Australian Banking Association

The Contribution Gap

Tax and regulatory imbalances in the digital age

Australian banks are critical to our prosperity

Australian banks:

- Pay $16bn in tax each year, equivalent to 373m bulk billed GP appointments
- Invest $700m in community projects
- Invest more than $2.5bn in the fight against scams

The Australian banking sector is a great Australian success story and the community rightly has high expectations of their banks. These expectations have led to enviable consumer protections and economic outcomes.

Australia's banks contribute more than $16 billion in taxes and levies to federal, state and territory governments each year. They pay more tax than any industry other than mining, with the cumulative impact of taxes and levies imposing an effective tax rate of 40 per cent.

That $16 billion funds critical public services: the equivalent of 373 million bulk-billed GP appointments, the salaries of more than 180,000 nurses, or the annual education of nearly 900,000 secondary students.

The scale and profitability of Australian banks, and their tax contribution is a lightning rod for commentary, but it is important to make the point that far from dodging tax, the Australian banking sector's contribution is significant. Imagine where Australia would be without the tax paid by banks.

The sector remains a profitable and resilient part of the economy but any risk to their operating environment creates risks of revenue and tax leakage for governments. Those risks are real and growing, driven by a regulatory imbalance that allows foreign multinationals to deliver bank-like services without bearing proportionate regulatory and fiscal responsibilities.

Australia's financial landscape has changed fundamentally. In 2007, 70 per cent of transactions were paid for with cash. Today it is just 15 per cent, and digital wallets now account for one in every two in-person transactions.

Global technology platforms and multinational payments firms provide services that are increasingly indistinguishable from banking – yet the obligations they face are not equivalent to those of Australian banks.

The Reserve Bank's expanded powers to regulate digital wallets, buy-now-pay-later providers and card schemes are a welcome step. So too is the Government's Scams Prevention Framework, which applies accountability across the scam ecosystem. That same principle – that corporations who benefit from operating in Australia should face equivalent responsibilities – must be applied more broadly.

This report sets out the scale of the contribution Australian banks make to the economy and the community and the gap that is emerging as a growing share of value generated from Australian consumers flows to entities that do not bear comparable obligations.

Closing that gap is essential to maintaining the public services, consumer protections and sovereign capabilities on which Australians depend.

Profits in Perspective

Where do banks' earnings go?

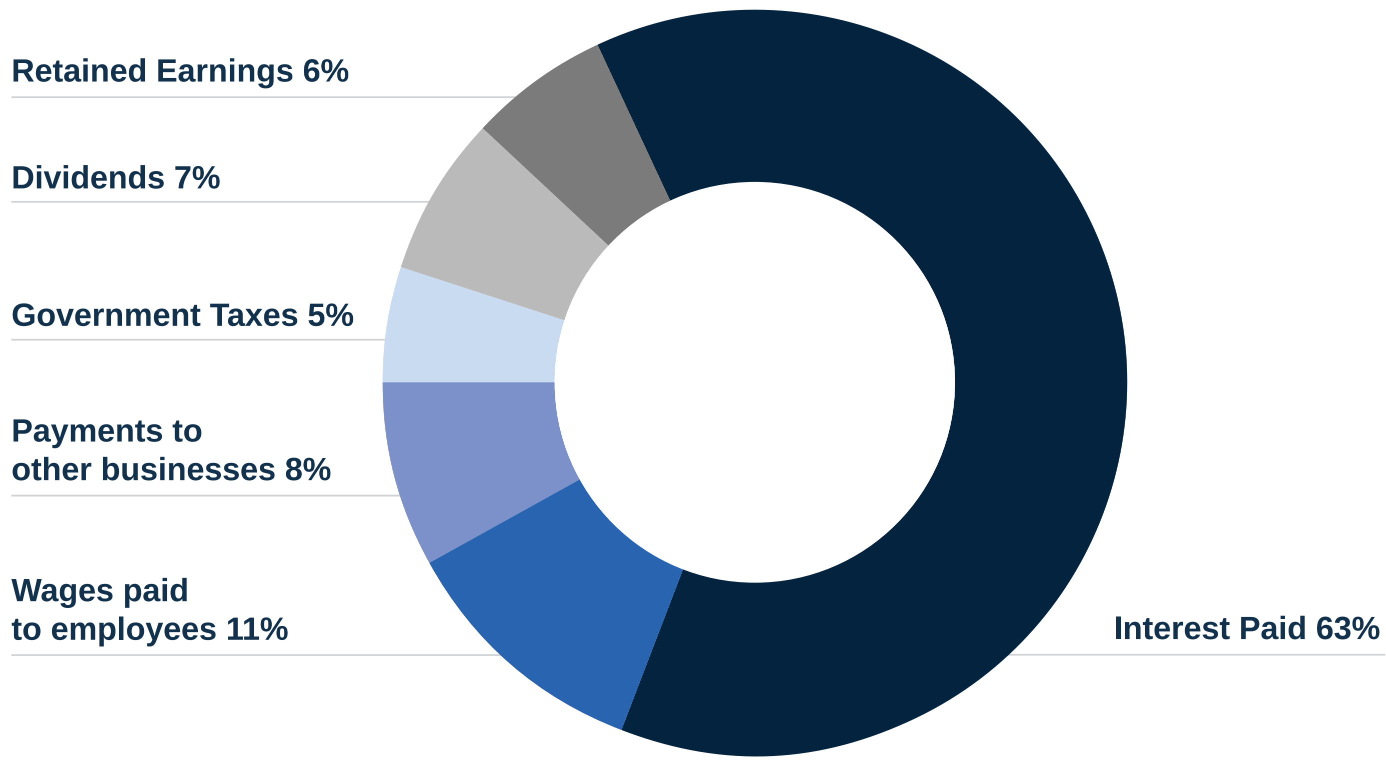
There is a persistent myth that corporate earnings are extracted from Australia at the expense of the community. But this isn't true.

- The largest single portion of bank income – 63% – is paid back directly as interest.
- An additional 11% is distributed as wages to the Australian workforce.
- 7% of earnings are distributed as dividends, primarily into superannuation accounts of everyday Australians.

Retained earnings are necessary reinvestments into the capital holdings required to grow lending.

In this context, a healthy profit margin underpins banks' ability to invest back into the Australian community.

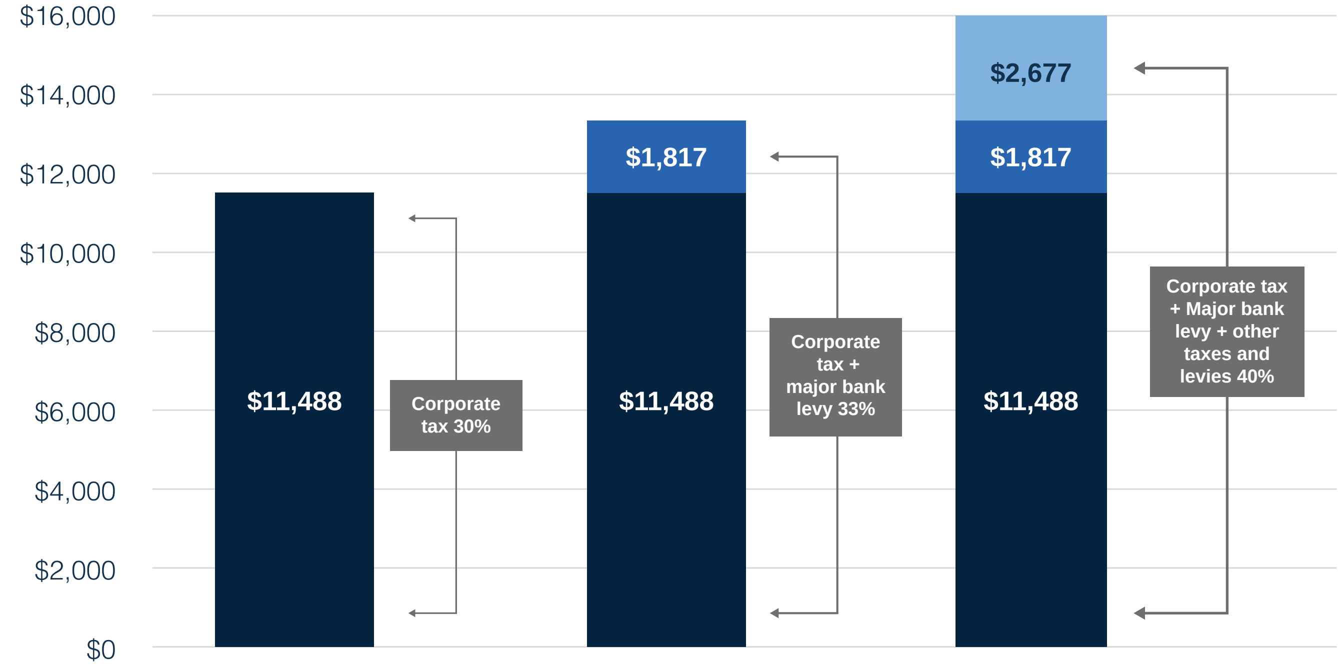
Australian bank expenses as a % of income, %, September 2025



Source: APRA Quarterly ADI Statistics, Tab 2a; Bank annual reports: ANZ, Bendigo and Adelaide, BOQ, CBA, NAB, Westpac, Macquarie.

In FY25, the nation's largest financial institutions paid **$16 billion** in taxes and levies resulting in an **effective tax rate of 40%**

Taxes and levies paid in Australia, $m, FY25



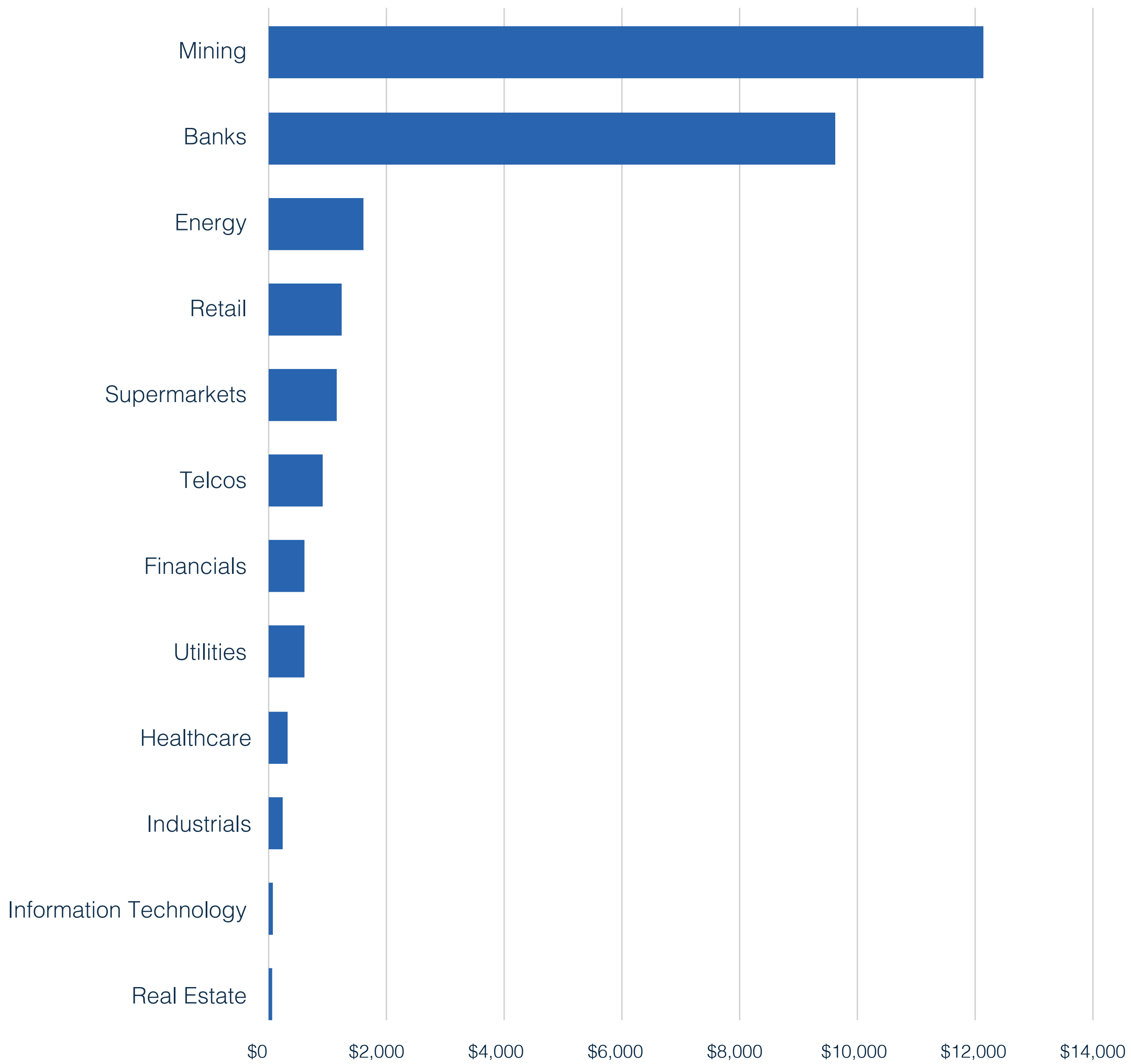
Additional taxes and levies, $m, FY25

Major Bank Levy	$1,817
Unrecoverable GST	$1,348
Payroll tax	$1,187
AUSTRAC	$50
AFCA	$39
ASIC	$34
APRA	$18
CSLR	$2
Total	**$4,495**

Source: ABA 5 largest member banks: ANZ, CBA, NAB, Macquarie & Westpac.

Banks are among the largest corporate tax contributors in Australia

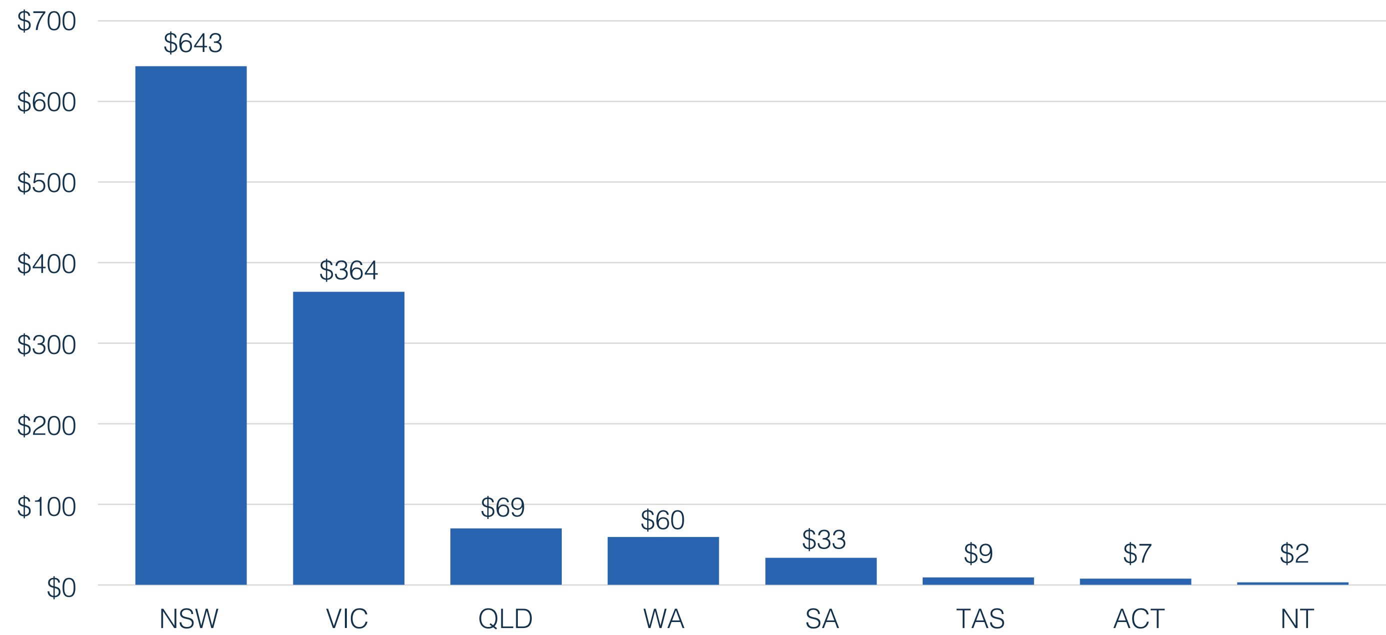
Corporate tax paid in Australia, ASX top 50 by market cap, $m, FY24



Source: ATO 2023-24 Report of Entity Tax Information.
Note: Contributions exclude additional taxes and levies.

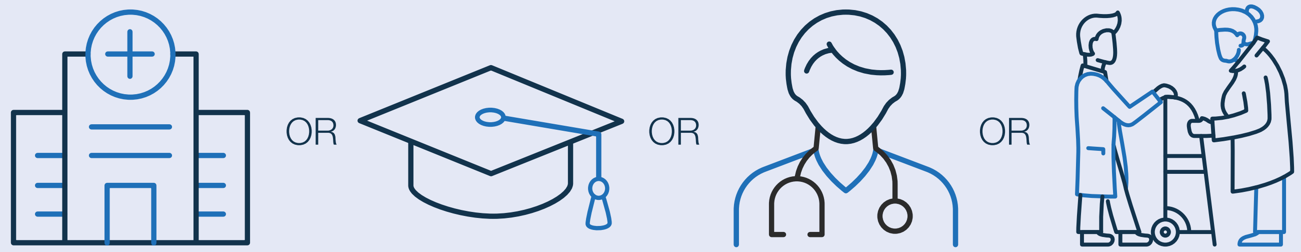
Payroll tax is paid across all States and Territories

Payroll tax, By state or territory, $m, FY25



Source: ABA 5 largest member banks: ANZ, CBA, NAB, Macquarie & Westpac.

The nation's largest financial institutions' annual contribution of over $16 billion in taxes and levies is equivalent to



373 million bulk-billed GP appointments

880,100 secondary students fully funded in public schools for a year

181,800 annual public-hospital nurse salaries

160 days of the entire aged-care system

Costs sourced from The Royal Australian College of General Practitioners; Department of Education, Schooling Resource Standard; Global Health Education, Australia; GEN Aged Care Data, Australian Institute of Health and Welfare

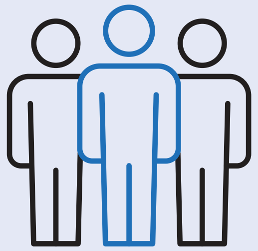
On top of contributing over $16 billion in taxes and levies, banks also…

…contributed a further $3.8bn to the Australian economy and communities in ways that extended beyond their basic corporate duties

Bank contributions, $m FY25

Anti Financial Crime activities including fighting scams	$2,538
Community investments	$707
Prevented and recovered in scams	$438
Bank @ Post funding	$90
Armaguard funding	$40
Financial Counselling funding	$6
Total	**$3,820**

and...



employed
179,354
Australians

spent
$23bn
with suppliers

committed
$700m
to community projects

Source: ABA member bank annual reports – ANZ, CBA, Macquarie, NAB, Westpac

Banks have supported government initiatives by building technological infrastructure

Banks invested **$2bn to build the New Payments Platform**. It now processes **more than $2.5 trillion in payments annually**.

Banks have spent **$1.5bn to develop the Consumer Data Right**

Banks **invested $100m to develop Confirmation of Payee** which **protects customers from scams**.

Australian banks are part of the community they serve

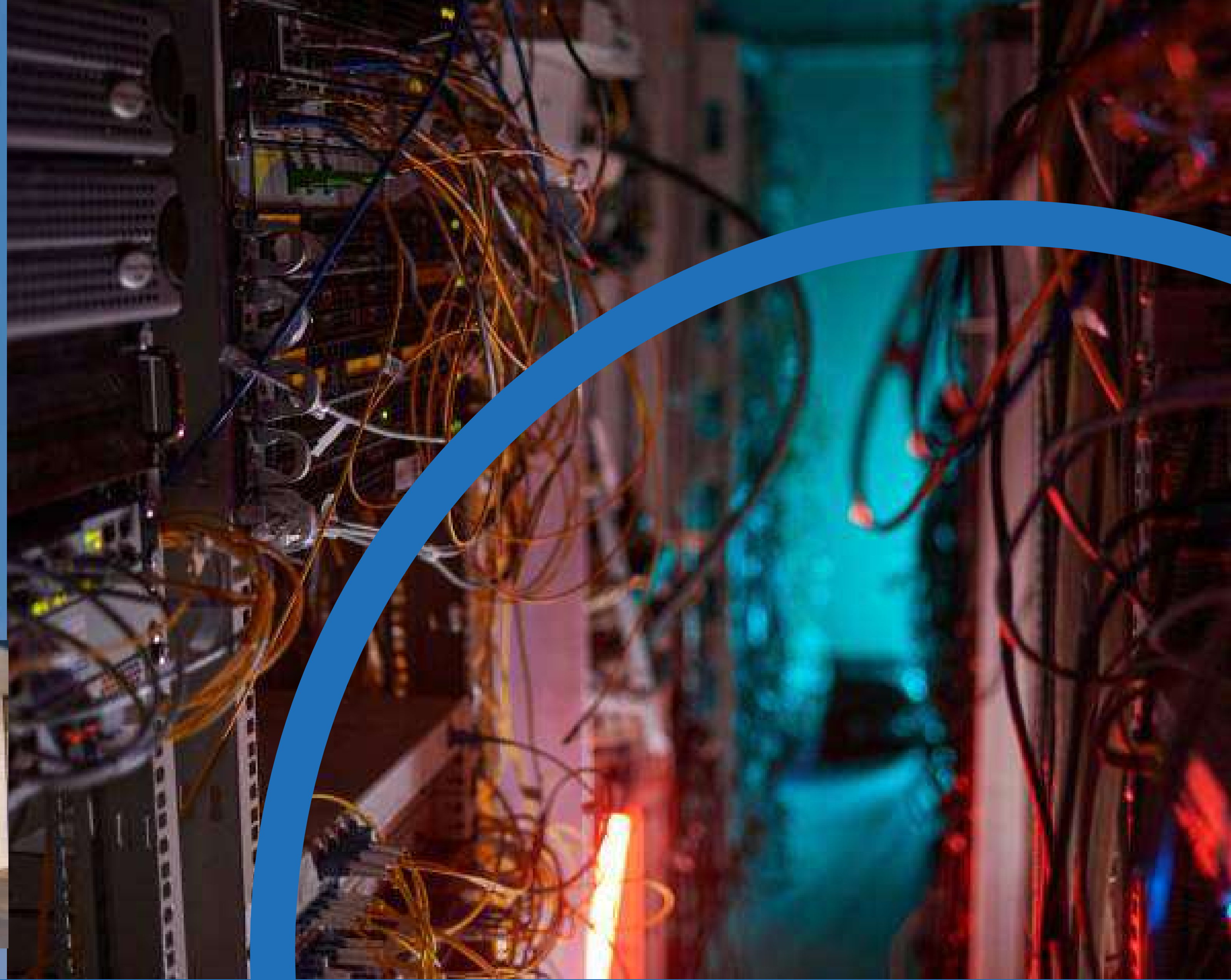
When disaster strikes, Australian banks provide:

- Bank in a box to affected communities
- Hardship relief to affected customers
- Wellbeing support

Banks also provide community grants, scholarships, financial education programs, savings programs for low-income customers, rescue services and no-interest loans among many other community programs.

...and lead the fight against scammers

- Australian banks have invested $2.5bn in tackling financial crime and scams
- They have recovered or prevented $438m in scams just in the last financial year
- Spent $100m building Confirmation of Payee to help customers identify potential scammers



Banks are leading the way to protect customers from fraud and scams

- In 2025 banks **invested more than $2.5bn** in their systems to **combat financial crime and scam activity.**
- Banks also **prevented** and **recovered $438m for customers in scam losses.**

Setting the Standard: Proactive Alignment with the SPF

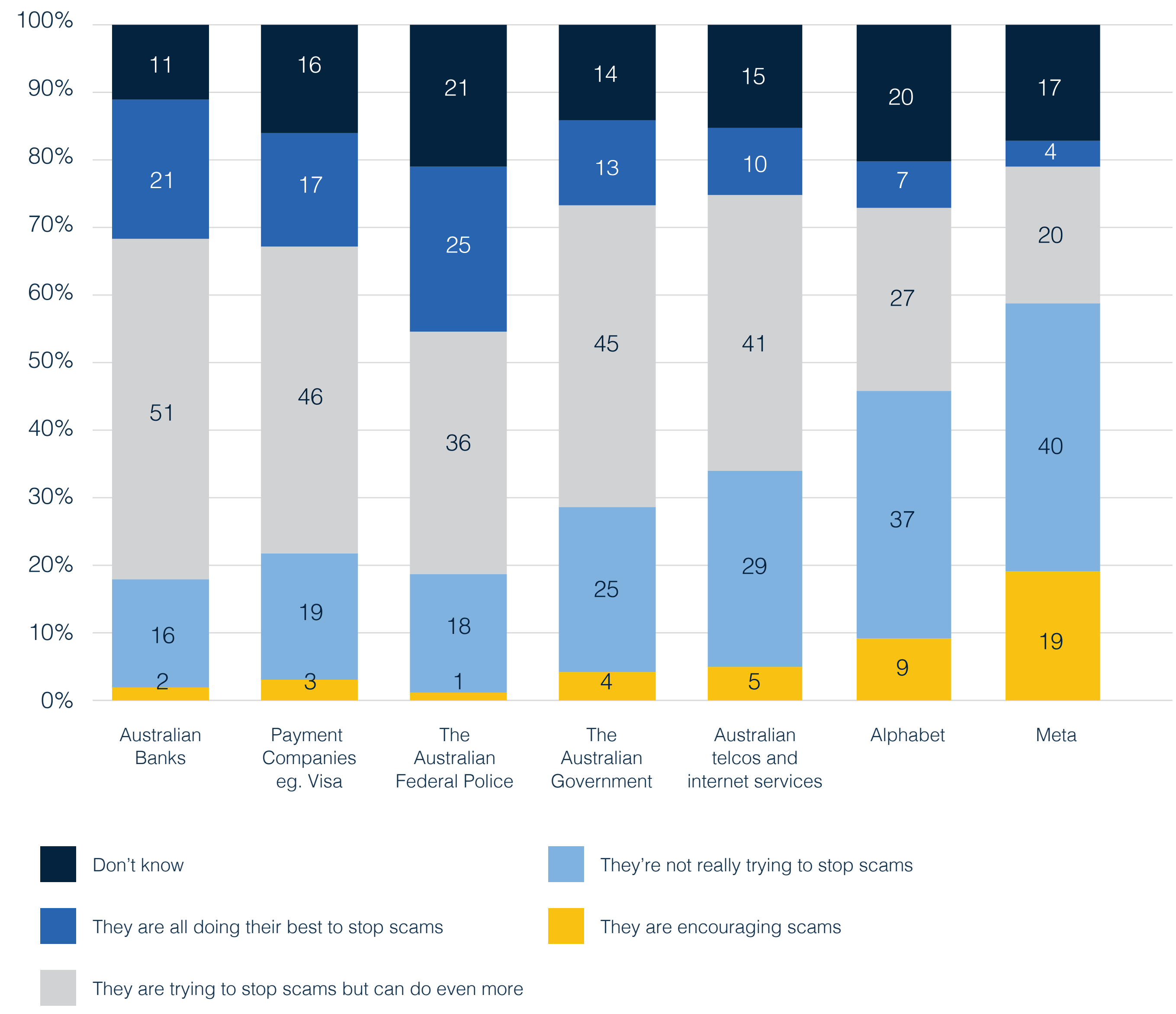
While the Federal Government's Scams Prevention Framework (SPF) is now mandating scam-prevention duties across multiple sectors in the economy, including digital platforms, Australia's banks have already set the benchmark through the Scam-Safe Accord.

The banking sector has already proactively self-regulated with specific, high-tech standards before they became law, including:

- **$100M Confirmation of Payee:** Banks invested $100 million to build and roll out a unified name-checking system, which allows customers to verify a recipient's name before hitting 'send'.
- **Advanced Biometric Safeguards:** To combat identity theft and "mule" accounts, major banks have implemented biometric ID checks for new digital account openings.
- **Real-Time Intelligence Sharing:** Through the Australian Financial Crimes Exchange (AFCX), banks share scam data in near real-time.

Australians trust banks to protect them from scams more than any other organisation or Government

Trust in organisations' efforts to protect from scams, %, September 2025

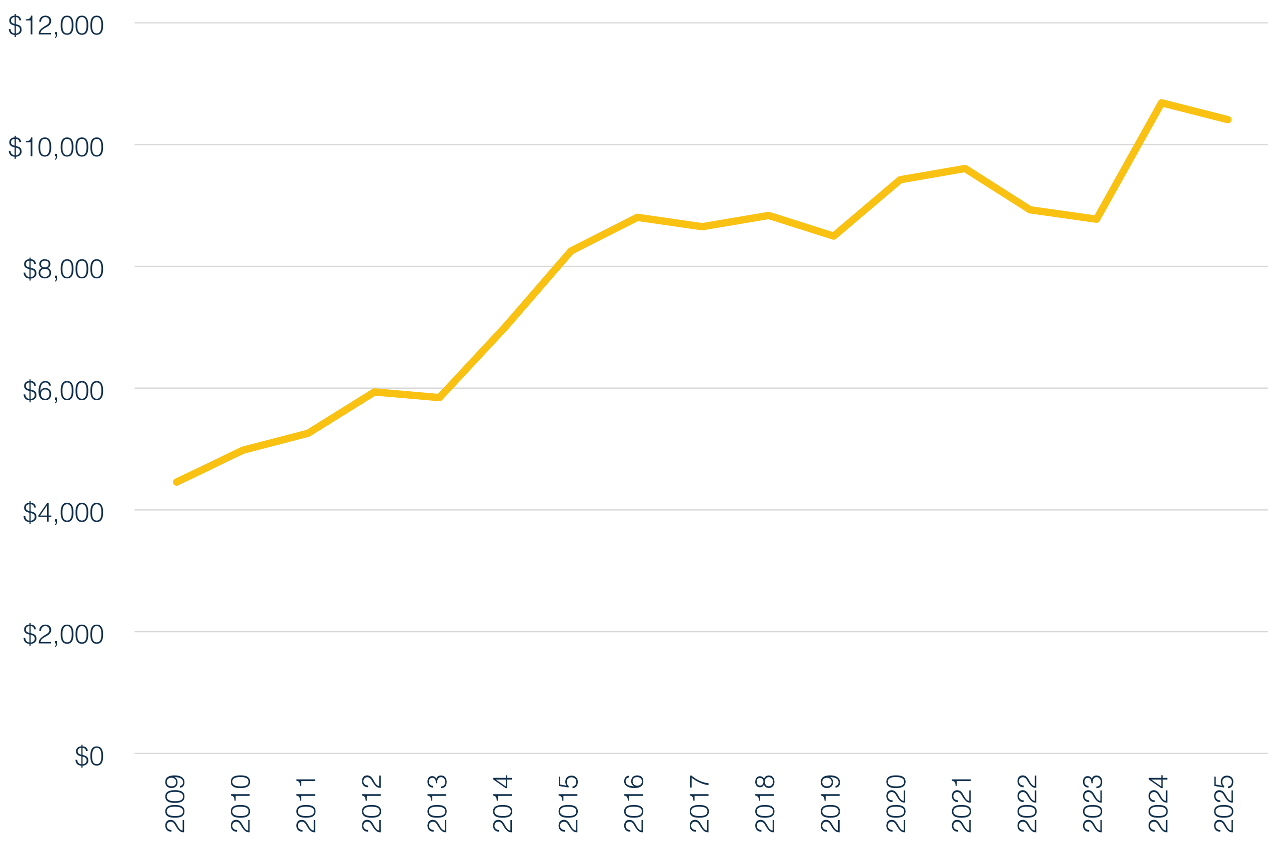


Source: Pyxis, September 2025. 'For each entity which of the following best describes their actions in respect to dealing with the issue of scams? Base: 767.

99.3% of customer interactions with banks now occur digitally

Domestic banks' dual commitment to digital services is lifting technology expenses to record highs, while cost-to-income ratios are edging higher as operational and regulatory expenses outpace income

Technology expenses, $m, 2009 - 2025



Source: ABA member banks annual reports: ANZ, CBA, Macquarie, NAB, Westpac.
Note: Technology expenses are adjusted for inflation.

The emerging contribution gap

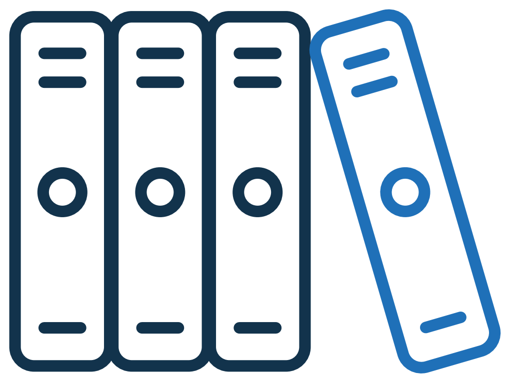
Australia's banks pay their fair share of tax to fund critical public services. Meanwhile, large foreign multinationals generate revenue from Australia's economy without making comparable contributions.

If this gap continues to grow unchecked, funds that benefit the Australian community through public services and superannuation will be impacted, undermining the long-term sustainability of the economy.

...and the regulatory Imbalance

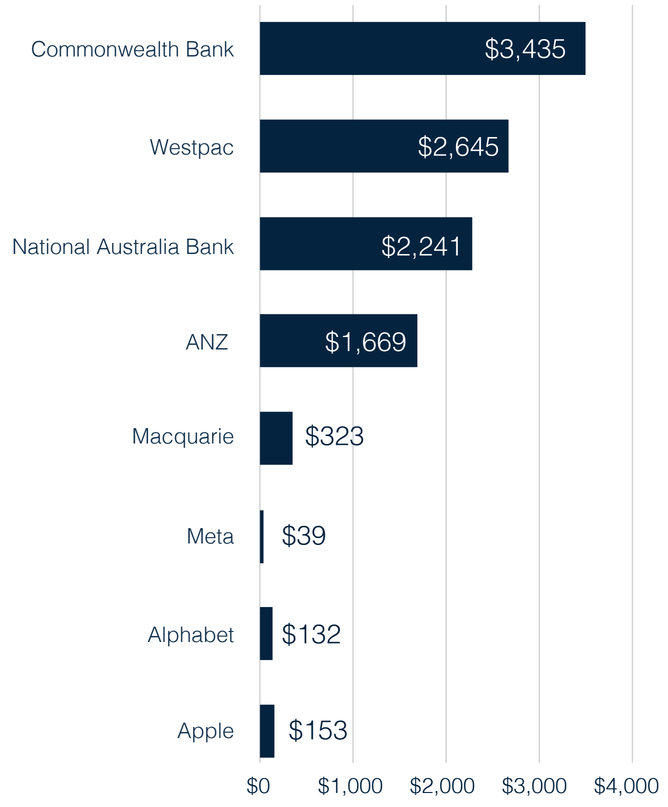
Australian banks are subject to some of the most rigorous regulatory scrutiny in the world.

Large foreign multinationals providing banking and payment services in Australia are not subject to that same scrutiny, risking the erosion of Australia's world-class customer protections.



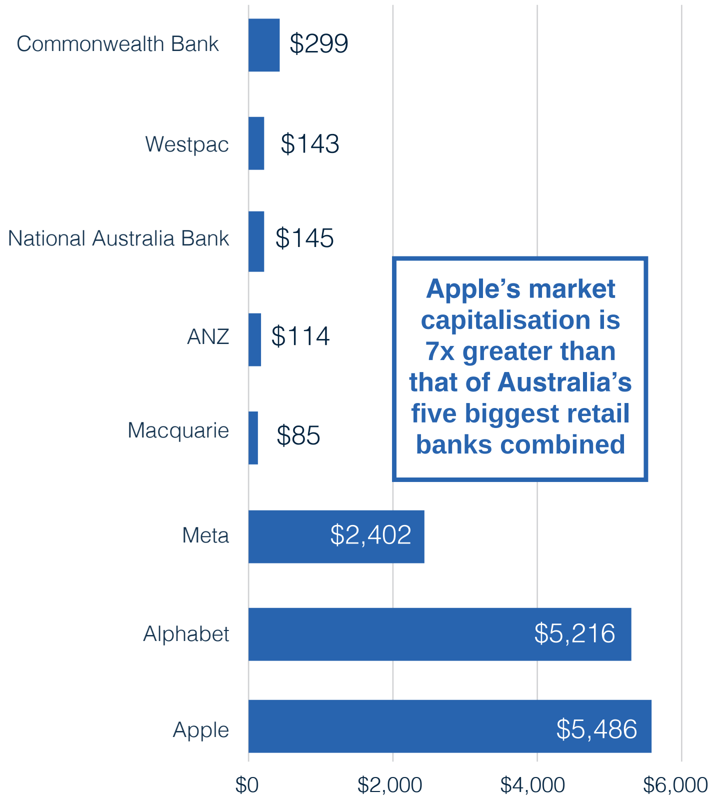
Banks' domestic tax contribution far exceeds those of large foreign multinationals who extract revenue from Australia

Corporate tax paid in Australia, Australian banks & large foreign multinationals, $m, FY24



Source: ATO 2023-24 Report of Entity Tax Information.

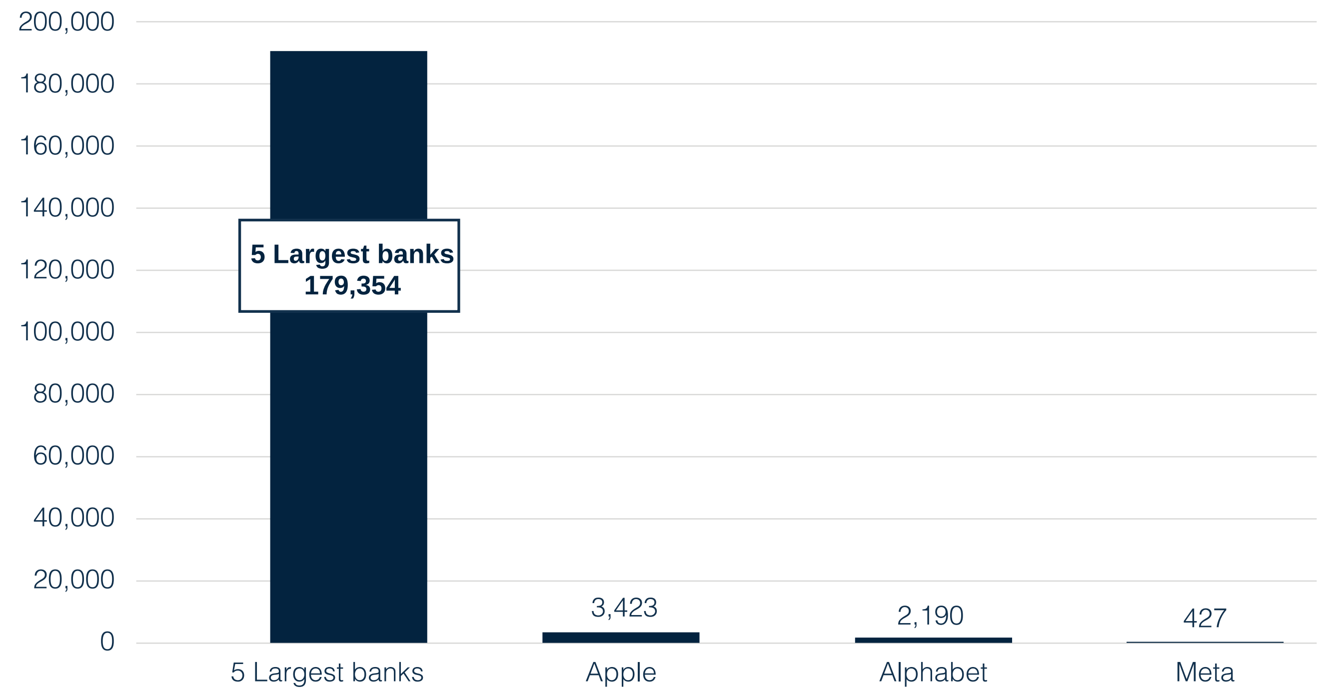
Market cap, Australian banks & large foreign multinationals, $bn AUD, March 2026



Source: NASDAQ & ASX.

On top of contributing over $16 billion in taxes and levies, banks also employ 30x more staff than tech companies in Australia

Employees in Australia, N, 2025



Source: ABA 5 largest member bank Annual reports: ANZ, CBA, NAB, Macquarie & Westpac. ; IBISWorld Enterprise Profile (2025); Finder AU Industry Report (Jan 2026); ElectroQ Global Workforce Stats (2025).

Large foreign multinationals are increasingly delivering payment services without the same regulatory scrutiny as banks

This brings choice and innovation, but it also pushes risk beyond domestically regulated businesses

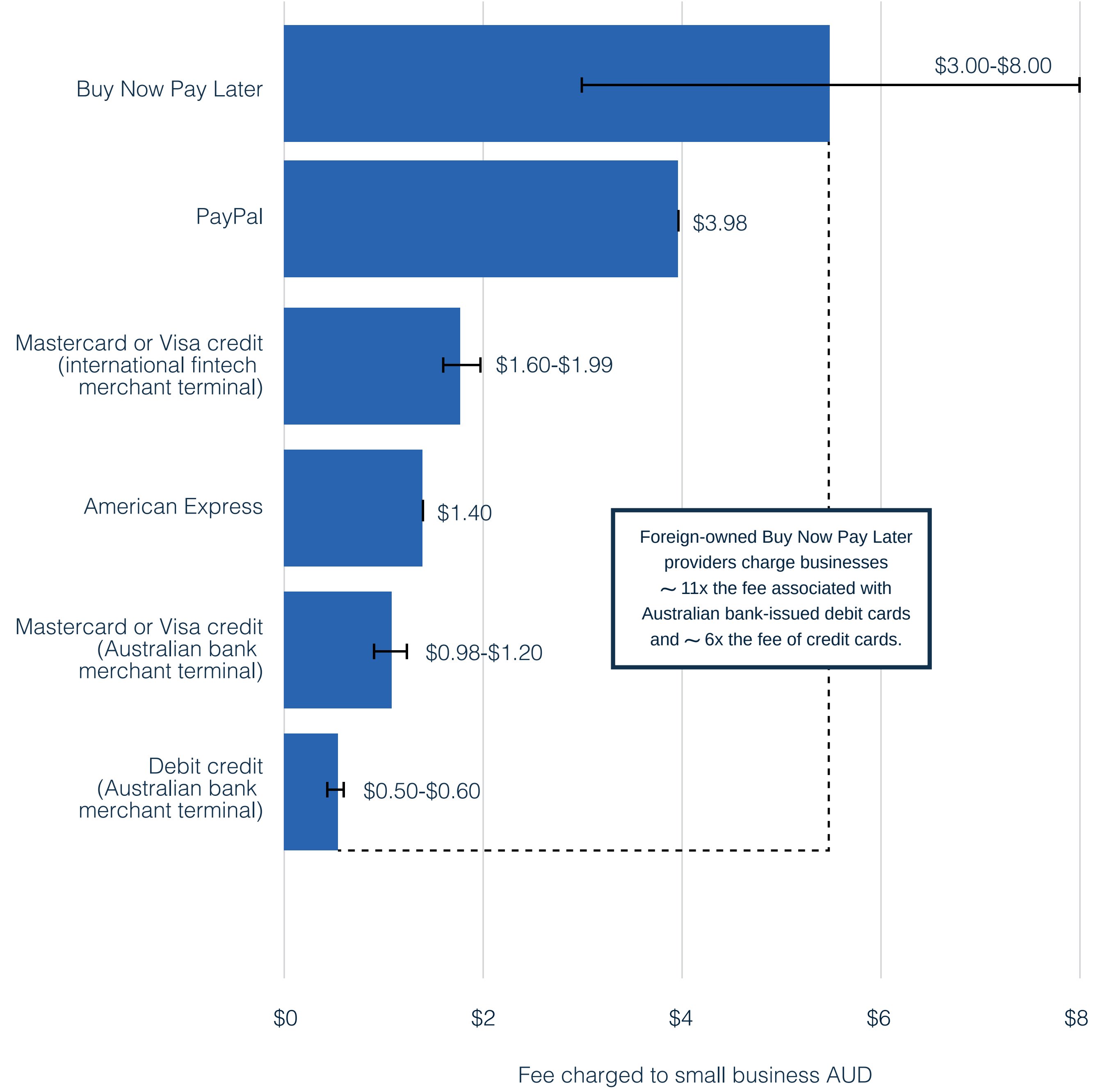
Australia's changing payment landscape has outpaced regulation.

Entities currently subject to Reserve Bank Payment regulations	Entities currently not subject to Reserve Bank Payment regulations
Bendigo Bank, BOQ, eftpos, ANZ, J.P.Morgan, VISA, Westpac, American Express	PayPal, Klarna, Apple Pay, tyro, G Pay, Square, pay, stripe, zip, afterpay, adyen

Large multinationals' expansion across the payments system is driving up costs for Australian businesses

Non-banks and foreign payments platforms operate in high-margin niches while banks continue to provide more traditional lower-margin services

Payment processing fee charged to small businesss on a $100 sale, $, 2025



Source: Westpac, *Exhibit: Two slides on payment options and ecosystem*, House of Representatives Standing Committee on Economics, Review of Australia's four major banks (2025, November 18)

The Way Forward

Closing the contribution gap requires concrete action from the Australian Government

Closing the contribution gap means…

Protecting Australians from scams – The Federal Government is on the right track

Australian Banks have been leading the way to protect customers from scams by:

- rolling out new Confirmation of Payee technology
- investing in a major expansion in intelligence sharing,
- extra identity checks to verify customers
- shutting down dodgy bank accounts.

Meanwhile it has been publicly reported that social media giant Meta projected ten per cent of its revenue in 2024 would come from scam advertisements.[1]

Better capturing foreign multinationals in our regulatory environment - more work for the Government to do

Australian banks have built and invested in our world class payments system delivering a safe, secure and efficient way for Australians to pay for goods and services.

Our payments system is evolving rapidly and has outpaced the regulatory environment that governs it.

A level playing field is essential: all entities providing payment services to Australians should face equivalent regulatory obligations, regardless of where they are headquartered.

What does regulatory equivalence look like?

Banks support the Government's legislative approach to responding to scams because not only does the Scams Prevention Framework (SPF) require banks to meet strict obligations, it will also require telcos and social media to meet mandatory obligations too. This reflects the way people access information in the digital economy and the role those companies can play in reducing scams.

This will include social media being required to verify advertisers, reducing exposure to scams.

What does regulatory equivalence look like?

The 2025 reforms to the Payment Systems (Regulation) Act 1998 (PSRA) give the Reserve Bank greater powers to regulate large foreign multinationals, including Apple Pay, Amex and Buy-Now-Pay-Later, to ensure fair prices for consumers and small businesses.

With this legislation now in place, this Act provides the capacity for a broader review of the payments ecosystem, including participants and commercial arrangements that have sat outside the regulatory perimeter.

Greater transparency of scheme fees and mobile wallet arrangements is increasingly important for fairness affordability and accessibility for customers and small business.

[1] Reuters, "Meta is earning a fortune on a deluge of fraudulent ads, documents show," Jeff Horwitz, 6 November 2025.

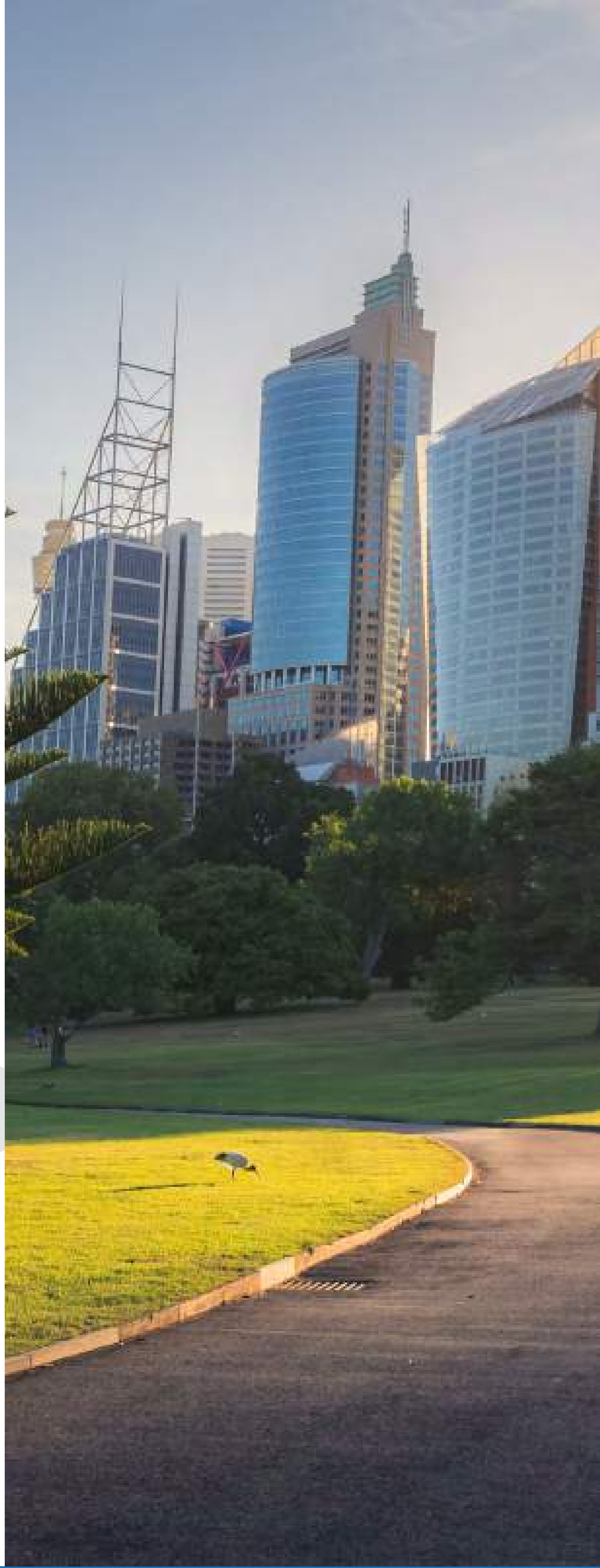
Australian Banking Association

About the ABA

The ABA represents banks of all sizes that serve households, communities and businesses across the country. Our role is to make sure Australians can rely on a safe, fair and efficient banking system.

We work with government, regulators and community groups to ensure the rules that shape banking put customers first and ensure economic stability.

More information is available at **www.ausbanking.org.au**



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