

## ANZ PROPOSED ACQUISITION OF SBGH LIMITED

16 JUNE 2023

CONTACTS

Peter Armitage  
Partner

Justin Jones  
Partner

Ref: 1000-122-202

The purpose of this document is to provide a reference guide to ANZ's submissions and key evidence in response to each question raised in the ACCC's statement of preliminary views (**SOPV**). This document refers to ANZ's application for merger authorisation (**Application**), submissions in response to the third-party submissions and SOPV (**SOPVR**), and supporting statements, expert reports and documents. ANZ also refers to the submissions and evidence provided by Suncorp Group where relevant. This roadmap is intended to assist the ACCC in understanding the evidence but is not a comprehensive guide.

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
<ol style="list-style-type: none"> <li>1. The ACCC invites views and any further information regarding:               <ol style="list-style-type: none"> <li>a. The commercial likelihood of the No-Sale Counterfactual and the Second-Tier Merger counterfactual, including the manner and extent to which ANZ is likely to compete?</li> </ol> </li> </ol>	<p>The No-Sale Counterfactual is the only commercially realistic future without the proposed acquisition. The Second-Tier Merger Counterfactual is not commercially realistic. The only evidence of a possible Second-Tier Merger Counterfactual is a submission by Bendigo and Adelaide Bank and no other proposals have been made to Suncorp Bank. The reasons why the Second-Tier Merger Counterfactual is not commercially realistic are explained comprehensively in ANZ and Suncorp's submissions and evidence, including:</p> <ul style="list-style-type: none"> <li>• the SOPVR (paragraphs 2.3 to 2.14); and</li> <li>• by Steve Johnston, Suncorp Group's Chief Executive Officer, and Clive van Horen, Suncorp Bank's Chief Executive Officer, in their supplementary statements. Steve Johnston's first statement also explains why Suncorp Group decided to divest to ANZ (paragraphs 54 to 69).</li> </ul> <p>Further:</p> <ul style="list-style-type: none"> <li>• Shayne Elliott, ANZ's Chief Executive Officer, explains in his supplementary statement why, in his experience, bank mergers are difficult (paragraphs 85 to 87).</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>Louise Higgins, Managing Director responsible for Suncorp Integration, explains the complex planning and work required to integrate Suncorp Bank and provides her view in her statement on the challenges that would present for a regional bank (paragraphs 18 to 93, and 97).</li> </ul> <p>Regardless of whether the proposed acquisition proceeds, ANZ will compete vigorously by continuing to invest in propositions, platforms, partnerships and people to persuade customers to choose ANZ over its competitors. This is explained by Shayne Elliott in his supplementary statement (paragraphs 61 to 74), John Campbell in his supplementary statement (paragraphs 61 to 66) and in the SOPVR (paragraphs 2.22 to 2.32).</p>
<p>b. The competitive significance of any advantages or difficulties faced by banks operating in conglomerate structures to balance competing capital requirements and investment decisions?</p>	<p>It is not possible to make general comments about the competitive significance of advantages or difficulties faced by banks operating in conglomerate structures as it depends on the bank and the structure. Steve Johnston explains the position in relation to Suncorp Group and Suncorp Bank in his first statement (paragraphs 11 to 14, 28 to 33, 47 to 53).</p> <p>Importantly, the fact that Suncorp Group sees benefit in becoming a monoline insurer does not mean it will abandon a conglomerate structure if the proposed acquisition does not proceed. Steve Johnston's supplementary statement explains why maintaining the conglomerate structure is superior to a merger with Bendigo and Adelaide Bank (but not a merger with ANZ) (paragraphs 21 to 93, 125 to 126). This is also discussed in the SOPVR (paragraphs 2.10 to 2.23).</p>
<p>2. The ACCC invites views and any further information regarding:</p> <p>a. The extent to which the major banks compete with each other?</p>	<p>Competition is vigorous, including between the major banks. The evidence to support this includes:</p> <ul style="list-style-type: none"> <li>evidence of ROE and NIM declining and continuing to decline set out in the SOPVR (paragraphs 3.6 to 3.11), the Application (paragraphs 5.72 to 5.77), response to BOQ's submission (paragraph 2.8) and discussed by Shayne Elliott in his supplementary statement (paragraphs 28 to 38);</li> <li>evidence of the major banks' loss of market share in home loans and retail deposits, and changes to their market position in commercial banking as explained in the SOPVR (paragraphs 3.13 to 3.15), response to BOQ's submission (paragraph 2.8) and the Application (paragraphs 5.62 to 5.63);</li> <li>evidence of ANZ losing market share when it is not competitive, as illustrated by the example provided in John Campbell's first statement (paragraph 90) where ANZ lost market share in home loans when its turnaround times for loan applications increased;</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>• Roy Morgan data showing that customers hold funds at multiple banks, illustrating customers' ability to change providers, as summarised in the SOPVR (paragraphs 4.46 to 4.47);</li> <li>• refinancing data showing that ANZ wins and loses substantial volumes from other major banks in commercial lending and home loans, as provided in the SOPVR (paragraphs 6.3 to 6.4 for commercial lending) and the Application (paragraph 7.148 for commercial lending and paragraph 7.42 for home loans); and</li> <li>• evidence of the major banks driving innovation, supporting their customers, and investing in improving their offerings. The SOPVR sets out the many examples of the major banks driving innovation (paragraphs 6.12 to 6.13), Shayne Elliott's supplementary statement describes the extensive support for vulnerable groups (paragraphs 137 to 147), Mark Bennett's supplementary statement describes the support for farmers and their communities which is stronger than second-tier banks (paragraphs 34 to 40), Yiken Yang's supplementary statement identifies ANZ's transaction accounts as having the highest utility in the market (paragraph 9), and ANZ's response to interested parties describe development of digital propositions to improve customer experience and efficiency (paragraph 2.12), all of which are other ways in which competition is driven by major banks.</li> </ul> <p>Further, there is extensive evidence from ANZ and Suncorp executives about the competitive landscape, and the fact that the major banks are among the closest and strongest competitors of ANZ, in particular:</p> <ul style="list-style-type: none"> <li>• Shayne Elliott's supplementary statement (paragraphs 12 to 59);</li> <li>• Mark Bennett's first statement (paragraphs 156 to 195);</li> <li>• Isaac Rankin's statement (paragraphs 92 to 95);</li> <li>• Guy Mendelson's statement (paragraphs 71 to 72);</li> <li>• John Campbell's first statement (paragraphs 51 to 58) and supplementary statement (paragraphs 9 to 26);</li> <li>• Yiken Yang's first statement (paragraphs 38 to 40); and</li> <li>• Clive van Horen's supplementary statement explains, based on his extensive experience at CBA and Suncorp Bank, that competitive intensity between the major banks, supplemented by competition from mid-tier banks, is consistently high (paragraph 17).</li> </ul> <p>They are all highly experienced and qualified to comment on the competitive landscape.</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	Additional evidence about competition in relation to commercial banking (including agribusiness and SME customers), home loans and retail deposits is addressed in the answers to questions 5, 6, 7 and 8 below.
<p>b. How, and the extent to which, the second-tier banks, including regional banks, compete with the major banks?</p>	<p>The SOPV characterises banking competitors as "major banks", "second-tier banks" and a tail of small providers. While it can be convenient to refer to "second tier banks" as a category, the SOPVR explains that generalisations cannot be drawn about the competitive significance of second-tier banks as they are each very different, and therefore these labels do not provide any coherent, analytical or evidential framework in which to conduct a competition assessment (paragraph 12). For example, ANZ explained in its response to the BOQ submission that while regional banks are one of many sources of competition, they are not the primary driver of competition, and a key source of competition ANZ experiences comes from entry and expansion by smaller competitors which do not adopt the scale and product range of a regional bank (paragraphs 2.19, 2.23 and 2.24). The major banks and traditional banks (including Suncorp Bank) have lost retail market share as focussed and modern competitors have grown, as shown in the market share data summarised in the SOPVR (paragraphs 3.13 to 3.31). In addition, in relation to:</p> <ul style="list-style-type: none"> <li>• agribusiness, Mark Bennett's first statement includes Rabobank among the major providers (paragraphs 157, and 160 to 163) and describes the regional banks to be most active in their "home" state because of their longer history there (paragraphs 166 to 177);</li> <li>• commercial customers, Isaac Rankin's first statement considers the non-majors exert competitive pressure on ANZ, but to a lesser extent than the major banks (paragraph 93);</li> <li>• home loans, John Campbell's first statement and supplementary statement considers that regional and second-tier banks providers with clear points of differentiation are effective and important competitors (paragraph 52, and paragraphs 23 to 26 respectively); and</li> <li>• retail deposits, Yiken Yang's first statement considers the regional and other non-major banks to be competitive, but the major banks, along with Macquarie Bank and ING, are identified as the strongest competitors (paragraph 38).</li> </ul>
<p>c. The extent to which the removal of Suncorp Bank, as either an independent second-tier bank or as a constituent part of a merged and larger second-tier bank, affects competition in the banking industry, particularly on non-price elements of competition?</p>	<p>The markets in which ANZ and Suncorp Bank overlap are not concentrated and the removal of Suncorp Bank will only result in a <i>de minimis</i> increase in concentration as shown in the market share data. Suncorp Bank's competitive significance is commensurate with its market share, as explained further in response to questions 3(d), 5(b), 6(c), 7(b) and 8(d) and in ANZ's response to the BOQ submission (paragraphs 2.29 to 2.34). The evidence does not show that Suncorp Bank, or the second-tier banks, are particularly important to price or non-price competition.</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>Further, Suncorp Bank as a constituent part of a larger second-tier bank is not likely to be more competitive because of the significant challenges in integrating two second-tier banks as explained by:</p> <ul style="list-style-type: none"> <li>• Steve Johnston in his supplementary statement (paragraphs 16 to 81);</li> <li>• Clive Van Horen in his supplementary statement (paragraphs 29 to 54);</li> <li>• Adam Bennett, Suncorp Group's Chief Information Officer, in his supplementary statement (paragraphs 32 to 51); and</li> <li>• in the SOPVR (paragraphs 2.15 to 2.21).</li> </ul> <p>Shayne Elliott's and John Campbell's evidence in their supplementary statements is that ANZ will need to work extremely hard to retain Suncorp Bank customers and continuously enhance its offering if the proposed acquisition proceeds (paragraphs 66 to 67, and paragraphs 64 to 66 respectively).</p>
<p>d. The extent to which scope for new entry or the expansion of existing providers would be sufficient to replace the loss of competitive constraint from Suncorp Bank?</p>	<p>ANZ expects entry and/or expansion to continue in the future. In particular:</p> <ul style="list-style-type: none"> <li>• Mark Bennett explains in his first statement that agribusiness is, and will continue to be, an attractive sector for bank and non-bank competitors and that ANZ will need to be well organised and to work hard, to retain Suncorp Bank's customers (paragraphs 195 and 210);</li> <li>• Isaac Rankin explains in his first statement that new entrants with digital propositions can build scale quickly and have the potential to be strong competitors for commercial customers in the future (paragraph 95);</li> <li>• John Campbell describes in his first statement that he expects entry and expansion in home loans to continue into the future (paragraph 58); and</li> <li>• Yiken Yang describes in his first statement that he expects new entry and expansion by ADIs providing deposit products to continue into the future and, as a result of innovation in payments, that there is much greater scope now for new and existing banks to attract deposit customers (paragraph 39).</li> </ul> <p>ANZ expects that a key source of competition from entry and expansion will come from competitors which do not adopt the scale and product range of a regional bank, as explained in its response to the BOQ submission (paragraphs 2.23 to 2.28).</p> <p>Further, a merged ANZ/Suncorp Bank will be a more effective competitor than a standalone Suncorp Bank for the reasons explained by Shayne Elliott in his supplementary statement (paragraphs 66 to 74, and 95 to 107) and Clive van Horen in his supplementary statement</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	(paragraphs 98 to 102). This is relevant because a merged ANZ/Suncorp Bank will exert more competitive constraint in the market than a separate ANZ and Suncorp Bank.
<p>3. The ACCC invites views and any further information on how the Proposed Acquisition may give rise to coordinated effects in the relevant market(s), relative to the counterfactuals outlined in section 3, including:</p>	<p>Philip Williams explains in his supplementary expert report that the economic theory of coordinated conduct requires that, for collusion to be sustainable, it must be possible to detect that firms have deviated from the collusive price and there is a credible mechanism to punish those who deviate (paragraphs 67 to 70). Philip Williams carefully analyses whether this exists based on the evidence, and concludes there is no evidence of a collusive price in respect of home loans and no evidence of coordinated effects (paragraphs 94 to 108).</p> <p>As the SOPVR explains (section 4), the Proposed Acquisition will not give rise to coordinated effects in any of the relevant markets relative to the counterfactuals. This is addressed further in the response to question 3(c) below.</p>
<p>a. Are there any relevant markets in Australia that presently exhibit signs of coordinated conduct or are more susceptible to coordination? Explain why.</p>	<p>There are no relevant markets or market segments that presently exhibit signs of coordinated conduct or are more susceptible to coordination as explained in the SOPVR (section 4), generally, paragraphs 5.33 to 5.34 (agribusiness), 6.17 to 6.17 (SME), 7.42 to 7.43 (home loans) and 8.56 to 8.57 (deposits) and the Application (paragraphs 7.222 to 7.224).</p> <p>Philip Williams considered whether there is any candidate market in which there might be a substantial lessening of competition, and concluded there was not in his first report (paragraphs 119 to 120); that this continued to be the case when considering the Second Tier Merger Counterfactual (paragraphs 61 to 64; 102 to 108) and that there was no evidence of coordinated effects in his supplementary report (paragraphs 103 to 108).</p> <p>See the response to question 3(b) for further details.</p>
<p>b. What are the features of each relevant market that would facilitate coordinated effects from the Proposed Acquisition, for example:</p> <p>i. Are customer switching costs high and how would this affect any coordinated conduct?</p> <p>ii. How do brokers, price comparison websites, and other intermediaries affect price transparency?</p>	<p>The markets do not have features that facilitate coordinated effects. In particular, the following features would hinder, not facilitate, coordinated effects:</p> <ul style="list-style-type: none"> <li>increased digitisation means switching and multi-banking is easier, and across geographies, which makes coordination difficult, as explained in the SOPVR (paragraphs 3.39 to 3.48);</li> <li>financial technology is creating new competitive pressure, including in relation to non-price competition – which is important to customers and not easy to coordinate, as explained in the SOPVR (paragraphs 3.49 to 3.52);</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>• the overlap markets are not concentrated and there is no product in which the post-merger HHI would exceed 2,000 on a national basis, as explained in the Application (paragraph 4.8, the market share data summarised in Table 11 at paragraph 6.143, and Annexure 30);</li> <li>• there are many competitors who provide extensive choice and make coordination improbable, as explained in the SOPVR (paragraphs 4.15 to 4.16);</li> <li>• there is very little symmetry and alignment between firms competing in the Australian banking services market, as explained in the SOPVR (paragraphs 4.14 to 4.15) and the APRA data shows the major banks are very different in their size, with ANZ as the smallest of the major banks (paragraphs 4.17 to 4.18). The major banks also have very different market shares in each of the relevant markets and market segments (paragraphs 3.13 to 3.31, and 4.19);</li> <li>• coordination across markets would be complicated, and therefore unlikely to be sustainable, as explained in the SOPVR (paragraphs 4.27 to 4.29);</li> <li>• pricing is only superficially transparent as discretionary discounts and tailored pricing are common, as explained in the SOPVR (paragraphs 4.30 to 4.37). This is because discounts on lending and higher interest rates on term deposits can, and are, negotiated by retail customers, and prices for both lending and deposits for commercial customers is generally tailored or negotiated with the customer (paragraph 4.33);</li> <li>• regulatory reforms have made switching easier, as explained in the SOPVR (paragraphs 4.38 to 4.44). Brokers facilitate competition and are independent of major banks. They do not facilitate coordinated effects as they promote price transparency for customers, not between banks (paragraphs 3.32 to 3.38; 7.3). Comparison websites have also made comparison and switching easier (paragraph 4.42);</li> <li>• there is considerable evidence of switching and multi-banking across the overlap markets, which hinders coordination, as explained in the SOPVR (paragraphs 4.45 to 4.47);</li> <li>• Suncorp Bank is no more vigorous or effective than other competitors in any of the overlap markets, and there remains other vigorous or effective competitors such as Judo Bank, Macquarie Bank, ING and Rabobank. This is further discussed in response to questions 5 (agribusiness), 6 (SME banking), 7 (home loans) and 8 (deposits) below; and</li> <li>• brokers have promoted competition by making it easier to switch and improving price transparency for customers, but do not share pricing with banks, as explained in the SOPVR (paragraphs 3.32 to 3.38, and 4.41).</li> </ul> <p>In addition to the general points above:</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p data-bbox="1041 308 1299 331"><i>Agribusiness customers</i></p> <ul data-bbox="1041 355 2072 1026" style="list-style-type: none"> <li data-bbox="1041 355 2072 507">• the agribusiness segment does not have a structure conducive to coordinated effects. Two of the key players include Rabobank and Bendigo and Adelaide Bank, in addition the major banks, and NAB is significantly larger than others. There are also a wide range of other providers, including non-bank lenders, as explained in Mark Bennett's first statement (paragraphs 157 to 177);</li> <li data-bbox="1041 515 2072 635">• pricing, particularly for lending products, is customer-specific determined by bankers applying a range of factors. Mark Bennett explained in his supplementary statement that prices for lending are not transparent, and while interest on deposit prices is advertised there is scope for negotiation (paragraphs 9 to 21);</li> <li data-bbox="1041 643 2072 858">• price is one of several factors that are important to an agribusiness customer's decisions as to who to bank with. Mark Bennett's first statement explains that competition for agribusiness customers also occurs on flexibility, processes, and demonstrating how committed banks are to, and how well they understand, the agribusiness sector (including through attending industry events, publications, the reputation of their bankers, and the support they provide to regional communities) (paragraphs 92, 123, 128, 134, and 135 to 146);</li> <li data-bbox="1041 866 2072 922">• there is also competition between the banks to attract and retain agribusiness bankers, as explained in Mark Bennett's supplementary statement (paragraphs 129 to 133); and</li> <li data-bbox="1041 930 2072 1026">• Mark Bennett explains in his first and supplementary statements that commercial brokers are also playing an increasingly important role in relation to agribusiness customers (paragraphs 147 to 155, and paragraphs 26 to 28, respectively).</li> </ul> <p data-bbox="1041 1042 1344 1066"><i>Commercial (including SME)</i></p> <ul data-bbox="1041 1090 2072 1401" style="list-style-type: none"> <li data-bbox="1041 1090 2072 1209">• like agribusiness, pricing for commercial customers generally, including SME, is customer-specific determined by bankers applying a range of factors. Isaac Rankin explains in his first statement that prices for lending are not transparent, and while interest on deposit prices is advertised there is scope for negotiation (paragraphs 67 to 75);</li> <li data-bbox="1041 1217 2072 1305">• commercial brokers also play a significant role in driving competition, given that the significant proportion of new loans for commercial customers originated through that channel, as explained in Isaac Rankin's first statement (paragraphs 94 to 95);</li> <li data-bbox="1041 1313 2072 1401">• competition occurs on quality of service, product features and price generally, plus credit policy for lending and origination options for deposits, as explained in Isaac Rankin's statement (paragraphs 88 to 90); and</li> </ul>



ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>• existing competitors, plus new entrants with digital propositions that allow them to build scale quickly, will present strong competition to ANZ Commercial into the future, as explained in Isaac Rankin's first statement (paragraph 95).</li> </ul> <p><i>Home loans</i></p> <ul style="list-style-type: none"> <li>• John Campbell explains in his supplementary statement that while public attention is directed to the published headline rate, the effective rate (which may include a customer-specific discretionary discount), not the advertised headline rate, represents the price paid by the majority of customers (paragraphs 51 to 55);</li> <li>• John Campbell explains in his first statement that competition occurs on product features, price, policy and process, and the weight placed on those factors will be different from customer to customer (paragraphs 16 to 18); and</li> <li>• John Campbell explains that mortgage brokers are an increasingly important sales channel for home loans in his first statement (paragraphs 61 to 73). Brokers have strong awareness of product features, prices, policies and processes and have a best interests duty to provide customers advice on the best option for their particular set of circumstances, as further explained in the SOPVR (paragraph 7.3).</li> </ul> <p><i>Deposits</i></p> <ul style="list-style-type: none"> <li>• Yiken Yang explains in his first statement that the factors important to customers when choosing a deposit product includes the utility of the product, price and brand, trust and security (paragraph 32);</li> <li>• Yiken Yang explains that competition to supply transaction accounts to retail customers is not driven by price, but by the utility of the product, in his supplementary statement (paragraph 9);</li> <li>• Yiken Yang explains in his first statement that negotiated rates may be available for larger deposits (paragraph 37); and</li> <li>• Yiken Yang and Adrian Went explain that the pricing of deposits is also affected by the cost of wholesale funding, which comes from international markets in which the major banks would not have market power, in their first statements (paragraph 12, and paragraphs 9 to 18, respectively).</li> </ul>
<p>c. Whether coordination risk lies within the major banks or is likely to be more widespread? Explain why.</p>	<p>There is no coordination risk within the major banks, or on a more widespread basis, currently or with the proposed acquisition for the reasons set out in in response to questions 3(a) and (b). The SOPVR explains that there are differences between the major banks and there is a lack of</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>symmetry or alignment that would facilitate coordinated effects, as evident from their different market shares and sizes (paragraphs 4.17 to 4.26).</p>
<p>d. Whether Suncorp Bank is a particularly significant competitor in any relevant market?</p>	<p>Suncorp Bank is not a particularly significant competitor in any relevant market. It does not drive pricing, innovation or product in relation to any relevant market. This is discussed in the response to the specific questions about each product below and summarised as follows:</p> <ul style="list-style-type: none"> <li>• Agribusiness: response to question 5(c) and discussed in the Application (paragraphs 7.207 to 7.210) and SOPVR (paragraphs 5.21 to 5.22);</li> <li>• SME banking: response to question 6(c) and discussed in the Application (paragraphs 7.141 to 7.142) and SOPVR (paragraph 6.7);</li> <li>• Home loans: response to question 7(c) and discussed in the SOPVR (paragraph 7.28); and</li> <li>• Deposits: response to question 8(c) and discussed in the SOPVR (paragraph 82.3).</li> </ul>
<p>e. How the Proposed Acquisition increases concentration and brings the major banks closer together in size in any relevant market in a way that could:</p> <ol style="list-style-type: none"> <li>i. increase the symmetry in cost structure of the major banks and make it easier to coordinate?</li> <li>ii. reduce the incentives for ANZ to compete as vigorously for market share than it otherwise would, absent the Proposed Acquisition?</li> </ol>	<p>The proposed acquisition will only result in a <i>de minimis</i> increase in concentration as shown in the market share data summarised in the SOPVR (paragraphs 3.13 to 3.37) and in the Application (Table 11 at paragraph 6.143, and Annexure 30).</p> <p>ANZ will continue to be the smallest of the four major banks, as shown in the national market share data for home loans, deposits and commercial deposits and lending, and APRA data as summarised in the SOPVR (paragraphs 3.13 to 3.28, 4.7 to 4.26).</p> <p>Shayne Elliott and John Campbell explain in their supplementary statements why the proposed acquisition will not reduce ANZ's incentives to compete (paragraphs 60 to 74 and 61 to 66 respectively). This is further explained in the SOPVR (paragraphs 2.27 to 2.32).</p>
<p>4. The ACCC invites views and any further information on:</p> <p>a. Whether, and if so, why ANZ is a particularly strong competitor, in any of the relevant markets?</p>	<p>ANZ is an effective competitor in each of the overlap markets/market segments, as demonstrated in the SOPVR (section 5 (agribusiness), 6 (SME banking), 7 (home loans) and 8 (deposits)) and by the relevant ANZ executives who have given witness statements (Shayne Elliott, Mark Bennett, Isaac Rankin, Guy Mendelson, John Campbell and Yiken Yang).</p>
<p>b. The extent to which ANZ is likely to compete more vigorously than it does currently in one or</p>	<p>Shayne Elliott does not consider in his supplementary statement that the proposed acquisition will reduce ANZ's incentives to compete [Confidential to ANZ] <span style="background-color: black; color: black;">[REDACTED]</span></p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
<p>more relevant markets in the No-Sale Counterfactual?</p>	<p>[REDACTED] (paragraphs 66 to 67). Also see the SOPVR (paragraphs 2.27 to 2.32).</p> <p>The responses to questions 5 (agribusiness), 6 (SME banking), 7 (home loans) and 8 (deposits) below set out the evidence establishing that ANZ is likely to compete vigorously with or without the proposed acquisition, irrespective of the counterfactual. As explained in the responses to those questions, in relation to each of the markets and market segments:</p> <ul style="list-style-type: none"> <li>• the <i>de minimis</i> increase in concentration will not give ANZ market power;</li> <li>• ANZ will continue to be subject to competition by a range of providers, including the major banks, and new and existing providers who can expand quickly (as proven by Macquarie Bank and Judo Bank recently, and ING and Rabobank in the past);</li> <li>• customers are willing and able to switch and/or multi-bank among that range of providers, and regulatory reforms and technology are making switching and multi-banking easier;</li> <li>• Suncorp Bank is not a particularly vigorous and effective competitor, and nor is it a particularly close competitor of ANZ, and therefore ANZ acquiring Suncorp Bank will not give ANZ market power;</li> <li>• brokers will continue to promote competition and choice, particularly in home loans and commercial lending to smaller customers; and</li> <li>• physical points of presence has reduced in significance.</li> </ul>
<p>c. The extent to which ANZ is likely to compete more vigorously than it does currently in one or more relevant markets in the Second-Tier Merger Counterfactual?</p>	<p>This is explained further in the response to question 4(b) above. Further, because of the integration challenges in the Second-Tier Merger Counterfactual as explained by Steve Johnston in his supplementary statement (paragraphs 21 to 81), Clive van Horen in his supplementary statement (paragraphs 29 to 54), Adam Lee in his first statement (paragraphs 21 to 51), Shayne Elliott in his supplementary statement (paragraphs 88 to 94), and Louise Higgins in her statement (paragraphs 86 to 98), the Second-Tier Merger Counterfactual is not likely to produce a stronger Suncorp Bank than the No-Sale Counterfactual.</p>
<p>5. The ACCC invites views and any further information on the likely effect of the Proposed Acquisition on competition in agribusiness banking, relative to the counterfactuals outlined in section 3, including:</p>	<p>The proposed acquisition would not have the effect, or likely effect, of substantially lessening competition in relation to the agribusiness banking segment (which ANZ considers is part of a national commercial market rather than a separate market) for the reasons set out in the SOPVR (section 5) and the Application (section 7, paragraphs 7.160 to 7.221).</p> <p>Philip Williams specifically considered agribusiness banking in his first and supplementary expert reports and concluded that, in his expert view, the transaction would not substantially lessen competition on the basis the market is relatively unconcentrated. ANZ and Suncorp Bank are not</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>particularly close competitors, Suncorp Bank does not have the capacity to service the requirements of larger customers, and the market is reasonably dynamic including, in no small part, due to Rabobank (paragraphs 100 to 105, and paragraphs 94 to 108, respectively).</p> <p>Mark Bennett, who is highly qualified to give evidence about agribusiness, addresses competition in agribusiness in his first and supplementary statements. In addition to the answers to the specific questions below, his evidence establishes that:</p> <ul style="list-style-type: none"> <li>• ANZ has a strong incentive to compete because it needs to compete vigorously to at least maintain market share (first statement, paragraphs 23 to 25). Also see the SOPVR (paragraph 5.23);</li> <li>• competition in agribusiness is more intense now than in any point in Mark Bennett's 30-year career (first statement, paragraph 116). There is vigorous competition for deals as well as for staff (first statement, paragraphs 118 and 129, supplementary statement, paragraphs 30 to 33). Also see the SOPVR (paragraphs 5.16 to 5.18);</li> <li>• there is a broad range of competitors, including major banks and Rabobank, which Mark Bennett identifies as the strongest competitors, regional and other banks, a new competitor in Judo Bank, non-bank providers of seasonal finance, and Government finance (first statement, paragraphs 157 to 190);</li> <li>• competition is broader than only banks focussed on agribusiness, as explained in the Application (paragraphs 7.171 to 7.173) and in the SOPVR (paragraphs 5.8 to 5.11);</li> <li>• agribusiness customers keep themselves well-informed about various banks' offerings, generally have a second or third banker in mind as a possible alternative if their current banker has let them down, and are willing to switch (first statement, paragraphs 98 to 107; supplementary statement, paragraphs 22 to 25). Also see the SOPVR (paragraphs 5.19 to 5.20);</li> <li>• the merged entity will be a more effective competitor than either ANZ or Suncorp Bank alone, as explained in the SOPVR (paragraphs 5.12 to 5.15). This is particularly the case as the industry consolidates, making customers larger and with more complex needs (first statement, paragraphs 81 to 82); and</li> <li>• ANZ will need to work hard, and compete, in order to retain Suncorp Bank's customers and bankers if the proposed acquisition proceeds (first statement, paragraphs 208 to 210).</li> </ul>
a. Do agribusiness banking customers require different products or services to other business	Mark Bennett explains in his first statement that agribusiness customers generally require the same products and services as other commercial customers, which supports ANZ's view that agribusiness customers are part of a national commercial market. ANZ delivers these products

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
banking customers? List and describe any differences.	<p>through ANZ Commercial, and specialist agribusiness support is available to assist bankers assess risk, not because there are different products (paragraphs 33 to 66). Further, the products that banks offer agribusiness customers are generally quite comparable, and there is limited competition on product features (paragraph 128).</p> <p>ANZ only offers one specialised agribusiness product, which is the FMD product, as explained in the Application (paragraph 6.128) and the SOPVR (paragraphs 5.8 to 5.11).</p>
i. How important is a local presence, such as branches and access to specialist bankers, to agribusiness banking customers?	Mark Bennett explains in his first statement that being an effective competitor for agribusiness customers is not contingent on having a physical footprint (paragraphs 108 to 110). See also the Application (paragraphs 7.193 to 7.195) and the SOPVR (paragraphs 5.27 to 5.28).
ii. How easily can agribusiness banking customers switch to online offerings and services?	There are no material impediments to an agribusiness banking customer switching to online offerings and services. Mark Bennett explains in his first statement that while agribusiness customers like to have a personal relationship, and for their banker to visit them, they do not typically conduct banking in person (paragraphs 85 to 94, and 108). They rarely visit branches to use deposit or withdrawal services (paragraphs 109 to 110).
b. Is Suncorp Bank a strong competitor in agribusiness banking, in particular does it compete strongly in local or regional areas? Does Suncorp Bank drive competition in terms of its pricing, service quality and range, or innovation?	Mark Bennett explains in his first statement that Suncorp Bank appears to do a reasonably good job of servicing its current clients, and has loyalty from them (paragraphs 169 to 171). As explained in the Application and the SOPVR, Suncorp Bank is not a particularly significant competitor in agribusiness (paragraphs 7.207 to 7.210, and paragraphs 5.21 to 5.22, respectively).
c. How closely do ANZ and Suncorp Bank compete in agribusiness banking? Who are their competitors and how strongly do they compete?	<p>Mark Bennett explains that Suncorp Bank and ANZ have complementary propositions for supplying commercial banking products to agribusiness customers in his first statement (paragraphs 169 to 171). See also the Application (paragraphs 7.197 to 7.210) and ANZ's response to interested parties (paragraphs 2.17 to 2.19).</p> <p>As explained in Mark Bennett's supplementary statement (paragraphs 183 to 188), the Application (paragraph 7.196), and ANZ's response to interested parties (paragraphs 2.19 to 2.24), there are a range of strong competitors, both banks and non-banks, that impose and will continue to impose strong constraints post-acquisition.</p> <p>Clive van Horen explains that Suncorp Bank will look at the major banks and their alternative brands, and non-major banks generally in his first statement (paragraph 29).</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
<p>d. What are the requirements to enter as, or expand into, an effective competitor in agribusiness banking? How strongly do new entrants compete?</p>	<p>Mark Bennett explains in his first statement what would be required to enter or expand into the agribusiness segment, and does not identify any structural impediments to that occurring by banks, non-bank lenders, global agribusiness companies or global technology companies (paragraphs 191 to 194). See also the Application (paragraphs 7.211 to 7.213) and the SOPVR (paragraph 5.29).</p>
<p>e. What is the role of brokers in facilitating customer switching?</p>	<p>Mark Bennett explains in his first and supplementary statements that brokers are becoming increasingly important and create competitive tension because they have the time, and connections, to approach multiple providers and facilitate introductions between bankers and customers (paragraphs 147 to 155, and paragraphs 26 to 28, respectively). See also the Application (paragraphs 7.189 to 7.192, and 27) and the SOPVR (paragraphs 5.24 to 5.26).</p>
<p>6. The ACCC invites views and any further information on the likely effect of the Proposed Acquisition on competition in SME banking, relative to the counterfactuals outlined in section 3, including:</p>	<p>The proposed acquisition would not have the effect, or likely effect, of substantially lessening competition in relation to commercial banking (which includes SME banking) as explained in the Application (paragraphs 7.97 to 7.159) and the SOPVR (section 6).</p> <p>Philip Williams considered the lending activities of ANZ and Suncorp Bank to identify the candidate markets relevant to determining whether or not there might be a substantial lessening of competition, and rejected lending to SMEs as an appropriate initial candidate market in his first report (paragraphs 33 to 54). Philip Williams focussed on lending, rather than deposits, because funds can be placed in many alternatives other than banks (paragraph 35(a)).</p> <p>Isaac Rankin and Guy Mendelson, who are both highly qualified to give evidence about commercial banking, address competition in relation to commercial customers generally (which includes SME customers) in their statements. In addition to the answers to the specific questions below, their evidence establishes the below:</p> <ul style="list-style-type: none"> <li>• Isaac Rankin's first statement explains that customers choose between banks based on quality of service, product features and price generally, plus credit policy for lending and origination options for deposits (paragraphs 88 to 90), and ANZ Commercial faces intense competition to win and retain customers across all of its distribution segments (paragraph 92);</li> <li>• there is a range of competitors competing strongly, and is driven by major banks and focussed competitors, as explained in Isaac Rankin's first statement (paragraphs 92 to 95) and the SOPVR (paragraphs 6.3 to 6.6); and</li> <li>• Isaac Rankin explains that while commercial customers tend to be more "sticky" than retail customers, switching activity and multi-banking has increased and switching is easy, in his</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>first statement (paragraphs 96 to 101). See also the Application (paragraphs 7.127 to 7.129) and the SOPVR (paragraphs 6.11 to 6.12).</p> <p>ANZ data also show that ANZ has a strong incentive to compete because it needs to compete vigorously to at least maintain market share due to constant attrition, as discussed in the Application (paragraphs 7.121 to 7.126) and the SOPVR (paragraphs 6.8 to 6.10).</p> <p>In addition, the SOPVR explains that a review of publicly available information shows that major banks drive innovation in relation to commercial products (paragraphs 6.12 to 6.13).</p>
<p>a. Do SME banking customers require different products or services to other business banking customers? List and describe any differences.</p>	<p>Isaac Rankin and Guy Mendelson both specify that the majority of commercial customers require transactional banking products and relatively simple lending products. The range of banking products and services offered by ANZ Commercial is comparable to other full-service banks (paragraphs 60 to 63; and paragraphs 20 to 22, and 60 to 63; respectively). See also the Application (paragraphs 7.149 to 7.153) and the SOPVR (paragraphs 6.3 to 6.6).</p>
<p>i. How important is a local presence, such as branches and access to specialist bankers, to SME banking customers?</p>	<p>Isaac Rankin explains the different distribution channels used by ANZ to originate and serve customers: ANZ Commercial customers have access to ANZ through digital, telephone and face-to-face channels, with customers with larger or more complex requirements having access to a dedicated relationship manager (paragraphs 15 to 45, and 76 to 80).</p>
<p>ii. How easily can SME banking customers switch to online offerings and services?</p>	<p>Isaac Rankin identifies an increasing trend towards self service functions through ANZ's digital banking channels (paragraphs 29 to 30, 38 to 40, and 43 to 45). An ANZ representative must meet BB and SD customers in-person once before they can open an account for transactional banking or financing products but, after that, they generally conduct their day-to-day banking business online (paragraphs 39 to 40).</p> <p>Guy Mendelson explains that the emergence of digital channels and offerings is an increasingly important factor for commercial customers (paragraphs 64 to 70). See also the Application (paragraph 7.142).</p>
<p>b. Is Suncorp Bank a strong competitor, in particular does it compete strongly in local or regional areas in SME banking? Does Suncorp Bank drive competition in SME banking in terms of its pricing, service quality and range, or innovation?</p>	<p>Isaac Rankin does not regard Suncorp Bank as a market leader in service, policy, product, price or origination options, is not aware of any product or product changes that might be described as innovative or market leading, and does not consider Suncorp Bank to be particularly strong in any specialist segments. Isaac Rankin explains that it does not come up often in discussions and decision-making with respect to pricing or strategy (paragraphs 102 to 105). See also the Application (paragraphs 7.141 to 7.142) and the SOPVR (paragraph 6.7).</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
<p>c. How closely do ANZ and Suncorp Bank compete in SME banking? Who are their competitors and how strongly do they compete?</p>	<p>Isaac Rankin does not regard Suncorp Bank as a particularly strong competitor to ANZ in commercial banking (paragraphs 102 to 103). Isaac Rankin explains that it does not come up often in discussions and decision-making with respect to pricing or strategy.</p> <p>Isaac Rankin explains that ANZ Commercial faces significant competition from CBA, NAB and Westpac and are the banks most often taken into account by ANZ, as well as strong competition from Rabobank, Judo Bank, Macquarie Bank and non-bank providers (paragraph 93). This is further explained in ANZ's response to interested parties of 9 March 2023(paragraphs 2.20 to 2.24).</p> <p>Clive van Horen explains in his first statement that Suncorp Bank will look at the major banks and their alternative brands, and non-major banks generally (paragraph 29).</p>
<p>d. What are the requirements to enter as, or expand into, an effective competitor in SME banking? How strongly do new entrants compete?</p>	<p>Guy Mendelson explains that there has been strong competition from new providers, particularly specialist providers like Judo Bank, Macquarie Bank, and fintech lenders like Moula, Prospa and Revolut, as well as non-bank providers who disrupt distribution and origination (paragraph 71).</p> <p>Guy Mendelson explains that competition in the market is dynamic, and that while certain banks and providers may focus on a particular segment, these strategies can change quickly as there are low barriers to expansion (paragraph 72).</p> <p>Smaller banks can be successful, particularly when focussed, as shown by the success of Judo Bank, which is explained in the Application (paragraphs 7.149 to 7.153) and the SOPVR (paragraphs 6.5 to 6.6).</p>
<p>e. How important are brokers in the supply of SME banking?</p>	<p>Isaac Rankin explains that brokers are a significant origination channel for lending to commercial customers, and ANZ competes vigorously against other lenders to ensure that ANZ Commercial is considered (paragraphs 46 to 59, and 94). See also the Application (paragraphs 7.130 to 7.131) and the SOPVR (paragraphs 6.9 to 6.10). <b>[Confidential to ANZ]</b> [REDACTED]</p>
<p>7. The ACCC invites views and any further information on the likely effect of the Proposed Acquisition on competition in the supply of home loans, relative to the counterfactuals outlined in section 3, including:</p>	<p>The SOPVR explains that the proposed acquisition would not have the effect, or likely effect, of substantially lessening competition in relation to home loans (section 7).</p> <p>Philip Williams considered the supply of home loans by banks to purchasers of housing in Queensland, and concluded the market was national, not Queensland specific, and that it was not a relevant market for further competition analysis, in his first report (paragraphs 59 to 72). In his second report, Philip Williams considered whether Professor King's argument that the</p>



ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>proposed acquisition would stabilise existing coordinated conduct among the major banks, or prevent the creation of a mid-tier challenger bank, in relation to home loans. Philip Williams rejects both of those arguments (paragraphs 65 to 108).</p> <p>Patrick Smith's expert opinion contained in his supplementary report is that the productive efficiency gains that would be realised by the proposed acquisition would result in consumer benefits because, among other reasons, competition between the banks will give the merged entity an incentive to pass a portion of those gains on, and invest in improving service offerings, and there is evidence that ANZ would continue to face strong competition for the supply of home loans if the proposed acquisition proceeds (paragraphs 23, and 28 to 48).</p> <p>John Campbell, who is highly qualified to give evidence about home loans, addresses competition in home loans his statements. In addition to the answers to the specific questions below, his evidence establishes that:</p> <ul style="list-style-type: none"> <li>• competition in home loans is significantly more intense than when John Campbell started in his current role in 2018 (first statement, paragraph 88; supplementary statement, paragraph 40). It is evident in compressed ROE and NIM (supplementary statement, paragraphs 41 to 42) which is explained in the SOPVR (paragraphs 7.8 to 7.9), the increase in discounts and cashbacks (supplementary statement, paragraphs 43 to 45), and the significant reduction in income from fees, as explained in the SOPVR (paragraph 7.29);</li> <li>• competition occurs on product features, price, policy and process, and the weight placed on those factors will be different from customer to customer (first statement, paragraphs 16 to 18);</li> <li>• ANZ faces strong competition from a range of providers, particularly by the major banks, Macquarie Bank, and other smaller banks who have clear points of differentiation (supplementary statement, paragraphs 19 to 26). The number of lenders is growing (first statement, paragraphs 51 to 52);</li> <li>• competition is evident from increasing refinancing (ie switching) and repricing activity over the past few years, as demonstrated by both ABS data and ANZ data (first statement, paragraphs 76 to 78; supplementary statement, paragraphs 27 to 39), and by the prevalence of cashback and promotional offers (first statement, paragraphs 84 to 87);</li> <li>• customers are generally better informed, with access to brokers, new entrants and comparison websites leading to intense price competition (first statement, paragraphs 74 to 75). Customers are highly aware of the ability to switch or seek a reprice, which is reflected in the data as shown in the SOPVR (paragraphs 7.10 to 7.17);</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>banks, including ANZ, are investing in ways to make switching even easier (supplementary statement, paragraphs 31 to 35). See also the SOPVR (paragraph 7.26); and</li> <li>ANZ will need to work extremely hard to retain Suncorp Bank customers if the proposed acquisition proceeds (supplementary statement, paragraph 66).</li> </ul> <p>ANZ data shows that ANZ has a strong incentive to compete because it needs to compete vigorously to maintain market share due to constant attrition as explained in the SOPVR (paragraphs 7.18 to 7.27).</p>
<p>a. Is Suncorp Bank a strong competitor in home loans nationally or in any regions or local areas? Does Suncorp Bank drive competition in terms of its pricing, service quality and range, or innovation?</p>	<p>In his first statement, John Campbell identifies Suncorp Bank as one of many banks that ANZ competes with, describing it as a relevant data point that ANZ considers, but ANZ's pricing, policies, processes or product features have not been influenced or driven to any significant degree by Suncorp Bank's home loan offering or presence (paragraph 102). See also the SOPVR (paragraph 7.28).</p>
<p>b. How closely do ANZ and Suncorp Bank compete in home loans? Who are their competitors and how strongly do they compete?</p>	<p>As explained in response to question 7(a) above, ANZ's pricing, policies, processes or product features have not been influenced or driven to any significant degree by Suncorp Bank's home loan offering or presence.</p> <p>Clive van Horen explains in his first statement that Suncorp Bank will look at the major banks and their alternative brands, and non-major banks generally (paragraph 29).</p>
<p>c. How effectively do non-bank lenders compete in the supply of home loans?</p>	<p>Data indicates major banks and online banks are top of mind among borrowers who are considering switching as shown in the SOPVR (paragraph 7.24). John Campbell includes non-bank lenders as among the competitors that constrain the prices set by ANZ for its home loans, and place pressure on ANZ to improve product features, policies and processes in his first statement (paragraph 52).</p>
<p>d. What are the requirements to enter as, or expand into, an effective competitor in the supply of home loans? How strongly do new entrants compete?</p>	<p>John Campbell identifies Macquarie Bank is an example of a strong competitor that has been very successful in home loans in his first and supplementary statements (paragraph 52(d), and paragraphs 9 to 12, respectively). See also the Application (paragraph 7.45) and the SOPVR (paragraphs 4.20 and 7.36).</p> <p>John Campbell has considered there to be a proliferation of new entry, and expects entry and expansion to continue into the future in his first and supplementary statements (paragraphs 56 to 59, and paragraphs 13 to 18, respectively). This is further demonstrated by the following factors:</p> <ul style="list-style-type: none"> <li>technology is driving innovation that incumbents must match and beat, as explained in the SOPVR (paragraphs 7.30 to 7.35); and</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>banks no longer need a physical footprint to compete in home loans, as explained in the SOPVR (paragraphs 7.36 to 7.37).</li> </ul>
<p>e. How important are brokers and aggregators in the supply of home loans?</p>	<p>John Campbell identifies in his first statement mortgage brokers to be an increasingly important sales channel for home loans. Brokers have strong awareness of product features, prices, policies and processes and provide customers advice with the best option for their particular set of circumstances (paragraphs 61 to 73). See also the SOPVR (paragraph 7.3).</p> <p>Shayne Elliott also explains in his supplementary statement that brokers have been an increasingly important source of new home loan customers for banks since 2018, and have facilitated intense competition from existing providers for customers, as well as new entry and expansion (paragraphs 55 to 59).</p>
<p>8. The ACCC invites views and any further information on the likely effect of the Proposed Acquisition on competition in the supply of retail deposits, relative to the counterfactuals outlined in section 3, including:</p>	<p>The proposed acquisition would not have the effect, or likely effect, of substantially lessening competition in relation to retail deposits as explained in the Application (paragraphs 7.53 to 7.81) and the SOPVR (section 8).</p> <p>The APRA market share data in the Application shows that the market is not concentrated and the proposed acquisition will result in a <i>de minimis</i> increase in concentration (paragraphs 7.55 to 7.57).</p> <p>Philip Williams was asked to consider in his first report whether the proposed acquisition would substantially lessen competition, and decided to focus on lending, rather than deposits, because funds can be placed in many alternatives other than banks (paragraph 35(a)).</p> <p>Yiken Yang, who is highly qualified to give evidence about retail deposits, addresses competition in relation to retail deposit customers in his first and supplementary statements. In addition to the answers to the specific questions below, his evidence establishes that:</p> <ul style="list-style-type: none"> <li>ANZ has incentive to compete on deposits because it is part of becoming the customer's bank of choice, and because it is part of delivering funding to support lending (first statement, paragraphs 10 and 13). Competition for deposits is therefore also affected by a bank's ability and willingness to obtain funding from sources other than deposits as explained in the SOPVR (paragraph 8.4);</li> <li>ANZ faces strong competition to win deposit customers and deposits from these customers, particularly from the major banks, Macquarie Bank, ING, and other banks (first statement, paragraph 38);</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<ul style="list-style-type: none"> <li>price competition is vigorous for savings and term deposits as demonstrated by ANZ's regular consideration of interest rates (first statement, paragraph 30; supplementary statement, paragraphs 8 to 9), and the reduction in revenue from bank fees (first statement, paragraph 14; supplementary statement, paragraphs 13 to 14). See also the SOPVR (paragraphs 8.19 to 8.20);</li> <li>competition in transaction accounts is driven by utility, and ANZ has made significant investment to have the highest utility of accounts in the market (first statement, paragraph 9). See also the SOPVR (paragraphs 8.21 to 8.22); and</li> <li>technology has unlocked greater competition by reducing cost, increasing speed and efficiency, and increasing services, as explained in the SOPVR (paragraphs 8.45 to 8.46).</li> </ul> <p>Shayne Elliott also explains in his supplementary statement that competition in deposits is intensifying as interest rates have risen, driving competition between banks to attract deposits to help fund balance sheet growth (paragraph 21).</p> <p>Peter Dalton explains the ANZx program in his statement. While the ANZx program is a broader program than only a deposits program, the ANZ Plus "transact and save" digital proposition was the first proposition to be launched, highlighting the importance of having digital deposit products (supported by ANZ coaches) and a key example of the innovation needed to continue to be competitive into the future.</p>
a. Whether there are separate markets for transactions accounts, savings accounts and term deposits products?	While the relevance of price and utility for transactions, savings and term deposit products vary, as explained in the Application, (paragraphs 6.40 to 6.86) and the SOPVR (paragraphs 8.9 and 8.10), there is a national market for deposit products.
i. How important is physical presence for the supply of each of these products? ii. How important is digital distribution of each of these products?	The majority of deposit products are now originated through digital channels, as explained in Yiken Yang's first statement (paragraph 24) and in the SOPVR (paragraph 8.2). The SOPVR shows that while physical networks remain important for transaction accounts and some demographics, the advantages are becoming less material and any advantage in having a physical network could be offset by the cost in maintaining it (paragraphs 8.40 to 8.44).
b. Is Suncorp Bank a strong competitor in retail deposits nationally or in any regions or local areas? How does Suncorp Bank drive competition in terms of its pricing, service quality and range, or innovation?	Suncorp Bank is not a particularly significant competitor in deposits, as explained in the Application (paragraphs 7.69 to 7.74) and the SOPVR (paragraph 8.2.3). There is no evidence that Suncorp Bank drives competition in terms of pricing, service quality and range, or innovation.

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
<p>c. How closely do ANZ and Suncorp Bank compete in retail deposits? Who are their competitors and how strongly do they compete?</p>	<p>Suncorp Bank is not a particularly close competitor of ANZ, as explained in the Application (paragraph 7.76) and Yiken Yang's first statement (paragraph 41).</p>
<p>d. What are the requirements to enter as, or expand into, an effective competitor in the supply of retail deposits? How strongly do new entrants compete?</p>	<p>Yiken Yang expects new entry and expansion by ADIs to continue into the future, as discussed in his first statement (paragraph 39). The Application explains that market share growth of ING and Macquarie Bank demonstrates banks can be successful in growing market share in deposits (paragraph 7.80).</p> <p>Regulatory reforms and policy settings have reduced barriers to entry, including the Financial Claims Scheme that gives customers confidence to bank with institutions that do not have brand recognition, as explained in the Application (paragraph 7.78) and the SOPVR (paragraphs 8.45 to 8.50).</p> <p>The SOPVR explains that technology has made new entry easier (paragraphs 8.45 to 8.46).</p>
<p>e. How extensive is customer switching and multi-banking?</p>	<p>Yiken Yang explains in his first statement that it is common for customers to have more than one deposit product, and to have deposit products with more than one ADI (ie multi-banking), showing that customers have choice and can exercise it (paragraphs 18 to 19). See also the Application (paragraphs 7.59 to 7.63). Innovation is making it even easier, as explained in the Application (paragraphs 7.64 to 7.68) and the SOPVR (paragraphs 8.24 to 8.39).</p> <p>Shayne Elliott also explains in his supplementary statement that the degree to which retail banking customers are willing to move banks has been increasing for a long period of time, particularly for deposits (and home loans), and that they are highly willing to multi-bank (paragraphs 48 to 54).</p>
<p>9. The ACCC invites views and any further information on:</p> <p>a. Any additional public benefits likely to result from the Proposed Acquisition?</p>	<p>The SOPVR does not list any new public benefits. However, the SOPVR includes additional information and evidence which demonstrates that the public benefits described in the Application are merger-specific and substantial.</p> <p><b>[Confidential to ANZ]</b> [REDACTED]</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>[Redacted]</p> <p>[Confidential to ANZ] [Redacted]</p> <p>[Redacted]</p>
<p>b. Whether the claimed public benefits would arise even without the Proposed Acquisition?</p>	<p>The public benefits described in the Application and SOPVR are merger-specific and would be unlikely to arise (at all, or to the same degree) in the No-Sale Counterfactual or the Second-Tier Merger Counterfactual.</p> <p><b>Suncorp Group will become a stronger insurer, benefitting customers, shareholders and the broader public</b></p> <p>Any suggestion that the stronger insurer benefit will arise absent the proposed acquisition is inconsistent with evidence provided by Suncorp Group. The evidence in the SOPVR shows that: (a) neither the Bendigo Transaction nor the Second-Tier Merger Counterfactual have any realistic prospect of occurring; (b) in the No-Sale Counterfactual, Suncorp Group would not realise the strong insurer benefits (paragraphs 9.9 to 9.18).</p> <p><b>A combined ANZ/Suncorp Bank will be a stronger bank, benefitting customers and shareholders</b></p> <p><u>Integration efficiencies</u></p> <p>Submissions as to the benefits of the Bendigo Transaction and the Second-Tier Merger Counterfactual are unfounded and, in large part, inherently implausible because:</p> <ul style="list-style-type: none"> <li>• The cost synergies described in the Application and SOPVR are specific to the proposed acquisition (SOPVR, paragraphs 9.78 to 9.79).</li> <li>• Assertions that Bendigo and Adelaide Bank could integrate with Suncorp Bank earlier than ANZ are unsubstantiated as explained in the SOPVR (paragraphs 9.80 to 9.81). Louise Higgins, who is highly qualified to give evidence about integration, addresses the complexity of bank integrations and customer migration in her statement (paragraphs 86 to 98). Shayne Elliott agrees with Louise Higgins' statement regarding the complexity and scale of migration and integration in his supplementary statement (paragraph 87).</li> <li>• The SOPVR shows that Bendigo and Adelaide Bank would need to invest significant costs and resources to integrate Suncorp Bank (paragraph 9.82). Louise Higgins addresses the</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>likely costs for Bendigo and Adelaide Bank to integrate Suncorp Bank in her statement, and considers that the likely costs will be as high or higher than ANZ's estimated costs (paragraph 97).</p> <ul style="list-style-type: none"> <li>There is no evidence to support Bendigo and Adelaide Bank's assertion that it would retain a superior service offering for Suncorp Bank customers, as shown in the SOPVR (paragraphs 9.84 to 9.87).</li> </ul> <p><u>Reduced wholesale funding costs and capital requirements</u></p> <ul style="list-style-type: none"> <li>The cost savings arising from Suncorp Bank being able to obtain wholesale funds at a lower price are likely to be material compared to the No-Sale Counterfactual, as explained in the SOPVR (paragraphs 9.89(a) and 9.91).</li> <li>Adrian Went, who is highly qualified to give evidence about the cost of wholesale funds, addresses the reduction in Suncorp Bank's funding costs compared to the No-Sale Counterfactual in his first and supplementary statements (paragraphs 28 to 31, and 47 to 48 and paragraphs 9 to 12, respectively).</li> <li>Assertions that a merged Bendigo and Adelaide Bank/Suncorp Bank would benefit from lower capital requirements, reduced cost of capital and an improved credit rating are not supported by the evidence as shown in the SOPVR (paragraphs 9.102 to 9.119).</li> <li>Dr Carmichael, an independent expert, addresses the IRB accreditation process in his supplementary report (section 2.3). Shayne Elliott also addresses the IRB accreditation process in his supplementary statement (paragraph 93).</li> </ul> <p><u>Greater assurance of access to wholesale funding for Suncorp Bank</u></p> <p>As part of ANZ, Suncorp Bank is likely to have greater assurance of continued access to wholesale funding during periods of financial stress, as explained in the SOPVR (paragraph 9.120). The same benefit does not arise in the No-Sale or Second-Tier Merger Counterfactuals. The SOPVR shows that, contrary to Bendigo and Adelaide Bank's assertions, the Second-Tier Merger Counterfactual will result in a larger entity that remains exposed to the risk of funding being withdrawn (paragraphs 9.123 to 9.125).</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p><b>A stronger banking system / increased prudential stability, benefitting Suncorp Bank depositors, taxpayers and the broader public</b></p> <p>The proposed acquisition will substantially improve the prudential safety and soundness of Suncorp Bank compared to the No-Sale Counterfactual, as explained in Dr Carmichael's supplementary expert report (paragraph 2.20). Contrary to the assertions of Bendigo and Adelaide Bank, Dr Carmichael explains that the proposed acquisition would reduce residual systemic risk in the Australian financial system, compared to both the No-Sale Counterfactual and a Bendigo Transaction (paragraphs 3.4 and 3.8). In fact, a Bendigo Transaction would unambiguously increase residual systemic risk (paragraph 3.8).</p> <p><b>Queensland commitments, benefitting the Queensland economy and Queenslanders</b></p> <p>The Queensland commitments amount to a significant public benefit that would not occur absent the proposed acquisition, as shown in the SOPVR (paragraphs 9.153 to 9.154). <b>[Confidential to ANZ]</b> [REDACTED]</p> <p><b>Major bank levy</b></p> <p>The SOPVR explains that increased levy payments are directly linked to the proposed acquisition, and result from Suncorp Bank's liabilities becoming subject to the levy (paragraph 9.171).</p>
<p>c. How substantive the claimed public benefits are?</p>	<p>The public benefits described in the Application and SOPVR are substantive.</p> <p><b>Suncorp Group will become a stronger insurer</b></p> <p>Suncorp's evidence summarises the significant public benefits that will be delivered to Queensland and Australia as a result of the proposed acquisition, as explained in the SOPVR (paragraph 9.14).</p> <p><b>A combined ANZ/Suncorp Bank will be a stronger bank, benefitting customers and shareholders</b></p> <p><u>Integration efficiencies</u></p> <p>The SOPVR shows that substantial synergies will be realised from the proposed acquisition (paragraphs 9.29 to 9.43).</p>



ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p>Patrick Smith of RBB, an independent expert, gives evidence about cost synergy estimates taking into account Suncorp Group's separation costs and the likelihood of cost savings being passed on to customers in his supplementary expert report.</p> <p>Louise Higgins, who is highly qualified to give evidence about the integration of Suncorp Bank, addresses the basis on which cost synergy estimates were prepared in her statement (paragraphs 18 to 85).</p> <p><u>Reduced wholesale funding costs for Suncorp Bank</u></p> <p>Cost savings resulting from reduced wholesale funding costs for Suncorp Bank will be realised, and the benefit of such savings is likely to be passed on to consumers, as explained in the SOPVR (paragraph 9.96).</p> <p>Adrian Went, who is highly qualified to give evidence about the cost of wholesale funds, addresses the likely reduction in Suncorp Bank's cost of wholesale funds if the proposed acquisition proceeds, by reference to detailed data showing the differential in the prices obtained by ANZ and Suncorp Bank for debt securities since January 2016, in his first statement (paragraphs 22 to 31) and supplementary statement (paragraphs 9 to 12).</p> <p>Patrick Smith of RBB, an independent expert, gives evidence about the likelihood of cost savings being passed on to customers in his supplementary expert report).</p> <p>Shayne Elliott also addresses the likelihood of cost savings being passed on to consumers in his supplementary statement (paragraph 109).</p> <p><u>Greater assurance of access to wholesale funding, benefitting Suncorp Bank customers and the broader public</u></p> <p>Greater assurance of access to wholesale funding benefits Suncorp Bank customers, who will have greater assurance that they would continue to receive credit during periods of financial stress. It also results in benefits to the broader public as a result of the incremental economic activities which Suncorp Bank may fund during periods of financial stress, as explained in the SOPVR (paragraph 9.120).</p> <p>The supplementary report of Dr Carmichael confirms that greater assurance of access to wholesale funding gives rise to prudential safety benefits and may benefit Suncorp Bank customers in the form of reduced borrowing costs (paragraph 2.18). See also the SOPVR (paragraph 9.121).</p>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	<p><b>A stronger banking system / increased prudential stability, benefitting Suncorp Bank depositors, taxpayers and the broader public</b></p> <p>The supplementary report of Dr Carmichael confirms that the proposed acquisition will substantially improve the prudential safety and soundness of Suncorp Bank (paragraph 2.20). See also the SOPVR (paragraph 9.131(a)).</p> <p><b>Queensland commitments, benefitting the Queensland economy and Queenslanders</b></p> <p>The Queensland commitments amount to a significant public benefit that would not occur absent the proposed acquisition, as shown in the SOPVR (paragraphs 9.138, and 9.147 to 9.165).  <b>[Confidential to ANZ]</b> [REDACTED]</p> <p><b>Major bank levy</b></p> <p>ANZ estimates that its levy payments will increase by approximately \$24 million per year following the proposed acquisition. This is a substantial public benefit, as explained in the SOPVR (paragraph 9.171).</p>
<p>10. The ACCC invites views and any further information on:</p> <p>a. Any additional public detriments likely to result from the Proposed Acquisition?</p>	<p>The Application and SOPVR (paragraphs 9.179 to 9.180) explain why the proposed acquisition will not give rise to any public detriments.</p> <p>The SOPVR responds to third party submissions about potential public detriments. In particular:</p> <ul style="list-style-type: none"> <li>ANZ disagrees that the proposed acquisition will result in any public detriment relating to physical bank branches (paragraphs 9.183 to 9.192). <b>[Confidential to ANZ]</b> [REDACTED]  [REDACTED] ANZ's response to interested parties of 9 March 2023 also addresses continued access to physical bank branches (paragraph 3.1 to 3.26); and</li> <li>ANZ disagrees that the proposed acquisition will result in any public detriment in respect of employment (paragraph 9.193).</li> <li>ANZ disagrees that the proposed acquisition will lead to loss of innovation supporting vulnerable groups, as explained in the SOPVR (paragraphs 9.194 to 9.208). Shayne Elliott</li> </ul>

ACCC CONSULTATION QUESTION	ANZ EVIDENCE
	addresses ANZ's existing initiatives to support vulnerable groups as well as ANZ's intentions to continue to support such groups in his supplementary statement (paragraphs 137 to 147).
b. Whether these public detriments would arise only in the event of the Proposed Acquisition?	As above, the Application and SOPVR (paragraphs 9.179 to 9.180) explain why the proposed acquisition will not give rise to any public detriments.