



26 April 2024

Elizabeth Batten
Competition Exemptions
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

BY EMAIL

Dear Elizabeth

Australian Banking Association – application for authorisation AA1000664 dated 28 March 2023 and application for authorisation AA1000654-1 dated 30 November 2023

1. NCR Atleos Australia refers to the:
 - (a) application by Australian Banking Association Ltd (**ABA**) to enable ABA, its member banks, and other industry participants who distribute and/or utilise cash in their businesses to discuss, share information, reach agreement and/or implement business continuity measures to be followed in the event of, or in reasonable anticipation of a suspension, disruption or exit of Armaguard’s services (the **Application**);
 - (b) Interim Authorisation granted by the Commission dated 28 March 2024 in relation to the Application (**Second ABA Interim Authorisation**); and
 - (c) application by the ABA for authorisation to enable the ABA, its member banks, and other industry participants who distribute and/or utilise cash in their businesses to discuss and develop arrangements to facilitate ongoing access to cash across the Australian economy, (AA1000654-1) lodged on 30 November 2023 (**First ABA Authorisation Application**) and the interim authorisation granted by the Commission on 6 December 2023 in respect of that authorisation (**First ABA Interim Authorisation**).

Introduction

2. Operating in Australia since 1907, NCR Atleos Australia’s business (formerly NCR and Cardtronics) has continuously delivered innovation in consumer payment transaction technologies, including cash, to Australian businesses and consumers for over 100 years.
3. NCR Atleos Australia is an owner and operator of the largest number of ATMs in Australia, operating ATMs nationally and providing convenient access to cash in metropolitan, regional and remote communities in all States and Territories. We currently own and operate 6,700 ATMs with 3,800 in metropolitan locations and 2,900 in non-metropolitan locations.
4. NCR Atleos Australia also supplies ATMs and associated services to Australian financial institutions including supply of ATM hardware, software and maintenance services.
5. NCR Atleos Australia is an ‘Authorised Party’, within the meaning of the Second ABA Interim Authorisation (as well as the First ABA Interim Authorisation).

Conditional Support for the Application

6. NCR Atleos Australia is not opposed to the Application. Subject to our comments below, we believe that such discussions must occur to address the critical risks that exist due to Armaguard’s establishment as the monopoly provider of national scale cash-in-transit services

and the significant challenges the Armaguard business claims to be facing to continue to operate sustainably.

7. NCR Atleos Australia's support for the Application is subject to one fundamental condition: that all Authorised Parties be permitted, as an opt-in election, to participate in the discussions being facilitated by the ABA and RBA.

Participation in the Discussions

8. We understand that the First ABA Interim Authorisation focused primarily on addressing the viability of wholesale cash distribution. Although NCR Atleos Australia and other businesses involved in cash distribution are "Authorised Parties" under the First ABA Interim Authorisation, we understand that participation in those discussions has to date been limited to a subset of industry involved at the wholesale level of distribution, being various member banks of the ABA, Australia Post and major retailers.
9. The scope of the Second ABA Interim Authorisation is broader than the First ABA Interim Authorisation. The stated objective is to allow information sharing and potential implementation of business continuity measures in anticipation of Armaguard's exit *"to support the continued and safe distribution and availability of cash to banks, retailers, other businesses and/or members of the public in metropolitan and regional non-metropolitan locations"*.
10. The only way that such an objective can be properly achieved is if all key stakeholders within the industry are entitled to participate in those discussions regarding business continuity planning and long-term solutions. If major industry participants such as NCR Atleos Australia are excluded and discussions proceed without it, those discussions will be unable to properly explore the wide-ranging objective that the Application is seeking to address. We note the RBA's submission of 23 April 2024 states that "the RBA supports the ABA's application to provide the necessary ACCC authorisation **for the industry** – including commercial banks, retailers, Australia Post **and other parties involved in the cash system** – regulators and the government to work together to discuss contingency arrangements in the event of a disruption to CIT services and, if necessary, to implement these measures" (emphasis added).
11. Accordingly, although we support the Application and believe the discussions at an industry level are both critical and urgent, we encourage the ACCC to grant authorisation for the Application with a condition that any Authorised Party be permitted at its election to participate in the discussions being held by the ABA, and not, as has occurred in relation to the First ABA Interim Authorisation, allow discussions to be limited to a subset of the industry at the discretion of the organiser of those discussions. NCR Atleos Australia also considers that it is appropriate to impose the suggested condition for the reasons expressed in paragraphs 8 to 18 of the confidential version of our submission dated 18 January 2024 in respect of the First ABA Authorisation Application.
12. Without such a condition, the ACCC should, in its assessment of the benefits and detriments of the Application, take into account the possibility that, notwithstanding the scope of "Authorised Parties" in the Application, in practice, the discussions will involve only a subset of the industry, as has been the case to date. The restrictive approach to the participants in the discussions to date, if it continues, has the potential to give rise to competitive detriment: participants in the discussions will have a say in developing contingency arrangements and solutions that suit their businesses, and advance notice of those arrangements and solutions, which may give them a head start, if not a competitive advantage against excluded industry members. Additionally, the public benefits that would flow from discussions involving, and solutions developed by, a subset of industry may also be less substantial than those involving all industry stakeholders who wish to participate in the discussions. For example, exclusion of major providers of cash access points in regional and rural Australia, such as NCR Atleos, in the discussions is likely to be less effective

in minimising the impacts of any disruption to cash-in-transit services and access to cash (given that, as the RBA and ACCC have noted, those areas are more reliant on cash).

13. The above concerns apply not only to the Second ABA Interim Authorisation, but also to the First ABA Authorisation Application and First ABA Interim Authorisation. We note that a Banking Day news article published today has reported that the ABA and Armaguard have reached agreement in relation to a solution arising out of the First ABA Interim Authorisation.¹ As NCR Atleos Australia has not been permitted to participate in those discussions but may be directly or indirectly affected by the proposed solution, we believe that we (and other industry stakeholders) should have the opportunity to review and comment on any proposed solution prior to its implementation. The fact that it is reported in the media that an agreement has been reached without the involvement of key industry participants such as NCR Atleos Australia highlights the importance of ensuring that such participants are entitled to opt-in to the business continuity discussions covered by the current Application.
14. We also note paragraph 43 of the ACCC's Interim Authorisation dated 6 December 2023 in relation to the First ABA Interim Authorisation, which specifically states that "Interim authorisation does not extend to the implementation of any industry responses or solutions". Similarly, paragraph 5.15 of the ACCC's Draft Determination states that "the Proposed Authorised Conduct does not include, and authorisation AA1000654 does not extend to, the implementation of any industry responses or solutions which result from the Proposed Authorised Conduct."² On this basis, we expect that the ABA will be required to seek an additional authorisation in relation to proposed settlement with Armaguard and that NCR Atleos Australia will have an opportunity to provide its input on that additional authorisation. In the event that no such authorisation is sought, it is important that the ACCC scrutinise the proposed solution and its implementation for anti-competitive effects, especially where such effects are an avoidable consequence of measures that are not reasonably necessary for the long-term sustainability of cash distribution in Australia.
15. We would be open to discussing any aspect of this submission with ACCC should it wish to discuss with us.

Yours sincerely

NCR Atleos Australia

¹ Available at: <https://www.bankingday.com/public/48bf4dd1-c221-48b1-be2d-8fdb3c82b35c>

² ACCC Draft Determination dated 20 March 2024 in respect of Application for authorisation AA1000654 lodged by Australian Banking Association Ltd in respect of development and evaluation of industry responses to support the viability of wholesale cash distribution and access to retail cash services.