



Our ref: MA1000023
Contact officer: Ellie Dwyer / Olivia King
Contact phone: (03) 9290 1874 / (03) 9290 1498

12 December 2022

Dear interested party,

ANZ application for merger authorisation for proposed acquisition of Suncorp Bank – interested party consultation

The Australian Competition and Consumer Commission (**ACCC**) has received an application from Australia and New Zealand Banking Group Limited (**ANZ**) for merger authorisation in relation to its proposal to acquire 100% of the issued shares of SBGH Limited (which owns 100% of the shares of Suncorp Bank) from Suncorp Group (the **Proposed Acquisition**).

The ACCC invites you to comment on the application.

Information from organisations like yours is one of the ACCC's most valuable tools in assessing mergers and will help the ACCC understand the impact of the Proposed Acquisition, including how your business may be affected.

ANZ and Suncorp Bank both offer retail and commercial banking products and services in Australia, including: home loans, deposit products (including transaction and savings accounts), business loans, agribusiness products, credit cards, and risk management products.

The ACCC's review is focused on the likely effects on competition, as well as whether any public benefits from the Proposed Acquisition outweigh any public detriments. In particular, the ACCC is considering:

- how closely do ANZ and Suncorp Bank compete with each other
- whether ANZ or Suncorp Bank is uniquely placed to provide significant future competition
- the extent to which other suppliers of banking products and services will constrain the merged entity from raising prices or reducing the quality of its products and services
- the extent and likelihood of the public benefits claimed by ANZ, and any other public benefits or detriments arising from the Proposed Acquisition.

A full copy of the application for merger authorisation is available on the ACCC's merger authorisations register. **Attachment A** to this letter provides a summary of the parties and the Proposed Acquisition, including the public benefits claimed by ANZ and Suncorp Bank.

Merger authorisation

Merger parties may apply for merger authorisation from the ACCC. If granted, it gives them legal protection from section 50 of the *Competition and Consumer Act 2010* (the **Act**) to acquire the relevant shares or assets.

The ACCC must not grant merger authorisation unless it is satisfied in all the circumstances that either:

- the Proposed Acquisition would not be likely to substantially lessen competition, or
- the likely public benefit from the Proposed Acquisition outweighs the likely public detriment.

The ACCC usually has 90 days from the date that the application was lodged to make its decision, although it can extend the timeframe if the applicant agrees. In this instance, ANZ has agreed to an extension. This means that the ACCC has until 12 June 2023 to make its decision.

Further information on the merger authorisation process is available in the ACCC's [Merger Authorisation Guidelines](#).

Making a submission

We invite you to make submissions in respect of the application, in accordance with section 90(6)(a) of the Act. **Attachment B** contains a list of issues and questions on which we are seeking submissions. Please feel free to comment on these issues, or on any other issues that you consider are relevant to the ACCC's consideration of the Proposed Acquisition.

We request that you provide your submission by no later than **18 January 2023**. Under section 90(6A) of the Act the ACCC may, but need not, consider submissions received after this date. **If you wish to make a submission but cannot provide it by the specified date you should contact us to seek an extension.**

You can contact us in two ways:

- if you would like to comment in writing, please do so by email to ANZ-Suncorp-Merger@acc.gov.au with the subject '*[your company name]: ANZ/Suncorp-submission*'
- if you would like to comment orally, contact Ellie Dwyer on (03) 9290 1874 or Olivia King on (03) 9290 1498 to organise a suitable time.

The public register and requesting confidentiality

Authorisation is a public process. The ACCC must keep a public register of documents relating to the application for merger authorisation, including submissions made by interested parties. The ACCC's public register can be found at the following link: [Merger authorisations register](#).

All written and oral submissions (including yours) **will be published** subject to confidentiality claims. You may request that your submission, or parts of it, be excluded from the public register for confidentiality reasons. For example, if your submission contains commercially sensitive information or if revealing that you have made a submission could cause you commercial harm. You must make your claim for confidentiality at the time of providing the submission to the ACCC and all claims must be substantiated.

Refer to the ACCC's [Guidelines for excluding information from the public register](#) for any requests for material to be excluded from the public register.

This matter is public, and you can forward this letter to anybody who may be interested.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DMcCracken-Hewson', with a long horizontal flourish extending to the right.

Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

Australia and New Zealand Banking Group Limited

ANZ is an ASX-listed financial services group that provides a range of banking products and services to retail and business customers in Australia and New Zealand, and to institutional and corporate customers globally.

ANZ provides banking and financial products and services to over 8.5 million retail and business customers.

Suncorp Bank

Suncorp Group is an ASX-listed financial services and insurance group that provides a range of banking products and services, and personal and commercial insurance products in Australia and New Zealand.

Suncorp Group offers its banking products through Suncorp Bank. As of 30 June 2022, Suncorp Bank had approximately 1.2 million customers.

The Proposed Acquisition

ANZ proposes to acquire 100% of the shares in SBGH Limited, the holding company of Suncorp Bank, from Suncorp Group.

The Proposed Acquisition is conditional on:

1. approval by the ACCC or the Australian Competition Tribunal, or a declaration by the Federal Court of Australia under section 50 of the Act
2. approval by the Federal Treasurer under the *Financial Sector (Shareholdings) Act 1998* (Cth)
3. Queensland Government repealing or amending the *State Financial Institutions and Metway Merger Act 1996* (Qld) such that it does not apply to Suncorp Bank or to ANZ.¹

Rationale for the Proposed Acquisition

ANZ submits that the rationale for the Proposed Acquisition includes that it will provide immediate growth to ANZ, increasing ANZ's presence in Australian retail and commercial banking by adding scale and geographic diversity, particularly in Queensland. ANZ submits that the increase in scale will enable it to more efficiently make investments into digital capabilities and navigate ongoing regulatory change. ANZ also submits that the transaction will result in synergies and attractive financial returns for ANZ. Additionally, ANZ submits that the, for Suncorp Group, the rationale for transaction includes that it will allow Suncorp Group to have a singular focus on its insurance businesses.

Impact on competition

ANZ submits that the Proposed Acquisition would not substantially lessen competition in any of the following relevant national markets:

- a. supply of home loans
- b. supply of deposit products
- c. supply of credit cards

¹ ANZ Merger Authorisation Application, page 24, Section 3, paragraph 3.3

- d. supply of commercial banking products, including to agribusiness customers.

For these national markets, ANZ submits that the merged entity would be constrained by factors including:

- a. the market is not concentrated, and Suncorp Bank's market shares are very low
- b. Suncorp Bank is no more vigorous or effective than other competitors
- c. ANZ and Suncorp Bank are not particularly close competitors
- d. each relevant market will remain highly competitive
- e. the threat of entry and expansion
- f. Suncorp Bank is not a direct supplier of credit cards.

ANZ also submits that the Proposed Acquisition would not increase the risk of coordinated conduct in any market. ANZ submits that coordination is difficult because there are many different sized competitors with varying funding requirements, and brokers facilitate customer switching in respect of home loans and commercial lending and obscure competitors' pricing and other terms, and many customers have the ability to, and do, negotiate price and terms.

Claimed public benefits

ANZ submits the Proposed Acquisition will deliver public benefits to customers, shareholders, and the broader public. These benefits include:

- a. Suncorp Group will become a stronger, pureplay insurer
- b. ANZ will become a stronger bank through \$260 million in cost synergies
- c. reduced wholesale funding costs and greater assurance of access to wholesale funding for Suncorp Bank
- d. increased prudential safety
- e. ANZ's lending commitments and ANZ's and Suncorp Group's employment-related commitments in Queensland
- f. increased contribution to the major bank levy.

Further, ANZ submits the Proposed Acquisition will not give rise to any public detriments. ANZ also submits that to the extent that there are likely to be any public detriments, they are minimal and are outweighed by the substantial public benefits.

ANZ's application for merger authorisation sets out further details of its submissions and is available on the ACCC's merger authorisations register.

Attachment B

This attachment provides a list of questions the ACCC is interested in seeking views on. The more information we have, the better we can assess the impact of the Proposed Acquisition, but if you are unsure of any questions, or do not have specific knowledge about some of the questions, you can leave them blank. You can also include any other information you think is relevant.

Where possible, provide specific examples to support your views.

General

1. Provide a brief description of your business or organisation.
2. Outline the reasons for your interest in the Proposed Acquisition, and any commercial relationship(s) with ANZ, Suncorp Bank, or any of their subsidiaries. Identify whether you acquire from, supply to or compete with ANZ and/or Suncorp Bank, and specify the relevant product(s) and/or service(s).

Competition in banking products and services

In answering the questions in this section, where possible and relevant please differentiate between the supply of:

- a. retail banking products and services (including but not limited to home loans and deposit products)
- b. commercial banking products and services (including but not limited to business loans, deposit products and agribusiness products)
- c. credit cards
- d. any other products and services (for example, risk management products).

(together, the **banking products and services**).

3. Provide any views on, or estimates of, market shares in the supply of any banking products and services.
4. Does competition occur nationally or in particular geographical regions (for example, Queensland), or for a particular group of customers (for example, small to medium enterprise (SME) customers, or agribusiness customers)?
5. What is the overall level of competition between ANZ, Suncorp Bank and other suppliers of banking products and services? Explain whether some suppliers compete more closely with each other than with other suppliers.
6. What is the level of competition in the supply of banking products and services to agribusiness customers? Explain whether and why Suncorp Bank and/or ANZ are particularly strong competitors.
7. Is ANZ, Suncorp Bank, or any supplier a vigorous or effective competitor, or uniquely placed to provide significant future competition, in the supply of any of the banking products or services?
8. For any of the banking products and services, how do ANZ, Suncorp Bank, and other suppliers compare on factors including but not limited to: price and price discounting, product range, product innovation, incentives offered to new or existing customers, branch networks, technological/digital platforms, customer service/relationship management, target customers, promotional activity, brand recognition, scale, and investment in new technologies?

9. What are the main factors that a business must overcome to enter or expand in the supply of banking products and services? Factors may include but are not limited to: regulatory requirements and approvals, estimates of financial costs and time required, personnel required, access to distribution channels (for example, brokers), building a brand to attract customers, effects of economies of scale. Provide any examples of recent new entry or expansion.
10. Are there any industry developments or trends that may impact competition in the supply of banking products and services (for example, regulatory changes, technology/digitisation)? Provide specific examples where possible.
11. Is a digital strategy and/or digital offering important to the competitive positioning of a supplier of banking products and services? Provide specific examples where possible.
12. Is it easy or difficult for customers to switch suppliers for any of the banking products and services (for example, home loans)? Do customers switch or threaten to switch suppliers often? How have suppliers reacted to customer switching? Provide specific examples where possible.
13. Are physical bank branches important to the competitive position of a bank? Provide specific examples where possible.
14. How do comparison sites, brokers, and other intermediaries influence competition between suppliers of banking products and services? Consider their impact on:
 - a. the visibility of home loan and commercial loan lending rates to customers and competitors
 - b. facilitating customer switching
 - c. generating discounts or other incentives to attract customers.

Provide specific examples where possible.

15. What is the likely effect of the Proposed Acquisition on competition in the supply of banking products and services? Explain whether and why the merged entity could increase prices or decrease quality in the supply of any banking products and services.
16. Will the Proposed Acquisition lead to a higher likelihood of coordination among some or all of the suppliers of banking products and services? Explain whether and why any increased coordination would lead to increased prices or decreased quality in the supply of any banking products and services.

Public benefits

In assessing the benefits that are likely to flow from the Proposed Acquisition, the ACCC may consider anything of value to the community generally.

ANZ submits the Proposed Acquisition will deliver public benefits to customers, shareholders, and the broader public. These benefits include:

- a. Suncorp Group will become a stronger, pureplay insurer
- b. ANZ will become a stronger bank through \$260 million in cost synergies
- c. reduced wholesale funding costs and greater assurance of access to wholesale funding for Suncorp Bank
- d. increased prudential safety
- e. ANZ's lending commitments and ANZ's and Suncorp Group's employment-related commitments in Queensland

f. increased contribution to the major bank levy.²

17. Are any public benefits, including the ones listed above and described in more detail in the application, likely to result from the Proposed Acquisition? If so, explain:
- a. how those benefits flow from the Proposed Acquisition (including why they would not occur without the Proposed Acquisition)
 - b. the class of persons likely to receive those benefits (for example, customers of ANZ and/or Suncorp Bank)
 - c. to what extent those benefits may flow to the broader public
 - d. how significant those benefits may be in terms of likely size/magnitude (for example, on a scale from very small to significant)
 - e. the timing of when those benefits are likely to eventuate
 - f. whether those benefits are likely to be enduring or a one-off benefit.

Public detriments

18. In addition to any competitive detriment that you may have identified in your responses to questions 3 to 16, outline whether there are any other effects of the Proposed Acquisition that you consider may be a public detriment.

Other information or issues

19. Provide any additional information or comments, or identify other competition or public benefit issues, that you consider relevant to the ACCC's consideration of the Proposed Acquisition.

² ANZ Merger Authorisation Application, page 223, Section 8, paragraph 8.1(d)