Independent ATM Industry Group

ACT Legislative Assembly
Standing Committee on Public Accounts

Inquiry into Elements Impacting on the Future of the ACT Clubs Sector

Submission of the Independent ATM Industry Group

12 MAY 2015

Independent ATM
Industry Group

1. Introduction

The Independent ATM Industry Group (IAIG) is pleased to provide a submission to this inquiry for the consideration of the Committee. This submission primarily focuses on the following components of the Terms of Reference:

- 1 (d) (iii) legislation and regulation; and
- 1 (d) (v) problem gambling.

1.1 About the Independent ATM Industry Group (IAIG)

The IAIG comprises independent automatic teller machine (ATM) providers Banktech, Cashcard and DC Payments.

Together, IAIG members operate more than 85 per cent of all independently owned ATMs and approximately 55 per cent of all ATMs in Australia.

In gaming venues, IAIG members own and operate more than 95 per cent of ATMs.

IAIG members' core business is to enable customers to access their own cash in convenient, safe and secure locations.

IAIG members are committed to working co-operatively with governments at all levels in Australia on regulatory and compliance issues relating to ATMs.

1.2 About the ATM industry

Independent ATMs deliver a valuable service to consumers by providing convenient access to cash.

ATMs in licensed venues offer convenient, safe and secure environments for the handling of cash for customers, particularly after dark.

It is important to note that an ATM is a machine which allows consumers to access their own cash provided their card issuer (financial institution) authorises the transaction. It is not an electronic gaming machine (EGM).

In addition, customers of independent ATMs in licensed venues are not all associated with gaming. In a submission to the Productivity Commission, ClubsNSW advised that only 35 per cent of people who use ATMs in clubs or pubs use them for the purpose of gambling. A much higher proportion of people use withdrawals for food (76 per cent), beverages (70 per cent) and to spend money outside the club (70 per cent).[1]

The ATM industry is highly regulated and operates in a complex legislative and regulatory environment overseen by Federal and state governments.

---

1 http://www.pc.gov.au/__data/assets/pdf_file/0005/87665/sub164a.pdf at p 11.

Over recent years the industry has experienced a high degree of regulatory scale, uncertainty and duplication in relation to its operations in licensed venues and measures to deal with problem gambling. This uncertainty and potential duplication across various levels of government has made it difficult for IAIG members to invest and plan with confidence.

This has been compounded over the last five years by a dramatic change in the ATM industry and the volume of transactions. The introduction of contactless card transactions and cash out facilities offered by most small retailers and major supermarkets has dramatically impacted consumer behaviour towards cash transactions and the need to access cash via ATMs. The volume of cash withdrawals from ATMs provides a measure of the change in spending patterns, with a move from cash to plastic and according to the latest Reserve Bank payment figures, the number of cash withdrawals for February 2015 was 54.8 million. This is the lowest volume of transactions per month since February 2003[2]. This shift in consumer behaviour presents considerable challenges for the industry, which IAIG members are currently working through.

2. Legislation and Regulations

IAIG members call upon all levels of government to provide regulatory certainty and streamlining in relation to the ATM industry, particularly ATMs located in licensed venues.

In addition, IAIG members call upon all levels of government to ensure that any proposed changes are supported by appropriate evidence on the proposed new measure's effectiveness and is balanced against the impact on the majority of consumers' ability to access their own cash at their discretion.

2.1 New South Wales

In April 2015, the IAIG welcomed the NSW Government's response to the Legislative Council Select Committee on the Impact of Gaming Report. The NSW Government did not support the introduction of the ATM withdrawal limit. The Government indicated there was insufficient evidence supporting the initiative and too much uncertainty about its effectiveness.

> *"There is no research evidence supporting the implementation of a limit – or what that limit should be – to address problematic gambling behaviour."*[3]

> *"Such a measure is likely to have a disproportionately adverse impact on access to cash by non-gamblers and those who are not experiencing problems, particularly in rural communities where the availability of ATM facilities can be limited"* [4]

The Government also noted that most financial institutions provided measures such as voluntary daily withdrawal limits to assist those with problem gambling behaviour:

> *"Most financial institutions impose daily withdrawal limits on transaction accounts and it remains open for individuals concerned about their gambling to approach their*

[2] Reserve Bank Statistical Tables, Payments Systems, Table c 4 ATM cash withdrawals
[3] NSW Government response to the "Select Committee on the impact of gambling"
[4] NSW Government response to the "Select Committee on the impact of gambling"

financial institution to implement a lower daily ATM cash withdrawal limit on their own accounts"[5]

In addition, the NSW Government committed to undertaking research on other measures, such as the mandatory distance between an ATM and an EGM, in order to better understand its potential effectiveness in addressing problem gambling, whether it was feasible to introduce such a minimum distance and, importantly, its potential impact on customers and the ATM industry.

The IAIG welcomes the NSW Government's balanced and evidenced-based approach to its decision making.

2.2 Federal Government

In 2014, the IAIG welcomed the Federal Government's decision to repeal certain provisions of the *National Gambling Reform Act (2012)* including the ATM withdrawal limit. The subsequent legislative amendments removed the regulatory duplication for the control of ATM services in clubs and pubs and restored this responsibility solely to the state and territory governments. The passage of the legislative amendments represented a significant step in reducing 'red tape' for the ATM industry.

2.3 Australian Capital Territory and South Australia

IAIG members found the experience regarding the introduction of the ATM withdrawal limit in the ACT to be confusing and difficult to implement. IAIG members were given less than optimal consultation process in order to align legislative drafting with technical implementation capabilities of the industry.

It was further complicated by concurrent legislative arrangements at a Federal Government level which took a different approach to the technical implementation required for the daily ATM imit.

In relation to changes to problem gambling ATM screen and receipt requirements in South Australia, IAIG members were not consulted at all in relation to the proposed amendments. Not being consulted on these measures made it very difficult to understand what was required by the Government. Had appropriate consultation occurred, the Government would have been made aware of the technical impediments to certain proposed measures.

2.4 Recommendation

As the majority provider of independent ATMs in Australia, IAIG members would welcome the opportunity to engage with the ACT Government on any proposed changes to regulation or legislation which has an impact on the ATM industry.

[5] NSW Government response to the "Select Committee on the impact of gambling"

In determining the appropriateness of further regulation or legislation, the IAIG calls upon the ACT Government to ensure that any proposed measures have reputable evidence supporting the effectiveness of the proposed measures and also a thorough assessment on the resultant impact on the majority of consumers and financial impact upon the ATM industry.

3. Problem Gambling

There is no evidence to suggest causality between access to ATMs and problem gambling. In any case, IAIG members are committed to working with governments where possible to help minimise any community harm caused by this issue, which includes restrictions on access to credit accounts, ATM placements outside of gaming rooms and the inclusion of problem gambling helpline messages on ATM screens.

IAIG members firmly believe that any new measures designed to address problem gambling should be based upon thorough research and evidence, and not have unintended consequences on members of the general public, venue patrons and recreational or non-gamblers. The measures should be technically and operationally capable of being implemented and there should be minimal increase to the regulatory burden imposed upon our members and venue licensees.

This is particularly important because any measure which impacts on our members' ability to provide full ATM services will reduce revenue, reduce services to the public and will erode consumer confidence in the independent ATM sector..

3.1 Daily withdrawal limit on ATMs in clubs

The IAIG does not support withdrawal limits on ATMs in licensed venues. The IAIG believes it is an ineffective measure that adversely impacts the ATM industry, licensee revenue and all consumers' right to access cash.

In the ACT, ATMs in licensed venues are currently bound by a $250 ATM withdrawal limit per card per day.

IAIG members do not support this limit and agree with the recent report by the NSW Government highlighting that there was insufficient evidence to support such a measure for the purpose of addressing problem gambling behaviour. The IAIG believes this to be an ineffective measure, which instead has created an unnecessary cost burden to the industry.

In addition, the $250 limit is unreasonably low and is enshrined in legislation without any scope to increase in line with changes in CPI.

- *No evidence to support causality between problem gambling to presence of ATMs*

Any evidence that links the level of problem gambling to the presence of ATMs in gaming venues is inconclusive and should not be relied upon by regulators. The Productivity

Independent ATM Industry Group

Commission found that causality between access to ATMs and problem gambling was 'hard to demonstrate conclusively.'[6]

In addition, the 2008 Socio-Economic Impact Study of Gambling in Tasmania concluded that imposition of a ban on ATMs in pubs and clubs with gaming facilities had little impact on the rate of problem gambling "as people may be using ATMs very close to venues before they begin gambling"[7].

This was more recently supported by the NSW Government. It stated:

> *"There is no research evidence supporting the implementation of a limit – or what that limit should be – to address problematic gambling behaviour."*[8]
>
> *"Such a measure is likely to have a disproportionately adverse impact on access to cash by non-gamblers and those who are not experiencing problems, particularly in rural communities where the availability of ATM facilities can be limited"* [9]

- *Withdrawal limits in ACT and South Australia not effective*

Withdrawal limits imposed in South Australia and, the ACT in February 2014 have had little impact on the rate of problem gambling.

While it is too early to compile comprehensive analysis, anecdotal evidence suggests that there has been a noticeable increase in the number of customers entering licensed venues with large sums of cash.

Importantly, gaming staff are trained to identify potential problem gamblers and this increase in customers arriving at venues with cash has made it difficult for them to adequately monitor their patrons.

- *Encourages access to unregulated credit facilities*

ATMs in licensed venues are subject to stricter conditions than those on the street. For example, in all jurisdictions cash withdrawals on credit accounts are prohibited in clubs and hotels with gaming machines.

Imposing a daily limit on ATMs within licensed venues forces those people who want extra cash to seek these funds from ATMs located outside. While this exposes customers to a less safe environment to withdraw cash, of greater concern is that customers are exposed to unregulated street front provided ATMs and will have access to a greater range of credit facilities as a result.

---

[6] www.pc.gov.au/_data/assets/pdf_file/000587665/sub164a.pdf (pg 11)
[7] Social and Economic Impact Study into Gambling in Tasmania Vol 2, The Prevalence Study for Department of Treasury and Finance by the South Australian Centre for Economic Studies at pp 43-4.
[8] NSW Government response to the "Select Committee on the Impact of Gambling"
[9] NSW Government response to the "Select Committee on the impact of gambling"

Independent ATM Industry Group

- *Role of ATMs in Regional Communities*

The importance of providing safe, secure and reliable access to cash should not be underestimated. In some areas, particularly rural and regional communities, ATMs in licensed venues have assumed the role of quasi banking institutions as traditional banking facilities have significantly reduced or been withdrawn entirely from communities in recent years. Enforcing a withdrawal limit would dramatically and unfairly impact local communities' ability to access cash.

- *Cost to industry, consumers, licensees*

As noted in the submission by ClubsNSW to the Productivity Commission, only 35 per cent of people who use ATMs in clubs or pubs use them for the purpose of gambling. A much higher proportion of people use withdrawals for: food (76 per cent), beverages (70 per cent) and to spend money outside the club (70 per cent).[10]

Feedback from licensees indicates that there has been an impact to food and beverage sales in those states and territories where a limit has been imposed. This is clearly an unintended consequence of the limit and needs to be considered seriously by regulators.

3.2 Prescribed distance between ATMs and EGMs

The placement of an ATM within a licensed venue is subject to several factors, including: security (access to CCTV and lighting), occupational health and safety concerns (ability to load cash into machines in a safe and secure environment) and patron convenience.

Stipulating a distance between an ATM and EGM areas which is appropriate for small inner-city hotels and pubs as well as large suburban clubs is impractical and would impose an unnecessary compliance burden upon ATM companies and licensees.

Importantly, ATMs located in the street do not offer the same safety or security for customers or staff.

4. Conclusion

IAIG members are committed to working co-operatively with governments at all levels in Australia on regulatory and compliance issues relating to ATMs.

The IAIG calls for measures which are proven to be effective and do not have a disproportioned impact on ATM companies, licensees or the general public.

The change in consumer behaviour regarding cash transactions has had a significant impact on our industry. This impact is compounded by regulatory risk primarily associated with problem gambling measures.

---

10 http://www.pc.gov.au/__data/assets/pdf_file/0005/87665/sub164a.pdf at p 11