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Tony Richards
Head of Payments Policy Department
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Proposed variation to the Access Regime for the ATM System

Dear Tony

We refer to your media release dated 29 May 2012 announcing the Reserve Bank's decision to conduct a public consultation on a draft variation to the Access Regime for the ATM System.

We are supportive of the amendments to the ATM Access Regime proposed by the Bank and the flexibility this provides to the Bank to grant exemptions for arrangements that would otherwise be in breach of the Access Regime.

We do however have concerns about the specific circumstances that have led to the new drafting, this being the outcome of the Joint Treasury/RBA ATM Taskforce and the proposal by the ATM industry to establish a scheme to reduce ATM fees to remote indigenous communities.

These concerns relate to the Traditional Credit Union (TCU), a client of Indue's for whom we provide transactional and EFT services including sponsorship into the ATM system.

TCU was established by a group of Aboriginal Elders to provide financial services to residents of Arnhemland communities who are disadvantaged by a lack of banking and other financial services. The main purpose of TCU is to respond to the unique needs of their customers and to help community members to understand money matters.

By granting an exemption to the ATM industry and in particular allowing the major banks and other financial institutions to make payments to independent ATM deployers for the use of their ATMs in remote communities, we believe TCU will be disadvantaged in a number of ways.

Firstly, the implementation of this arrangement will create an environment whereby TCU will need to compete with a bank proposition that includes access to free ATM transactions in nominated communities. However, TCU is not in a position to compete with a bank that is offering subsidised ATM transactions given their already high cost of providing a branch network in remote communities. As such, there is a real threat that TCU members will take their banking business to other financial institutions

where free ATM transactions are provided, thereby reducing the viability of the TCU business model.

Secondly, the criteria for ATM location subsidisation are based on the current footprint of two independent ATM providers rather than any genuine community benefit criteria. Some of the remote communities where a deployer ATM is located are also serviced by a TCU branch. In these communities we see little benefit in providing free ATM transactions when there is the alternative of a TCU branch that offers banking services tailored specifically for the remote communities. Implementation of free ATM transactions will see TCU members switching to the list of banks who have agreed to subsidise the ATM fees which will further threaten TCU's operations.

As an alternative to the proposed arrangement, TCU already has arrangements in place with ANZ, NAB and Westpac for fee free ATM transactions. Under these arrangements, the three banks provide TCU members access to their ATM networks on a direct charge-free basis and without TCU having to pay an interchange fee¹.

To enable TCU to compete with other financial institutions that have the financial capacity to offer free ATM transactions to their customers, we believe it would be in the ATM industry's best interest to support an expansion of the current arrangements and provide TCU members with subsidised ATM transactions across a broader reach of ATMs.

Thank you for the invitation to discuss our views in a subsequent meeting - we look forward to this opportunity.

Should you have any questions about our submission, please feel free to contact me on (07) 3258 4248.

Yours sincerely,



Michael Swannell
Executive Manager - Payments

¹ After the introduction of ATM direct charging in 2009, Indue on behalf of TCU sought and was subsequently granted approval by the Bank for these arrangements.