

Select Committee on Financial Technology and Regulatory Technology

ANSWERS TO QUESTION ON NOTICE

Department/Agency: Australian Competition and Consumer Commission

Topic: Complaints regarding anticompetitive conduct

Date: 4 August 2020

Question:

In response to a question taken on notice at the committee's public hearing on 27 February 2020 about complaints of anti-competitive content, the ACCC responded on 17 March 2020:

“The ACCC confirms that as at the date of the ACCC's appearance before the Committee, it had not received any complaints, submissions or correspondence from any neobank in relation to this issue.

On 2 March 2020, following the ACCC's appearance before the Committee, the ACCC received correspondence from two financial institutions in relation to this issue. The ACCC is considering this correspondence in accordance with its Compliance and Enforcement Policy.

At this stage, the ACCC has not contacted any of the major banks in relation to the alleged conduct.”

Please provide the committee with an update on the ACCC's consideration of these matters. What action has been taken since the ACCC's response to the committee in March 2020?

Answer:

Since receiving correspondence from two financial institutions on 2 March 2020, the ACCC has considered their complaints of alleged anti-competitive conduct relating to the issue of banks warning their customers about screen scraping.

The alleged conduct relates to major banks warning their customers about the security and safety dangers of screen scraping, such as the risks associated with providing sensitive information, for example passwords, to third parties. The complaints express concern that by warning customers of these dangers, the major banks may have discouraged customers from engaging with third party neobanks or other financial service providers.

The ACCC considered the detail of the complaints and the terms of the warnings by the major banks and decided not to commence an investigation. The alleged conduct involves general statements or warnings regarding potential security or safety risks associated with screen scraping and sharing passwords, and does not appear to have the purpose or effect of substantially lessening competition.

The ACCC has responded to the complainants and will continue to assess any allegations of anti-competitive conduct across the financial services sector. We currently have six investigations on foot in relation to allegations of anti-competitive conduct relating to the financial services sector. We are also working on market studies relating to competition issues in the financial services sector at the direction of the Treasurer and are well progressed in delivering consumer data rights in the banking sector. All of this work is intended to enhance competition in the sector for the benefit of consumers including supporting and improving the capacity of new entrants and smaller businesses to compete in the financial services sector.