

2.17 QW: In relation to **Automatic Teller Machines (ATMs)**:

- a) Can you explain the cost base of your ATM network?
- b) What is the per-transaction cost of your ATM network?
- c) What is the marginal cost of a transaction from a customer of a different bank using one of your ATMs?
- d) Have these marginal costs or the fixed cost of your ATM network changed over the past five years? If so, how?

Answer

- a) There are costs to maintain ATM hardware, cash management services, security services, monitoring and upgrades and transaction processing in physical locations.

These costs are both variable (e.g. re-stocking and maintenance) and fixed (e.g. machine and site lease). More specifically, the costs include:

- Machine & site leasing
- Security
- Occupancy
- 24x7 monitoring and availability
- Re-stocking & maintenance
- Network improvements
- Data integrity
- Cash transportation

- b) A response to this question was provided in answer to question 1.9 in NAB's questions on notice (QON)

- c) A response to this question was provided in answer to question 1.10 in NAB's QON.

- d) Costs across the ATM network, both fixed and marginal, have increased over the last five years. Key drivers of this are the increasing technology cost for newer Smart ATMs which have greater functionality, ensuring machine compatibility for cards with enhanced chip and pin security and fraud protection. Additionally, the costs of servicing the network, maintaining cash stocks and ensuring security of machine access have also increased.

As the number of cash withdrawals at ATMs declines, fixed costs per unit have increased as a result. Over the past three years, year on year, there has been a 6.5% decline in withdrawal transactions across the ATM industry, which has contributed to an increase in the marginal cost of a transaction when a user from another bank uses a NAB ATM.