



ATM Industry Reference Group

**Senate Community Affairs Legislation Committee Inquiry
Social Services and Other Legislation Amendment Bill 2013**

Submission of the ATM Industry Reference Group

7 December 2013

Executive Summary

- ATMs in licensed venues offer convenient, safe and secure environments for the handling of cash, particularly after dark.
- Any evidence that links the level of problem gambling to the presence of ATMs in gaming venues is inconclusive.
- The current legislative environment has caused significant uncertainty for the ATM industry's consistent and ongoing commitment to comply with all legislation which covers the industry in Australia.
- Failure to confirm the legislative environment will result in lost investment dollars, impacting the ability to continue to provide innovation within the industry.
- The ATM industry supports the section of the Social Services and Other Legislation Amendment Bill 2013 which repeals the section of the National Gambling Reform Act 2012 that would introduce a \$250 daily withdrawal limit on ATMs in gaming venues from 1 February 2014 to allow this responsibility to again rest with state and territory governments.
- The ATM industry strongly supports legislation to give effect to this change being passed by Parliament before it rises for 2013.
- With NSW, Queensland and the NT not proposing to introduce daily ATM withdrawal limits in gaming venues, if the current situation is not addressed, the ATM industry will have to introduce a daily limit in these jurisdictions, only for it to be withdrawn once federal legislation changes, representing a significant wasted investment.
- SA and the ACT are in the process of introducing \$250 daily withdrawal limits from ATMs in gaming venues. The ATM industry is seeking to ensure compliance these measures, however the uncertainty surrounding the Commonwealth legislation is complicating this process.

Introduction

The ATM Industry Reference Group is pleased to provide a submission to this inquiry for the consideration of the Committee. This submission relates solely to the provision in the bill that would repeal the section of the National Gambling Reform Act 2012 that, from 1 February 2014, introduces a national \$250 daily withdrawal limit for ATMs located in gaming venues. The consequence of this proposal is that daily withdrawal limits for ATMs located in gaming venues would revert to being a state/territory matter.

About the ATM industry

There are a total of approximately 30,000 Automated Teller Machines (ATMs) in Australia, of which 55 per cent are owned and operated by independent companies (with the remainder owned and operated by financial institutions, such as banks).

The ATM Industry Reference Group (AIRG) was established in 2008 to provide an industry voice on regulation of independently operated ATMs. Three organisations are members of the AIRG and together, these companies represent in excess of 90 per cent of all independently operated ATMs in Australia.

The members of the AIRG are:

- The Banktech Group Pty Ltd;
- Cashcard Australia Ltd; and
- DC Payments.

Members of the AIRG are in the business of providing services for bank customers to access their cash in convenient locations through ATMs – they are not involved in gaming.

Around 5000 ATMs are located in pubs and clubs which have electronic gaming machines, with all bar a very small number owned and operated by independent (or non-bank) companies.

How ATMs work – a complex business

ATMs are an integral part of the network of access points that financial institutions and independent operators provide to bank customers in order to access cash from their accounts. The structure of the network is often described as being a “four-party system” because up to four parties are involved in a single transaction:

- The card-holder;
- The issuer of the card-holder’s card (always a financial institution);
- The acquirer of the ATM transactions; and
- The ATM owner/operator (deployer).

In many instances in Australia, the ATM owner/operator also functions as the ATM acquirer. The card issuer is usually not the ATM owner or the acquirer. When the ATM owner/operator, the acquirer and issuer are different entities, technological and contractual links exist in the form of bilateral agreements between parties on funds clearance and settlement, technology platforms and costs. The fees charged to consumers as a result of these arrangements are transparent as a result of the direct charging reforms introduced by the Reserve Bank of Australia (RBA) in early 2009.

In simple terms, card issuers or card-holders pay a fee to ATM operators for each transaction, who, in turn, generally pay a fee to acquirers for ATM transactions.

The three members of the AIRG are not card issuers and one (Cashcard) acquires its own ATM transactions.

ATMs in licensed premises – convenient, safe and secure access to cash

The presence of ATMs in licensed venues has been commonplace for more than a decade, coinciding directly almost exclusively with the increasing prevalence of independent ATM deployers, including members of the AIRG.

A number of reasons exist for the popularity of ATMs in licensed venues, with convenience being at the top of this list. This is underpinned by the fact that these businesses remain largely driven by cash trade. A typical venue patron uses the in-venue ATM because it is a safe and convenient place to withdraw cash for the purposes of spending in the venue and elsewhere. ATMs in licensed venues provide card-holders with a level of privacy, are well lit, have closed-circuit television coverage and often security staff are close by.

Importantly, ATMs in licensed venues offer safe and secure environments for the handling of cash, particularly after dark.

Hotels, in particular, are heavily reliant on ATMs for food and beverage sales. The level of food and beverage sales is generally the most important element influencing the success or failure of licensed premises. A major report has found more than 80 per cent of hotels are heavily reliant on ATMs for food-and-beverage sales (PricewaterhouseCoopers, 2009). In addition, many consumers access cash within licensed premises for expenses outside of the licensed venue.

Harm minimisation

There is no strong evidence which links the level of problem gambling with the presence of ATMs in gaming venues.

In the past decade, the prevalence of problem gambling has decreased, yet over this period, the number of ATMs in gaming venues has dramatically increased.

The percentage of problem gamblers in Australia has been estimated at less than 1 per cent.

Compliance with legislation

The current legislative environment has caused significant uncertainty about what legal framework the ATM industry should be complying with.

The ATM industry is strongly committed to compliance with all Australian legislation which covers the industry and has implemented multiple solutions over many years to comply with existing legislation at state/territory level.

ATM daily withdrawal limit

The ATM industry supports the proposal to repeal the section of the National Gambling Reform Act 2012 that would introduce a \$250 daily withdrawal limit on ATMs in gaming venues from 1 February 2014, allowing this responsibility to again rest with state and territory governments.

The ATM industry strongly supports legislation to give effect to this proposal being passed by Parliament before it rises for 2013. The principal reasons for this are:

- The Federal Government has indicated that it intends to repeal the \$250 daily withdrawal limit on ATMs in gaming venues at some stage during the 44th Parliament;
- The Queensland, NSW and Northern Territory governments do not currently have daily withdrawal limits for ATMs located in gaming venues and have indicated that at this point in time, they are not proposing to introduce such limits. Therefore, under existing legislation, the ATM industry would have to incur significant technology development costs to introduce a limit in these jurisdictions from 1 February 2014, only for this investment to be wasted if federal legislation was to change after February 2014 such that these states/territories would again have the power to regulate daily ATM withdrawal limits;
- The SA and ACT governments are in the process of introducing daily ATM withdrawal limits and have indicated that they require urgent clarification of Commonwealth laws to ensure that this measure is introduced and implemented as seamlessly as possible; and
- There is a high level of uncertainty within the ATM industry about what laws companies and gaming venues will have to comply with, which has the potential to damage the environment for investment and innovation within our industry.

The cost to the ATM industry of introducing a national daily withdrawal limit on ATMs in gaming venues is estimated to be hundreds of thousands of dollars.

Payments industry Christmas moratorium

From mid-December until mid-January every year, a moratorium on payments industry technology is in force. This is due to the higher-than-normal number of payments which are processed at this time of the year because consumers carry out Christmas shopping.

The ATM industry is on the verge of entering the 2013 Christmas moratorium period and having this regulatory situation unresolved has created an unsatisfactory situation for the ATM industry.

ATM companies have already commenced the process of implementation of the daily limit provisions, however it is imperative that confirmation of the requirements is provided to ensure investment is channelled correctly and lost development efforts are minimised.

Conclusion

The AIRG is pleased to provide this submission for consideration and looks forward to further engagement with the Committee and other relevant stakeholders about the issues raised.