



Our ref: AA1000441
Contact officer: Hannah Ransom
Contact phone: (02) 6243 1255

11/07/2019

www.accc.gov.au

Dear Sir or Madam

Australian Banking Association (ABA) application for authorisation AA1000441— interim authorisation

The Australian Competition and Consumer Commission (the **ACCC**) has granted interim authorisation to the ABA to allow it to agree on and implement changes proposed to the Banking Code of Practice (the **Code**) which directly respond to specific recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, being:

- banks not allowing informal overdrafts on basic bank accounts (**BBAs**) without prior express agreement with the customer,
- banks not charging dishonour fees or overdrawn fees on BBAs,
- banks not charging default interest on loans secured by agricultural land in drought affected or other natural disaster areas while a declaration remains in force.

The ACCC has not granted interim authorisation at this time to enable the ABA to agree to amend the Code, or for banks to implement based on amendments to the Code, minimum criteria for eligibility for a BBA and minimum features of a BBA. These proposed changes do not respond to a specific Royal Commission recommendation.

The ACCC notes that while welcoming the overall proposals, some consumer groups have raised some concerns and suggested improvements to the basic banking proposals. The ACCC will consider any submissions and possible changes the ABA makes in response to these issues before deciding whether to grant interim authorisation for the basic banking proposals.

A copy of the ACCC's decision is attached.

Next steps

The ACCC will continue to progress its assessment of the application for authorisation in a timely manner. An updated indicative timetable is set out below for your information.

22 May 2019	Lodgement of application and supporting submission.
28 May 2019	Public consultation process begins.
11 June 2019	Closing date for submissions on interim authorisation.
25 June 2019	Closing date for submissions from interested parties.

11 July 2019	ACCC decision regarding interim authorisation.
July 2019	Applicant responds to issues raised in the public consultation process.
September	Draft determination.
September/October	Public consultation on draft determination including any conference if called.
October/November	Final determination.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter please do not hesitate to contact me on (02) 6243 1055 or Hannah Ransom on (02) 6243 1255.

Yours sincerely



Susie Black
Director (A/g)
Adjudication Branch