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Thursday, 17 April 2025

Online submission only

Mr Tom Hilton
Director, Competition Exemptions
Australian Competition & Consumer Commission

Dear Director

Draft Determination AA1000683 – Application by the Australian Banking Association

We provide the following comment on Draft Determination AA1000683 in response to the Australian Banking Association's (**ABA**) application to continue offering Basic Bank Accounts (**BBAs**) and certain conduct related to agricultural loans.

We refer to our previous submission of 27 November 2024 and reaffirm our comments on the importance of both the authorised conduct and the conditions of authorisation. ASIC identified significant harm in its Report 785 – Better Banking for Indigenous Customers,¹ including \$6mn inappropriately charged in fees to eligible customers over a 12-month period. This occurred during the period of the previous authorisation indicating poor levels of compliance with the previous conditions. Maintaining the spirit of the authorisation conditions is essential to prevent further harm to low and no-income customers and prevent a further decline in compliance, particularly given the exclusion of any similar obligations from the new Banking Code of Practice.

We strongly support the conditions imposed in the Draft Determination, particularly the updated content of Condition D – Reporting on Proactive Identification of Eligible Customers. The new content of Condition D sends the appropriate signal to the ABA's members that positive and deliberate action is required to satisfy Condition C, and will increase transparency for regulators.

We also strongly support proposed further conditions contemplated at para 4.100 to require banks to offer BBAs to new customers in the first instance and require the migration of existing eligible customers to BBAs unless they opt out.

¹ [Report REP 785 Better banking for Indigenous consumers](#)



We believe this will greatly improve access to basic, low or no fee accounts for eligible customers. This is because:

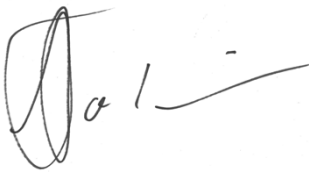
- as the ACCC points out, there are factors that can prevent eligible customers from switching on their own accord, including barriers to banking, and the demand of a customer's time and energy to do something that can be implemented automatically by their bank for their own benefit;
- again as the ACCC acknowledges, it would maintain customer choice. The default setting should be the basic, low or no fee account from which a customer can change to proactively and consciously;
- while there are different ways to approach opt-outs, they have been shown to be more effective than migrating customers to low-fee accounts.²

We support the duration of 5 years for this authorisation.

We are happy to provide further oral submissions at a pre-decision conference if one is requested by the applicant or another interested party.

Yours faithfully,

CONSUMER ACTION LAW CENTRE



Stephanie Tonkin
CEO

² See ASIC, REP 785 at p.18.

