

1.9 QON: Hansard, p18

Mr KEOGH: Thank you. For the record, I will disclose that my wife holds some accounts with your bank. Can you explain to me the cost base of the ATM network?

Mr Thorburn: I think Antony is best to explain that, seeing as he runs it.

Mr KEOGH: It is a pretty critical part of infrastructure for most bankers on a daily basis.

Mr Cahill: In terms of the main contributors, it is clearly the cost of the machines themselves, the leasing and the installation costs of the ATMs. They are not all in branches. You see a significant number now in other locations. There are the technology costs of actually running the network and then also the cost of keeping the ATM supplied in terms of cash et cetera. Finally, we have the monitoring systems that, effectively, ensure that the network stays up. They are the broad costs.

Mr KEOGH: So it is a reasonably fixed cost per ATM at least: variable based on whether you have to restock it a lot if it is used a lot, but otherwise it is a reasonably fixed cost base for the ATM network?

Mr Cahill: Not necessarily. Allow me to give you some information. Two things are happening. One is the functionality of the ATMs is starting to significantly change. There are very basic ATMs and there are more expensive ATMs that different institutions buy. Probably the second major difference in the cost is actually the location of some of those ATMs.

Mr KEOGH: Sorry; when I say fixed, I mean the cost of having the ATM network does not change much based on the number of transactions.

Mr Cahill: In terms of volume usage? The main cost would be how often you would have to refill the machine.

Mr KEOGH: Yes. And so you are able to work out basically what the cost is on a per-transaction basis?

Mr Cahill: We would have a broad view, yes.

Mr KEOGH: What is it?

Mr Cahill: I do not have that precise number with me. I would have to take that on notice.

ANSWER: NAB customers can use NAB and the Redi ATM network allowing them access to over 3,000 ATMs in over 2,600 locations across Australia. As a member of the Redi ATM network, many customers of other financial institutions are able to withdraw cash from a NAB ATM.

Over the past 3 years, customer preferences have significantly shifted to digital and self-service. Consequently, year on year, there has been a 6.5% decline in withdrawal transactions across the ATM industry, a trend expected to continue as alternative payment methods continue to grow.

The per-transaction costs of NAB's ATM network relies on internal accounting allocations and operating costs (site leases, fraud protection, security and cash handling), opportunity cost of having cash in the ATM, people management, fleet maintenance and upgrades. It does not include costs of participating in the Redi ATM network and other group overheads.

The estimated internally allocated cost on a per transaction basis of a cash withdrawal from an ATM for NAB users during financial year 2016 is \$1.96. This figure reflects the cost for a NAB ATM only, not ATMs accessed under the Redi ATM network.

The estimated internally allocated cost of a non-NAB card holder withdrawing from a NAB ATM during financial year 2016 is \$2.58.

In addition, NAB covers the cost of ATM withdrawal fees that would otherwise be incurred by customers for use of ATMs located in remote communities as part of the industry's ATM Fee Proposal. The initiative was given approval by the Australian Competition and Consumer Competition (ACCC) and RBA to operate for a maximum of five years from commencement in December 2012.