

Interim Authorisation AA1000645

Report for the period 6 December 2023 to 15 January 2024

1 Background

The ABA refers to its application for authorisation of 30 November 2023 (AA1000654) (the *Application*).

This report is provided to the ACCC in satisfaction of Condition 1 in the ACCC's decision to grant interim authorisation in relation to the Application, subject to conditions (the *Interim Authorisation*). This report covers the period from 6 December 2023 to 15 January 2024 (the *Relevant Period*).

2 Summary of Report

During the Relevant Period, 8 meetings were held between two or more of the Australian Banking Association (*ABA*), its Member Banks,¹ Linfox Armaguard Pty Ltd (*Armaguard*) the Reserve Bank of Australia (*RBA*) and the Commonwealth Treasury (together, the *Authorised Parties*) for the purpose of:

- (a) developing and evaluating potential industry responses to: (i) the viability of wholesale cash distribution in Australia; and/or (ii) securing continued access by banks, retailers, other businesses and/or members of the public to retail cash services in one or more metropolitan and/or regional non-metropolitan locations; and
- (b) reaching in-principle agreement on the form and content of any urgent industry responses to be pursued.

An overview of the meetings and discussions that took place during the Relevant Period pursuant to the Interim Authorisation are set out in Confidential Schedule 2. These discussions occurred at or arose out of meetings facilitated by the RBA and were predominantly focussed on the development of a coordinated response to the issues facing the cash distribution system in Australia. The RBA has established three workstreams: (i) short term initiatives to respond to acute issues within the cash distribution system (supported by an external forensic accountant to be engaged by the RBA); (ii) business continuity planning (specifically in relation to the continued provision of CIT services by Armaguard [REDACTED] and (iii) longer term initiatives to ensure the ongoing sustainability of the wholesale cash distribution network and access to retail cash services in Australia.

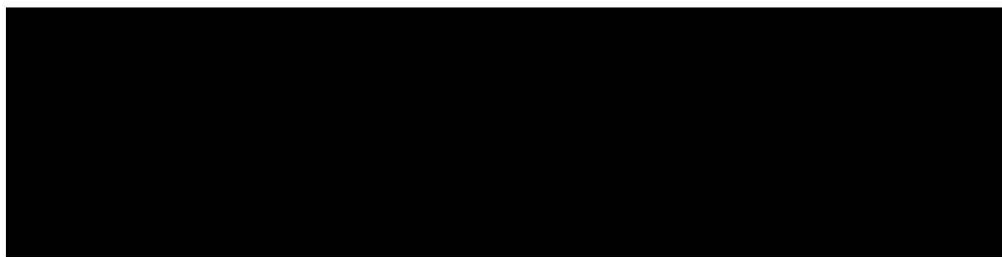
Over the Relevant Period the Authorised Parties discussed the following topics:

- the decline in the use of cash as a payment method in Australia, the impact that this has had on the viability of wholesale cash distribution in Australia, including on the cash-in-transit (*CIT*) industry and the urgent need for an industry response;
- the current financial position of Armaguard and the possible ways in which Member Banks and other Authorised Parties could provide immediate assistance to Armaguard, including:

- [REDACTED]

¹ A list of current ABA Member Banks is set out in Schedule 1.

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The Authorised Parties reached in-principle agreement on the form and content of some of the above responses under the Interim Authorisation but have not implemented these responses. In particular, in-principle agreement has been reached in relation to:

- the Major Banks providing some non-financial assistance to Armaguard;
- the need for business continuity planning in case of the insolvency of Armaguard, including the need to involve other Authorised Parties (such as Australia Post and supermarkets) and the formation of a working group facilitated by the RBA and comprising Member Banks; and
- the need for a longer term solution, including the need to involve other Authorised Parties (such as Australia Post and supermarkets) and the formation of a working group.

During the Relevant Period:

- there has not yet been any formal consultation with stakeholders who are not Authorised Parties, although consultation with other relevant stakeholders may take place in early 2024; and
- there have been discussions regarding supporting the availability of cash in regional and remote areas. Details of these have been set out in this Section 2 and in Confidential Schedule 2 below; and

3 Confidentiality

The ABA regards parts of this report (being the highlighted portions of section 2, and Schedule 2 in its entirety) as confidential and requests that those parts not be disclosed to any third party, or displayed on the ACCC's public register without the prior written consent of the ABA. This request is subject to the ACCC's standard terms as to confidentiality set out below:

- there is no restriction on the internal use, including future use, that the ACCC may make of this report, consistent with its statutory functions;
- confidential documents may be disclosed to the ACCC's external advisors and consultants on the condition that each such advisor or consultant will be informed of the obligation to treat the documents as confidential; and
- the ACCC may disclose confidential documents to third parties (in addition to its external advisors and consultants) if compelled by law or in accordance with section 155AAA of the CCA.

Yours sincerely,



Christopher Taylor

Chief of Policy

Schedule 1 – Current ABA Member Banks

- AMP Bank Limited
- Australia and New Zealand Banking Group Limited
- Arab Bank Australia Limited
- Bank Australia
- Bank of China
- Bank of Queensland Limited
- Bank of Sydney
- Bendigo and Adelaide Bank Limited
- Citigroup Pty Ltd
- Commonwealth Bank of Australia
- HSBC Bank Australia Limited
- ING Bank (Australia) Limited
- J.P. Morgan Australia and New Zealand
- Macquarie Bank Limited
- MUFG Bank Limited
- MyState Bank
- National Australia Bank Limited
- Rabobank Australia Limited
- Suncorp Bank
- Westpac Banking Corporation

Schedule 2 – Details of the discussions held during the Relevant Period