



9 July 2004

Dr John Veale  
Head of Payments System  
Reserve Bank of Australia  
65 Martin Place  
SYDNEY NSW 2000

Dear John

## **DESIGNATION OF ATM NETWORK ARRANGEMENTS**

ASL supports the designation of ATM network in Australia by the Reserve Bank of Australia or any other means open to the Reserve Bank to progress the implementation of the AISG proposed ATM reform model. This letter summarise why ASL believes such action by the RBA is in the public interest.

The public interest is served by efficient payments systems, in terms of consumers being able to make purchases and obtain cash at the lowest cost possible for the mix of payment instruments they prefer to use. Efficiency itself is strongly promoted through competition and correct pricing signals. Therefore it is in the public interest to have a competitive payments industry that prices payment instruments consistently, given the functionality of the payment instruments that consumers choose to use.

A fuller argument as to why it is in the public's interest for consistent reform across all payments types was provided in ASL's submission on EFTPOS designation.

Building Societies have contributed extensively to the work of the ATM Industry Steering Group ("AISG") which has pursued voluntary reform. The AISG has developed a direct charging proposal that has clear public benefits, while addressing the concerns raised in the RBA/ACCC Joint Study and the needs of smaller institutions. Societies fully support the outcomes of the AISG's work which will be presented separately to the RBA.

In particular, Societies as smaller players wish to retain the option of joining a network as well as direct charging. The concern of Societies is that they will be disadvantaged in a world of direct charging by not having a national ATM network for use by their customers. The recommendations of AISG accommodate both options.

As with EFTPOS reform, societies via ASL have pursued voluntary reform. However, we are concerned that the process of voluntary reform is flawed and will only result in further and unnecessary delays. ASL therefore recommends that the RBA designate or otherwise progress reform of the ATM network including issues of access.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Toms', is written over a faint, illegible printed name.

JOHN TOMS  
DIRECTOR