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8 May 2024

Anthony Hilton
Director, Competition Exemptions
Australian Competition & Consumer Commission
Level 1, The Quadrant, 1 William Street Perth

Dear Mr Hilton

Application for Authorisation by the Australian Banking Association – response to Interested Party submissions

We refer to the application for authorisation by the Australian Banking Association (**ABA**) lodged on 30 November 2023 (the **Application**), the interim authorisation granted by the Australian Competition and Consumer Commission (**ACCC**) on 6 December 2023 (the **Interim Authorisation**) and the ACCC's draft determination dated 20 March 2024 (the **Draft Determination**).

The purpose of this letter is to provide ABA's response to the interested party submissions received following the ACCC's draft determination.

The ABA notes that each of the 12 publicised submissions were generally supportive of the Interim and Final Authorisations. There are however two areas that emerge from a handful of these submissions to which the ABA now responds. The first relates to the participation in discussions and the second relates to the definition of Authorised Parties.

Participation in Discussions

The ABA notes that since Interim Authorisation, the vast majority of discussions have been between the ABA, the Reserve Bank of Australia, Treasury and the Major Banks. This is primarily because the major banks – Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Bank Group – were initially approached by Linfox Armaguard for industry support and they are also have a particular role in cash distribution (being responsible for distributing banknotes on behalf of the Reserve Bank of Australia). More recently, Australia Post (as the provider of Bank@Post services), and Coles, Woolworths and Wesfarmers as Linfox Armaguard's largest retail customers, have joined discussions.

In some of the public submissions, and separately through direct requests to the ABA, a number of interested parties have requested to participate in certain discussions. Where interested parties have contacted the ABA, those requests have been considered on a case-by-case basis, and in a number of cases, interested parties have been involved and/or their input has been provided to the broader group for consideration where appropriate.

Due to the ubiquity of cash across the economy and the vast number of businesses and other groups which use and/or have views regarding cash, the ABA considers that it is important to strike a balance. A requirement or condition to involve any and all third parties in discussions as a matter of course would quickly make the collaboration under the Proposed Authorisation practically unworkable and undermine the public benefits of the Proposed Conduct, increasing the risk of a disruption to cash services and reducing the

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potential for a long-term solution to be developed. The ABA also notes the involvement of the RBA and Treasury in discussions under the Interim Authorisation and the fact that any long-term solution will necessarily be the subject of discussion and consultation with Government who may also choose to undertake consultation as appropriate.

The ABA does not consider it appropriate for any conditions to be attached to the authorisation relating to participation in discussions. Instead, the ABA considers that consideration of participation requests on a case-by-case basis continues to be the appropriate course. The ABA also notes that it is required to include in its monthly reporting to the ACCC any consultation with stakeholders who are not Authorised Parties. One possibility is that this reporting obligation is expanded to require the ABA to report to the ACCC on any consultation with stakeholders other than the funding parties.

Authorised Parties


The Interim Authorisation and the Draft Determination set out a broad definition of Authorised Parties. It includes the Application, current ABA member banks, Linfox Armaguard Pty Ltd, the Reserve Bank of Australia, the Commonwealth Treasury, Australia Post, other suppliers of cash-in-transit services, non-member banks and retailers and supermarkets and other businesses who distribution and utilise cash in their businesses. It is a broad definition and captures all businesses that distribution and utilise cash in their businesses.

In the submission by the Customer Owned Banking Association limited (**COBA**), COBA requested that the definition of Authorised Party be broadened to include COBA as an Authorised Party. The ABA understands that COBA does not have an immediate intention to participate in discussions but may wish to do so in future. The ABA does not object to including COBA in discussions where appropriate (and it notes that it listed COBA as a party with which it would consult in the Application). However, from a strictly legal perspective, the ABA does not consider that COBA (or similar groups) needs to be expressly listed as an Authorised Party. COBA is not a competitor of the ABA, its member banks or other Authorised Parties for the purposes of the *Competition and Consumer Act 2010*, and therefore does not require the express protection of authorisation.

Accordingly, the ABA does not consider that any change is required to the definition of Authorised Parties under the Application.

Please do not hesitate to contact us to discuss anything in this letter.

Yours sincerely


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