



Level 6, 179 Queen Street
Melbourne, VIC 3000

info@consumeraction.org.au
consumeraction.org.au
T 03 9670 5088
F 03 9629 6898

Monday, 25 August 2025

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

Dear Director

Draft Determination AA1000683 – Application by the Australian Banking Association

We refer to our previous submissions of 27 November 2024¹ and 17 April 2025² and reaffirm our comments on the importance of both the authorised conduct and the conditions of authorisation.

This submission is provided on behalf of Mob Strong Debt Help, Financial Rights Legal Centre, and Financial Counselling Australia.

Basic bank accounts (**BBAs**) are incredibly valuable products for low and no income customers. They support financial wellbeing and autonomy and prevent small account balances from being persistently eroded by fees and charges.

We support the conditions maintained from the previous authorisation. We strongly support the further conditions contemplated in the Draft Determination and recommend the ACCC proceed on this basis.

Proposed conditions

We note the Australian Banking Association's (**ABA**) 20 June 2025 response accepts the conditions proposed in 5.10 of the Draft Determination (**the proposed conditions**) to require member banks to:

- Not charge interest or fees on informal overdrafts, or refund fees and interest where it is impossible to avoid those charges due to technological incompetencies (**overdraft condition**);
- Identify and contact eligible customers who hold high fee accounts once a year to advise them they are eligible for a BBA; (**eligible customers condition**); and
- Report publicly to the ACCC on BBAs available at member banks.

We do not oppose the ABA's request for an exemption from the associated reporting condition attached to the eligible customers condition, where member banks only offer BBAs. We similarly support the exemption from the overdraft reporting condition for those eight banks whose BBA offering cannot be overdrawn at all. We

¹ [Concerning the ABA's application to remove conditions from basic bank account conduct - Consumer Action Law Centre](#)

² [Draft-Determination-Consumer-Action-.pdf](#)

consider there is public benefit in requiring reporting from the member banks with systems that allow BBAs to be overdrawn, whether or not they charge fees. Our position is based in good faith on the ABA's submission that these exemptions would relieve some member banks from reporting a '0' each year.

The Draft Determination's proposed conditions maintain the status quo prior to the ABA's October 2024 application. We are pleased that the ABA has accepted the importance of the proposed conditions, in contrast to the October 2024 application which requested the removal of all conditions. The proposed conditions go some way to addressing the historic and continuing harm to low and no income customers caused by banking products that, by design, cause significant financial harm.

Additional considerations

However, we also strongly support the additional conditions contemplated in [4.100] (**the additional conditions**) which would require member banks to:

- Offer a BBA by default to all new eligible customers (**the default condition**); and
- Migrate eligible customers to BBAs unless they opt out (**the migration condition**).

The additional conditions would substantially improve outcomes for low and no income customers and better balance any potential detriment to industry and competition posed by the offering of BBAs.

Currently, people experiencing financial and digital exclusion are the customers likely to be penalised with account keeping, overdraft and dishonour fees. The market is full of accounts that offer great value with low and no fees, competitive rates and additional bonuses like no charges for foreign transactions or refunded ATM fees. By and large, these are offered outside of the major four banks (or by their acquired subsidiaries).³ People who can switch to these better offers, are already doing so. Meanwhile, it's those who can least afford to pay unnecessary fees and charges that are still doing so. In this context, the default and migration conditions are essential to meeting the necessary public benefit of the authorisation.

The ABA and, individually, the Commonwealth Bank (**CBA**) have contended that the contemplated additional conditions would increase the risk of customer harm and reduce customer choice. We disagree with their position for the reasons outlined below and strongly feel that the public benefit of the additional conditions outweighs any potential detriment to industry and competition. Further, many of the issues raised by CBA surrounding the cost of providing a branch network, ATMs and access to cash are matters for government to consider holistic public intervention to ensure the sustainability of these services.⁴ These services should not be cross subsidised by customers experiencing vulnerability, which would equate to a poverty premium.

Existing harm

ASIC's report 785 *Better banking for Indigenous consumers* (**REP 785**) identified serious failings by three of Australia's major banks to identify customers holding a Commonwealth Health Card, a Pensioner Concession Card or a Health Care Card (**concessional cards**), making them eligible for BBAs. The result was more than \$6 million charged in unnecessary fees over six months, predominantly stemming from overdraft and dishonour fees. We do not consider that informal overdrafts promote financial autonomy for low and no income people when they cause \$millions of losses. It is open to the member banks to seek consent from their customers to access overdrafts.

³ [Best Bank Accounts: 6 Expert Picks | Finder](#); [Best Bank Accounts Australia - Australia 2025 | Canstar](#); [Australia's best bank accounts for August 2025 | Mozo](#)

⁴ Currently, the Council of Financial Regulators and the ACCC are consulting on cash distribution: [Consultation on Regulating Cash Distribution in Australia – Consultations – Publications – Council of Financial Regulators](#). The previous government committed to ensuring the acceptance of cash for essential living services.

The issue is that if a customer is on Centrelink and uses an informal overdraft or has a dishonoured payment because they are trying to make ends meet, then the customer is unlikely to be able to afford the bank fees. The cycle of fee harm would best be addressed by a corrective measure of moving a customer to a low fee no fee account allowing them to have an equitable banking experience.

REP 785 established the significant failings of the existing opt-in model to prevent fee harm. The opt-in migration run by member banks under the previous authorisation was broadly unsuccessful, with the exception of Bendigo Bank. CBA's opt-in program migration had a success rate of just 0.5%. Westpac, ANZ and Bankwest had also had opt-in success rates of less than 2%.⁵ The ABA's 2024 report under the previous authorisation indicated that, to fulfil the previous obligation to proactively identify and contact eligible customers, two banks considered they met this condition by providing information on their website and in customer statements.⁶

The majority of the participating banks also required unnecessary proof of a concession card to be eligible for a BBA, even though those customer's concession payments were being made into accounts held with the banks. These requirements also showed a lack of inclusion in banks' processes for vulnerable clients experiencing fee harm, and a lack of understanding of digital exclusion amongst First Nations in regional, remote and very remote areas.

ASIC's additional report 811 *Better and beyond* (REP 811) identified still further fee harm in unnecessary fees charged to eligible customers who had not been migrated to BBAs, resulting in a further \$60 million being promised in refunds. This raises into question whether those banks were complying with the previous authorisation's requirement to 'proactively identify eligible customers'.

Opt-out migration is the right model to end fee harm

Our frontline services have deep expertise in meeting the needs of people experiencing vulnerability. We know that there are real and significant barriers to switching bank accounts to avoid fee harm. Regional and remote customers face increasingly limited access to branch networks (at which some banks require attendance to take out BBAs) and a continually inadequate mobile network. The compounding nature of disadvantage means that people who can't afford to pay fees are also more likely to face barriers like digital exclusion, literacy, limited mobility and access to banking services. Financial counsellors and support staff in regional and remote communities are increasingly spending time assisting people, including many First Nations People, to navigate banking services and understand their options and rights. A proactive response by the bank would be appropriate to reduce trauma and harm.

First Nations People face unique and particular barriers in accessing banking services, including the lack of culturally appropriate and safe services. As outlined in our joint submission to AUSTRAC,⁷ First Nations People, particularly those living in remote communities, face significant challenges in accessing banking services due to the rigid identification documentation requirements. Leading First Nations consumer advocates tell us that if we want to improve First Nations engagement, taking up opportunities to close the gap and remedy issues, we need to minimise and remove unnecessary barriers. As an example, this advice was heeded by the Federal Government in the guidelines of the Youpla Support Program where a simple verbal verification was required after Services Australia proactively contacted all the relevant clients based on data they held. This has resulted in the successful outcome of 80% of funds being dispersed over the past 13 months. This is evidence of why an opt-out migration would best suit this cohort of customers.

⁵ [REP 785 Better banking for Indigenous consumers | ASIC](#)

⁶ [Concerning the ABA's application to remove conditions from basic bank account conduct - Consumer Action Law Centre](#)

⁷ [Submission to AUSTRAC: Consultation on draft updated guidance](#)

CBA has a disproportionate number of Centrelink and First Nations customers due to historic status as the public bank and historical Dollarmite accounts. The reason they have retained these customers is due to existing barriers that particularly impact these people. The fact that the majority of these groups have not transitioned banks is the same evidence for why opt-in migration will continue to be unsuccessful for people experiencing vulnerability. Providing a streamlined move to an appropriate account will allow gaps in the cost of living to be closed just a little bit more.

Australia's retail deposits market is highly concentrated with the big four banks holding around 72% of household deposits.⁸ Treasury research suggests that people are less likely to switch transaction accounts because the financial incentive is generally lower than mortgages or term deposits,⁹ and generally those that do are higher-income.¹⁰ We also know that disclosure is a poor tool to influence customer choice and drive competition in the market.¹¹ It is far more effective to ensure consumers are protected from unnecessary financial harm through good product design and high quality default offerings.

The objectively better value for money offered by the non-major banks is apparently insufficient to meaningfully disrupt the big four's market share, particularly for people experiencing vulnerability. In this context, opt-out migration for eligible customers is clearly the most effective method to achieve the public benefit of the authorised conduct.

People who can avoid fee harm already are, as they are equipped to navigate the complex financial services system and understand, and have digital oversight of, the impact of fees. The public benefit of the authorised conduct is to lift up people who face barriers to financial safety, and design products to be safe for the people who need them. The migration, default and overdraft conditions are the best means to achieve that public benefit.

Default condition

The default condition to offer a BBA to all new eligible customers would substantially increase the public benefit of the authorised conduct. As discussed above, the prevalence of low and no fee accounts in the market means that people with high financial literacy and digital inclusion are already seeking competitive accounts, meaning people with less digital access or financial literacy may be the ones using high-fee accounts.

We also note that the default condition does not substantially increase the burden on member banks from the existing conduct in Paragraph 57 of the 2025 Banking Code of Practice.¹² This paragraph commits member banks to asking new customers if they hold a concession card and providing them with information about BBAs and low and no fee accounts. The ABA contends that the status quo allows for customer choice without 'the added risk of being defaulted into product [a BBA] that is potentially not aligned to their needs and objectives'. This is already happening with customers being effectively defaulted into accounts that attract a range of fees. The two ASIC reports show that banks' onboarding systems have consistently failed to provide customers with sufficient information to opt-in to a BBA when it meets their needs. The default condition would address harm by requiring customers to make an informed choice to opt in to an account that meets their needs, if that account carries the risk of fee harm. In practical effect, it would require only minimal adjustment to the onboarding process for new eligible customers to advise them of information about account offerings that may be materially better than BBAs, in addition to advising them about the BBA.

⁸ [Monthly Authorised Deposit-taking Institution Statistics | APRA](#) June 2025

⁹ [Banking Services - Switching Arrangements](#)

¹⁰ [Barriers to Switching | RDP 2018-11: Consumer Credit Card Choice: Costs, Benefits and Behavioural Biases | RBA](#)

¹¹ [Report REP 632 Disclosure: Why it shouldn't be the default](#)

¹² [2025 Banking Code of Practice - The Banking Code Compliance Committee](#)

The default condition would effectively incentivise banks to remove barriers to accessing BBAs. Currently, CBA requires eligible customers seeking their BBA (Streamline Basic) to attend a branch to physically show their concession card.¹³ The Bank of Queensland also requires in-branch applications to open their Day2Day Plus BBA,¹⁴ as does Bendigo for its Concession Account.¹⁵ Requiring physical attendance at an increasingly fewer number of branches is not industry standard: NAB's BBA can be opened online within five minutes.¹⁶ Up, ING and Westpac all also allow their BBAs to be opened online (Westpac's in 'just a few minutes').¹⁷ The barriers some banks place in opening BBAs are by design, not necessity. When we look at banks that service remote and very remote communities the requirement to attend a branch is costly, if not an impossibility. In some areas this can mean a 4 plus hour drive one way and in wet season, a barge, or light plane. Banks that require branch attendance by low-income customers are contributing to their experience of financial hardship. It costs money to be poor ('the poverty premium') and in that sense, some banks are profiting from it.

Getting the wording right

We understand that industry feels that the draft determination's conditions are a 'blunt regulatory instrument' to deal with a large and diverse cohort of customers.

The number of customers who are better off remaining in high fee accounts are relatively small and easily identifiable. We propose the final determination require opt-out migration as a default, with opt-in migration considered in the context of certain customer profiles. Those could include:

- Customers with offset accounts linked to mortgages
- Customers receiving meaningful returns on savings
- Those accessing overseas transaction benefits.

Our major banks have the technology needed to easily identify and exempt these customers. The ABA's comments about the financial and time investment required to implement the opt-out condition can be addressed by a lead-in time for this obligation to come online. We also understand that some member banks are already implementing systems to identify and opt-out migrate eligible customers, as indicated by ASIC in REP 811.

Offset accounts

We agree that there is no value in forcibly migrating customers with offset accounts to BBAs. There is no other liquid way to hold cash that will provide the same benefit as the amount an offset account can save someone on their mortgage. Regardless, these eligible customers should still be provided with information about their eligibility for BBAs and the special features of BBAs. This will deliver a public benefit in raising awareness of BBAs and future planning for the end of a mortgage.

Accounts with meaningful returns

It is likely unsuitable to opt-out migrate customers from interest bearing accounts, where interest is being paid at close to the RBA's official rate.

However, simply paying any interest is not sufficient – for instance, CBA's Pensioner Security Account pays just 0.05% p.a. on balances under \$10,000. ANZ's Online Saver account pays 0.9%.¹⁸ NAB's iSaver pays 1.25% after

¹³ [Streamline Basic Account for Concession Holders – CommBank](#)

¹⁴ [Concession Bank Account - No monthly fees | Bendigo Bank](#)

¹⁵ [Day2Day Plus Account | No Monthly Fee Bank Account](#)

¹⁶ [Classic Banking account | \\$0 monthly account fee - NAB](#)

¹⁷ [Concession Bank Account - No monthly fees | Bendigo Bank](#)

¹⁸ [ANZ Online Saver – Online Savings Account | ANZ](#)

the first four months.¹⁹ Requiring opt-out migration for accounts which pay interest well below the market rate will incentivise banks to offer accounts with more competitive rates and reduce the risk of fee harm. Where accounts have onerous conditions to qualify for interest payments, banks should be required to assess if those products are delivering value to exclude from opt-out migration on a customer-by-customer basis. The ACCC's Retail Deposits Inquiry found that over a six-month period, as many as 71% of accounts did not receive bonus interest in any given month.²⁰ Customers miss out on earning meaningful interest because conditions are designed to be difficult to meet and poorly communicated.

We suggest setting a benchmark for exempting customers in 'beneficial' accounts, so that they must have:

- Earned interest close to or higher than the RBA's official rate; and
- Earned full eligible interest for at least four of the previous six months; and
- Those interest payments are higher than regular or ad-hoc fees being incurred.

Other 'benefits' from high fee accounts

As outlined above, many non-BBAs are being described as more suitable to eligible customers because they offer certain features, such as access to a shopping platform, loyalty points, or interest payments.

Neither shopping platforms nor loyalty points offer real, tangible benefits that outweigh the financial fee harm caused by inappropriate high-fee accounts. These reward systems are, by design, opaque and require significant customer engagement to derive any benefit – merely having access to these systems should not be considered in and of itself a benefit. These accounts are suitable to migrate customers on an opt-out basis. Customers who are actively using these systems will be sufficiently engaged to opt-out if it suits them.

Many of us support the most vulnerable consumers and see the impact of fee harm on their bank accounts that leave them with skinny money in their pension and reduce their ability to afford essentials. Banks argue that they don't want to take away self-determination by opting customers out of fee harm, but this harm from the most vulnerable bank customers is contributing to their profits. The ABA and member banks have been repeatedly advised by First Nations experts at the ABA Consumer Outcomes Group that an opt-out migration is the best path forward to reduce fee harm.

Thank you again for the opportunity to provide feedback into this Draft Determination process. Should you have any questions, please contact Shelley Hartle at shelley@consumeraction.org.au.

Yours faithfully,

CONSUMER ACTION LAW CENTRE
Stephanie Tonkin
CEO

MOB STRONG DEBT HELP
Bettina Cooper
Senior Financial Counsellor and Strategy Lead

FINANCIAL COUNSELLING AUSTRALIA
Dr Dominique Meyrick
CEO

FINANCIAL RIGHTS LEGAL CENTRE
Alexandra Kelly
Director of Casework

¹⁹ [Savings accounts | Compare accounts and interest rates - NAB](#)

²⁰ [Bank customers missing out on earning more interest from savings | ACCC](#)