



Competition Exemptions

ACCC

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Australian Banking Association Application for Authorisation – Proposed Multi-Bank ATM Trial

This submission is made on behalf of the Regional Banking Investment Alliance (RBIA), a group of banking institutions that collectively operate branch networks across regional Australia. RBIA members are Authorised Deposit-taking Institutions (ADIs) and are among the parties identified in the ABA's application as being directly impacted by the proposed conduct.

The RBIA does not oppose the principle of improving cash access in underserved regional communities. We recognise the pressures driving the ABA's application and acknowledge the public benefits that fee-free ATM withdrawal and deposit services could deliver to regional communities.

We submit, however, that the ABA's application poses significant risks to competition by potentially undermining the viability of regional bank ATMs and branches.

1. About the RBIA

The RBIA is made up of 24 regional banks who are calling for a community service obligation (CSO) on banks to ensure face-to-face branch services are provided to all Australians, regardless of where they live.

Members and supporters include: Regional Australia Bank, The Capricornian, Traditional Credit Union, Broken Hill Bank, Northern Inland Credit Union, Cairns Bank, The Mutual Bank, Central Murray Bank, Bank Orange, Summerland Bank, Horizon Bank, Geelong Bank, Family First, Darling Downs Bank, Bank WAW, SWSbank, Hume Bank, Goulburn Murray Credit Union, Central West Credit Union, Queensland Country Bank, Coastline Bank, G&C Mutual Bank, Unity Bank and Beyond Bank. The RBIA also includes a number of supporter organisations.

RBIA members account for around 1% of total residential assets in Australia, the group collectively own and manage 13.2% of bank branches operating outside the major metropolitan areas, and 3.4% of bank owned ATMs. As such, the banking services they represent is a significant component of regional banking infrastructure.

2. The Competitive Context

The RBIA's primary concern is the continued viability of bank branches and ATMs operated by smaller institutions in regional Australia. Our members' branches are often the only full-service banking facility within a significant geographic radius and serve communities where cash usage, while declining nationally, remains disproportionately high.

The ABA's application proposes, as part of the Trial's final authorisation, to establish fee-free transactions at 20 current ATM sites, including upgrading 10 ATM sites with multi-bank cash deposit functionality.

The application itself acknowledges uncertainty as to whether this deposit functionality will be technically implemented during the Trial period, noting that activation depends on participating ADIs reaching agreement on interoperability standards and implementing the necessary operational and technical requirements.

However, the proposed conduct involves competing ADIs — several of which are among the largest retail banks in Australia — collectively agreeing on consumer pricing, sharing transaction data, and establishing a coordination framework that is expressly designed to be scalable to a broader national deployment. This is conduct that, absent authorisation, would engage the cartel conduct provisions of the *Competition and Consumer Act 2010* (Cth), and it is precisely for this reason that the public benefit analysis must be rigorous and forward-looking.

The relevant question for the ACCC is whether the coordination arrangements authorised under the application are likely, over time, to alter the competitive structure of regional retail banking markets in ways that reduce consumer choice, weaken competition, or accelerate concentration in favour of larger incumbent institutions.

3. The ABA's Institutional Role and the Risk of Structural Disadvantage to Smaller ADIs

The RBIA raises concern over the governance and institutional design of the proposed conduct. The ABA is the applicant for authorisation and the proposed coordinator of the Trial. It is also the peak industry body whose membership is dominated by the largest retail banks in Australia — institutions that collectively hold the substantial majority of retail banking assets nationally.

These large banks have strong structural advantages over smaller banks. They enjoy large-scale customer bases to spread fixed costs, they generally have lower funding costs, and derive the benefit of being viewed as too big to fail.

This institutional dynamic is material to the ACCC's assessment because the ABA is not a neutral facilitator. It is an organisation that advocates for, and whose decision-making is substantially shaped by, institutions that compete directly with RBIA members in regional banking markets.

The coordination framework being established under the Trial — including cost-sharing arrangements, interoperability standards, and data governance — will be designed and administered under the ABA's stewardship. Smaller ADIs that choose to participate, or that are affected by the Trial's competitive consequences, will do so from a structurally weaker position.

This concern is not abstract.

The RBIA is aware that the ABA has commissioned Deloitte to undertake a review of pricing principles applicable to Cash in Transit (CIT) services in Australia. CIT pricing is a matter of direct and material significance to all ADIs that operate branch networks requiring cash replenishment and collection services — including RBIA members.

The process by which those pricing principles are being developed appears to be a closed one, with the scope of engagement and the terms of reference determined by the ABA and its major bank members. Smaller ADIs, including RBIA members, are not meaningfully represented in that process and have no visibility over the methodology, assumptions or draft outputs of that review.

4. Impact on Competition in the ATM Market

The RBIA submits that the proposed conduct raises significant competition concerns in the ATM market that the ABA's application does not adequately address.

Smaller ADIs, including RBIA members, operate ATM networks typically in geographically confined areas. These ATM networks are designed primarily to support the bank's own customers where the customer use of that ATM will be free, yet the regional bank will typically charge a fee for a non-customer transaction. The ability to charge foreign transaction fees is, for many RBIA members, the margin that keeps regional ATMs commercially viable.

The proposed Trial directly undermines this model in the locations where it operates. Where an ABA Trial ATM is installed in or near a community served by an RBIA member's ATM, that machine will offer fee-free withdrawals to all holders of an Australian-issued card, regardless of their institution.

From the perspective of a customer choosing between an RBIA member's ATM — which may charge a foreign transaction fee to non-members — and a Trial ATM offering the same service at no cost, the competitive outcome is straightforward. Transaction volumes at the RBIA member's ATM will decline, eroding the revenue base that makes that machine viable. In a sufficiently small regional community, even a modest diversion of transactions can tip an ATM from marginal viability to loss-making.

The critical asymmetry in this competitive dynamic is that the Trial ATMs are not competing on equivalent commercial terms. They are subsidised by the participating major banks — NAB, Westpac, ANZ and Bank of Queensland — institutions with balance sheets and revenue bases that bear no resemblance to those of the regional banks whose ATMs they will effectively be undercutting.

The ABA's application acknowledges explicitly that the Trial is expected to be loss-making and that participating banks will absorb those losses. This is, in competitive terms, a form of predatory pricing made possible by the collective financial capacity of Australia's largest banks, authorised and coordinated under the imprimatur of the industry's peak body. A smaller ADI cannot rationally respond by matching a zero-fee offer that is being subsidised by institutions with many multiples of its financial resources.

The ABA's idea of making the Trial open to any ADI does not address this predatory pricing issue. Participation in the Trial requires a smaller ADI to contribute to the costs of an ATM network that, by design, will be accessible to all Australian cardholders regardless of institution. A smaller ADI with a geographically concentrated customer base in, for example, a single region of Queensland or Western Australia derives no material benefit from ATMs installed in remote communities across Victoria and New South Wales — communities where it has no customers and no competitive presence. Yet, presumably, it would be required to contribute to the shared cost of those machines as a condition of participation.

The consequence is that meaningful participation in the Trial is, for many RBIA members, economically irrational. A smaller ADI that declines to participate receives none of the network benefits but remains fully exposed to the competitive threat that the Trial poses to its own ATM viability in the locations where the Trial operates.

It faces a choice between contributing to a network that does not serve its customers and absorbing the competitive harm of a subsidised competitor without the benefit of participation. Neither outcome is consistent with a competitive market for ATM services in regional Australia.

The RBIA further submits that this dynamic is materially worsened if the Trial is rolled out at scale. The logical endpoint of that trajectory is the exit of smaller ADIs from the ATM market in regional communities.

5. Impact on Competition in the Branch Market

The competitive harm identified in the preceding section — the erosion of smaller ADIs' ATM economics — is one dimension of a broader problem. The RBIA submits that the proposed conduct also poses a direct threat to the viability of regional bank branches operated by RBIA members, through a mechanism that the ABA's application does not address and that the Commission should examine carefully.

Regional bank branches operated by RBIA members serve a dual function.

They are, first, the primary point of access for the full suite of retail banking services in communities where no other provider operates. These services are not provided by ATMs.

Branches are, second, the principal cash transaction infrastructure for those communities — the facility through which customers withdraw cash, deposit earnings, and conduct the day-to-day cash management that remains essential to small businesses and individuals in regional Australia who continue to rely on cash.

The economic viability of a regional branch depends on maintaining sufficient transaction volumes across both functions. Where transaction volumes fall below the threshold necessary to sustain the branch's fixed cost base, closure becomes increasingly difficult to avoid.

The proposed Trial threatens this viability in a direct and measurable way. By providing fee-free cash withdrawal and deposit services to all holders of an Australian-issued card in the Trial locations, the Trial ATMs will divert withdrawal transactions away from RBIA member branches in those communities. Customers who currently visit a branch to withdraw and deposit cash — transactions that contribute to the branch's revenue and foot traffic — may have a convenient, cost-free alternative. The loss of those transactions is not merely a revenue question; it is also a question of customer engagement. Branch visits that begin as cash transactions frequently result in additional service interactions — loan enquiries, account management, financial advice — that are central to the branch's broader commercial purpose. A reduction in foot traffic driven by the availability of nearby fee-free ATMs therefore has consequences for branch viability.

The deposit-taking functionality proposed for at least 10 of the Trial sites amplifies this concern significantly. Cash deposits are, for many small businesses in regional communities, a daily or near-daily necessity. The ability to deposit end-of-day takings is one of the primary reasons that small businesses maintain an active relationship with a local branch. Where a fee-free multi-

bank deposit ATM is available in the same community, the incentive for a small business customer to visit a branch for deposit purposes is reduced. The loss of business deposit traffic is particularly damaging to smaller regional branches because business customers tend to generate higher transaction values and more complex service needs than retail customers, making them disproportionately important to branch revenue and viability.

What makes this dynamic especially inequitable, from the RBIA's perspective, is the cost structure that underlies it. The Trial's deposit-taking capability will be delivered through ATMs whose upgrade costs are shared among the participating major banks. The ABA's application is explicit that the cost-sharing model distributes the financial burden of establishing and operating the Trial network across those institutions collectively. This pooling of capital allows the major banks to fund a material upgrade to cash deposit infrastructure in regional communities at a per-institution cost that is a fraction of what any individual institution would bear acting alone.

RBIA member banks do not currently have access to an equivalent cost-sharing arrangement for their branch infrastructure. A smaller ADI that wished to upgrade its own branch or install a deposit-taking ATM in a regional community to remain competitive with the Trial network would need to bear the full capital and operational cost of that upgrade independently.

For institutions operating on the margins of branch viability in low-population communities, that cost is frequently prohibitive. The result is a structural asymmetry: the Trial enables the major banks to collectively fund an upgrade to deposit-taking infrastructure in regional communities at shared cost, while smaller ADIs — who already operate branches in those communities and who bear the full cost of that infrastructure individually — find themselves competitively disadvantaged by a subsidised network they cannot afford to match.

6. The Risk of Scale

The ABA's application is framed as a limited trial of up to 20 ATMs over an initial period of three years, with two options to extend for 12 months each, and with final authorisation sought for a period of five years. However, the application explicitly contemplates a broader rollout if the Trial is assessed as successful, and the coordination framework being authorised — including the cost-sharing model, interoperability standards, and data-sharing arrangements — is designed with that potential national scale in mind. The ACCC's public benefit assessment should therefore be conducted with reference to the likely trajectory of the conduct, not merely its current scope of 20 ATMs.

At scale, a multi-bank ATM network offering fee-free withdrawals and deposits across regional Australia, subsidised by three of the largest banks in Australia, would represent a competitive threat to the branch networks of RBIA members.

7. Conclusion

The RBIA supports efforts to maintain access to cash in regional and remote Australia. We acknowledge the genuine public benefits that the Trial is designed to deliver and recognise the importance of industry-led solutions to the challenges facing regional communities as cash usage continues to decline.

However, the RBIA has concerns over the potential competitive outcomes on the market that may arise from the authorisation of this Trial.

On the grounds noted above, we oppose authorisation.

References

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