20 May 2026

Anthony Hilton
Director, Competition Exemptions
Australian Competition and Consumer Commission (ACCC)

Dear Mr Hilton

The Australian Banking Association's (ABA) application for revocation of authorisation AA1000441 and substitution of AA1000683 – ABA response to ACCC request for further information dated 28 April 2026

On behalf of Member Banks, the ABA sets out its response below to the ACCC's request for further information dated 28 April 2026 (**RFI**).

1. ABA's response to RFI item 1

To recognise that some Member Banks will require up to 12 months to update systems to record customer eligibility, the ABA suggests a minor amendment to item 1(b) in the RFI as follows:

> ***1(b). the ABA to report annually <u>thereafter</u> for each Member Bank, the number of...***

The ABA does not object to the ACCC's remaining proposed reporting conditions at item 1(a)-(c).

We also reiterate the ABA's proposal to the ACCC in its submission dated 2 April 2026 (**2 April submission**), that any Potential New Customer condition exclude Member Banks where all of their current transaction account products comply with paragraph 62 (and 59 if they offer a basic account) of the Banking Code of Practice.

Regarding item 1(d), the ABA does not consider an additional obligation on Member Banks to review their 'established practices' and update the ACCC regarding new Eligible Customers' take-up of basic, low or no fee accounts is necessary for the following reasons:

(a) The existing Banking Code obligations and proposed conditions to the ACCC authorisation, viewed holistically, adequately address any potential detriment

The ABA considers that the impact of the conditions proposed in its 2 April submission, the conditions proposed by the ACCC in its Draft Determination, and member banks' existing obligations under the Banking Code relating to basic, low fee and no fee accounts should be viewed holistically as a "package", rather than in the context of each specific condition.

These obligations operate as a comprehensive set of measures to:

- identify Eligible Customers;
- equip them with sufficient information to decide whether to select a basic, low or no fee account; and
- offer several, meaningful opportunities to move to a basic, low or no fee account[1] throughout their customer experience. These obligations extend across the full customer lifecycle, from initial engagement to key touchpoints throughout the customer's banking experience as follows.

During the **customer's account opening process**:

[1] We note for the purposes of this response, references to 'basic, low or no fee accounts' means those accounts with the special features in paragraph 62 of the Banking Code unless otherwise stated.

- Under the Potential New Customer Condition in the ABA's 2 April submission, together with the ACCC's proposed reporting conditions in paragraph 1(a) – (c) of the RFI, Member Banks must:
  - identify whether all new customers are Eligible Customers; and
  - if they are eligible, offer the customer the option of a basic, low or no fee account.
- Member Banks must have established processes in place to fulfil the above obligations to identify and offer basic, low or no fee accounts to all new Eligible Customers.
- Member Banks must also report annually to the ACCC on the number of new customers identified as Eligible Customers, the number of basic, low or no fee accounts that were opened for new Eligible Customers, the proportion of new Eligible Customers who opened basic, low or no fee accounts, and the established processes that they have in place.

After the opening of a non-basic account:

- Under the Potential Opt-Out Condition in the ABA's 2 April submission, Member Banks must:
  - at least annually send a notice to all Identified Existing Eligible Customers[2] that their Transaction Account will be migrated to a basic, low or no fee account;
  - annually migrate the Transaction account to a basic, low or no fee account, unless the customer has chosen to opt out of the migration.
- This would capture:
  - existing eligible customers who opened an account prior to the Potential New Customer Condition coming into effect (except those who have previously received such a notice and declined the migration);
  - Identified Existing Eligible Customers who, post the commencement of that condition, elected not to open a basic, low or no fee account; and
  - customers who were not Eligible Customers at the time of their account opening but have since become eligible.

Further, the ABA intentionally proposed the opt-out migration condition to occur on an annual basis (going further than the ACCC's proposed one-off opt-out migration) to ensure that Eligible Customers who may change their mind or become eligible over time are identified and given the opportunity to switch to a basic, low fee or no fee account.

At any time **throughout a customer's banking experience**:

- Under the Banking Code, Member Banks must:
  - if a customer says they are a low or no income earner, provide information about accounts they may be eligible for including basic, low or no fee accounts.[3]
  - if they are an Eligible Customer and ask for a basic, low or no fee account, offer them one.[4]

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[2] Subject to the proposed exceptions in the ABA's submission dated 2 April 2026.
[3] Banking Code of Practice [55]. We note this obligation applies regardless of whether a person is a customer of the Member Bank.
[4] Banking Code of Practice [62].

- train their staff to recognise people that may qualify for basic, low or no fee accounts.[5]
- promote awareness of affordable banking products and services such as basic, low, or no fee accounts, and to communicate who those products are designed for;[6] and
- comply with a range of obligations to identify when customers may be experiencing financial difficulty, to provide information about their processes for managing customers experiencing financial difficulty and to work with them to find a sustainable solution.[7]

When viewed holistically, these obligations operate as a comprehensive and effective safety net for Eligible Customers.

(b) Conversion rates are not an appropriate measure of impact

As stated in previous submissions, the ABA does not consider that conversion rates, including the proportion of new Eligible Customers choosing to open or switch to a basic, low or no fee account are appropriate measures of success or failure of basic account take up.

Nor should it be used as a definitive indicator of the effectiveness of the measures under Potential New Customer Condition 2. Basic account obligations under the Banking Code are not intended, nor designed, to remove customer choice.

There will be many reasons why a customer may elect not to move into a basic account despite being eligible, including differences in account features, and changes in general economic conditions at the time of opening their account (e.g. interest rate cycle).

Finally, conversion rates do not apply to Member Banks who only offer transaction accounts that meet the basic, low or no fee definition as there are no alternative transaction accounts to offer Eligible Customers.

2. ABA's response to RFI item 2

[redacted]

[5] Banking Code of Practice [66].
[6] Banking Code of Practice [60].
[7] Banking Code of Practice [167]-[180].
[redacted]

Australian Banking Association

3. ABA's response to RFI item 3

The proposed exception to the Potential Opt-out Condition in the ABA's 2 April submission for 'interest-bearing' accounts is necessary for the reasons set out in G+T's email to the ACCC dated 15 April 2026.

In addition, the definition of "transaction accounts" in the 2 April submission:

- states that transaction accounts "*for the avoidance of doubt, may include interest-bearing accounts*". Given that these accounts are explicitly included in the definition, there is a need to include interest-bearing transaction accounts as an exemption to the Potential Opt-out Condition; and

- excludes non-transaction, savings accounts i.e. "*an account designed and marketed for the primary purpose of accumulating savings or earning interest on an investment*".

(a) RFI item 3(a)

To assist the ACCC in understanding the types of 'transaction' accounts captured under the proposed 'interest-bearing' accounts exception, we provide the information in Figure 1 below.

Figure 1: Accounts captured under proposed 'interest-bearing' accounts exemption

Customer segments	Account features
Pensioners / Retirees (generally aged 55 years and above)	• Interest paid on credit balance tiers • Interest paid does not include bonus, conditional or introductory period requirements • No monthly account fees, no transaction fees for standard electronic withdrawals
Students	• Interest paid on credit balance tiers • Interest paid does not include bonus, conditional or introductory period requirements • No monthly account fees, no transaction fees for standard electronic withdrawals

(b) RFI item 3(b)

The ABA has previously made submissions as to why benchmarking interest earned against fees is not an appropriate measure in the context of the ACCC's previously proposed refund condition.[9]

[9] ABA submission to the ACCC dated 2 April 2026, pp.1-2.

The ABA refers to these submissions and reiterates those concerns in the context of the Potential Opt-Out Condition.

(c) RFI item 3(c)

The ABA refers to the ordinary meaning of 'interest bearing', being interest that is payable to customers on the credit funds held in their account. This includes interest which is payable in accordance with the account terms and conditions agreed to by the customer.

We reiterate the ABA's previous submissions on the difficulties associated with mandating any pricing benchmarks for exemptions, including by reference to any definition of 'nominal' interest earned or otherwise.[10] The ABA refers to its response to item 3 (d) below which relevantly addresses its position on the treatment of accounts with different interest earning structures.

(d) RFI item 3(d)

The ABA notes that accounts with bonus, conditional or tiered interest (e.g. during an introductory period) are typically market as savings accounts and would not fall within scope of the Potential Opt-out Condition because they are excluded by the definition of "Transaction account". These accounts are intended for customers who have a specific goal of earning bonus interest and satisfying the necessary criteria to earn the maximum amount of interest.

In fact, these accounts often attract bonus interest on the basis that drawings on the account (and therefore day-to-day transactions) are minimised. Whether or not a customer satisfies the criteria to earn bonus, conditional or tiered interest will vary depending on their financial decisions.

On interest-bearing transaction accounts, the ABA has previously detailed reasons for their exclusion from the proposed opt out migration condition[11], and we consider that customer choice and the benefits received from interest paid regardless of the structure, continues to justify their proposed exclusion.

4. Conclusion

We welcome the ACCC's finalisation of this matter, and the opportunity to discuss further any aspect of our response at any time.

Yours sincerely,

[redacted]

Chris Taylor
Chief of Policy

[10] ABA's submission to the ACCC dated 1 December 2025, p. 4.
[11] ABA submission to the ACCC dated 2 April 2026, p. 3.