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Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**To Whom in May Concern**

**A Submission from ATM Industry Associations to the Senate Economic Committee  
Inquiry into Competition within the Australian Banking Sector.**

ATMIA is a global non-profit trade association with over 1,950 members in 50 countries including Australia. Our mission is to promote ATM convenience, growth and usage Worldwide, protect the ATM industry's assets, interests, good name, and public trust, provide education, best practices, political voice and networking opportunities for member organizations. We wish to submit the following information to the Senate Economic Committee's Inquiry into Competition within Australia's Banking Sector.

1. ATMs installed within Australia have grown from 10,089 in 1999 to around 28,000 in 2010; Independent ATM Operators (IAD's) were responsible for much of this recent growth, greatly extending ATM services to cardholders in locations close to where they work, live and shop. The vast majority of citizens in today's consumer-orientated economies regard access to their banked cash via the national ATM infrastructure as an essential part of their daily lives.
2. We are concerned that capping or removal of ATM fees could, in fact indirectly reduce ATM locations across Australia including the independent sector which is responsible for operating convenience or retail, ATMs and this would impact a significant number of small business merchants. In turn, this would interfere with cash cycle in Australia, slowing consumer spending and increasing unemployment.

3. The new Direct Charging regime introduced by the Reserve Bank of Australia (RBA) in March 2009 has been widely accepted by Australians. This new regime has been working well and has been endorsed by the regulator as meeting requirements, including encouraging signs of network expansion. It has taken many years of costly work and industry consultation to arrive at the new system and there is no reason to change it before Direct Charging has enjoyed a significant time to test its medium and long-term impact on competitiveness and ATM convenience for cardholders.
4. Over the past 3 years the majority of ATM deployers have undergone major network upgrades to comply with compliance mandates and to prepare for Direct Charging. These ATM deployers have injected significant capital in the ATM channel and are now seeking to leverage this investment to implement value added functionality to:
  - generate a fair return on the capital investment
  - improve the customer experience
  - create cost efficiencies
  - remain competitive with competitor ATM Deployers including the major Banks.
5. Direct Charging fees have allowed ATMs to be economically viable in both urban and rural areas, providing universal access to cash where there may be no or little alternative. The removal or capping of ATM fees may restrict the ability to deploy in rural or other low volume locations reducing both the growth and potentially the number of ATM locations in rural areas due to economic viability. This could negatively impact rural communities and increase the urban/rural divide.

In summary, an unintended consequence arising from capping or removing ATM fees could be a reduction in competition within the banking sector as the number of ATM terminals provided would almost certainly diminish. In addition, barriers to entry would be raised as potential new entrants into the ATM sector would have little, if any, incentive to enter the payments industry, given that the ability to re-coup costs and earn a return on investment would be severely diminished.

For further detail on our position please refer to submission to the Senate Committee on Banking Amendment (Delivering Essential Financial Services for the Community) Bill dated 19<sup>th</sup> July 2010.

Please do not hesitate to email me at [mike@atmia.com](mailto:mike@atmia.com) should you require more information. We appreciate the opportunity to make this submission.

Yours sincerely,

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CEO