



**AUSTRALIAN BANKERS' ASSOCIATION INC.**

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Dr. Philip Lowe  
Assistant Governor  
Reserve Bank of Australia  
65 Martin Place  
SYDNEY NSW 2000

Dear Philip,

**ATM Reform**

This letter is to confirm the Australian Bankers' Association's (ABA) latest position on ATM reform. As you are aware, in recent weeks, the ABA has been considering some additional ATM reform models that both meet the RBA's reform objectives and can secure general industry consensus.

The majority of ABA member banks believe that the best reform model is one which allows for: (a) the ability for ATM owners to surcharge, (b) an access regime guaranteeing direct connection to be developed by APCA, (c) zero interchange fees, including in the two sub-networks, and (d) instantaneous rebating (including the disclosure of issuer rebate on the ATM screen) for those institutions who wish to negotiate it bilaterally.

This is the reform model consistent with the finding of the RBA/ACCC Joint Study released in October 2000.

While the majority of ABA members believe it to be a second-best outcome, the ABA is willing to consider the use of multilateral interchange fees in sub-networks, subject to clarifying some details.

We would appreciate the Reserve Bank providing guidance on how these sub-networks would be defined and advice on how the Reserve Bank would respond to the creation of new sub-networks in the future.

Once we receive this advice, we can move quickly to giving the Reserve Bank a final position.

Yours sincerely

A handwritten signature in black ink that reads "David Bell".

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**David Bell**