating member banks could issue active cards to customers who had not been contacted prior to the card being issued and that, if that ever were to happen additional, safeguards would have to be put in place.

- b. **Please provide the reasons for providing customers an activated scheme debit card instead of an un-activated card?**

As mentioned above this is not the intention of any participating member banks. This was mentioned in the notification because the ABA wished to clarify that the relief granted by ASIC covered this potential scenario.

- c. **If known, please identify which participating member banks will send an activated scheme debit card to customers prior to contacting them immediately or shortly after the program has been implemented, or otherwise given effect to? Please also identify the participating member banks that may undertake this action in the future?**

No participating member bank will send active cards to customers prior to contacting the customer and there is currently no intention to do so in future.