



Australian Banking
Association

29 April 2021

Committee Secretary
Senate Standing Committees on Environment and Communications
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Dear Committee Secretary

Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020

The Australian Banking Association (**ABA**) advocates for a strong, competitive, and innovative banking industry that delivers excellent and equitable outcomes for customers. The ABA supports appropriate access to credit for customers to support their long-term prosperity while taking extra care of customers experiencing vulnerability. This is a commitment ABA member banks have made in the 2020 Banking Code of Practice.

In this context, the ABA has recently given consideration to the use of credit cards for online gambling. As you may be aware, the use of credit cards for gambling on poker machines in licensed venues, TAB outlets and at racing tracks were banned by state and territory governments in the early 2000s. These bans were instituted by placing conditions on gambling licences. However, these bans did not extend to online gambling as it wasn't widely accessible in Australia at the time. Two decades on, online gambling now accounts for 55% of all gambling, 25% of Australian adults have gambled online in the past 12 months.

Many ABA member banks have introduced mechanisms to limit the harm that can result from the use of credit cards for online gambling. Most banks have developed technology solutions including tools to track and cap spending and initiate customer directed blocks. Banks have trained customer support teams and provided referrals to support services. Some banks block all forms of spending on their credit cards from gambling merchant codes.

To better understand the issues involved in the use of credit for this purpose, the ABA undertook a consultation to seek community views about the use of credit for online gambling. The three-month consultation included a YouGov representative sample survey as well as a short-form survey on the ABA website seeking views on the use of credit cards for online gambling. During the consultation process, stakeholders raised a range of views both for and against a restriction on the use of credit for gambling. However, an overwhelming majority of respondents supported further restrictions on the use of credit for online gambling. A copy of the report is enclosed for the Committee's consideration.

The Competition and Consumer Act 2010, prohibits businesses and their industry association from reaching agreements or understandings about matters on which they compete, such as in relation to prices for products or services, the design features of those products and services, the ability to offer a product or service, or arrangements for certain customers. Therefore, member banks will individually consider the results of the consultation in the operation of their own credit card products.

Submissions to the ABA consultation pointed out that considering individuals cannot use a credit card at a TAB, in a casino or at the track, but can gamble online using their credit card or can transfer money from their credit card into an online app to gamble, it is timely for the government to make consistent rules and modernise the Interactive Gambling Act.



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An amendment could be introduced to prevent registered online gambling companies from being able to accept payment by credit. The amendment could be phased in to allow people time to transfer their online gambling accounts to a debit card.

A legislative solution would have an additional advantage of eliminating any possible impact on charitable lotteries. In the event an individual financial institution elected to introduce a ban on the use of their credit cards for gambling, they will need to introduce a block on payments to the merchant category code for gambling (MCC 7995 –betting, including lottery tickets, casino chips, off-track betting, and wagers at racetracks). The recent consultation identified that this may affect the fundraising activities of some registered charities that sell lottery tickets, for example, the Mater Hospital, Kids Helpline and Surf Life Saving Australia and potentially affect some newsagent operators who derive significant income from the sale of lotto tickets. This issue would not arise in the case of a legislative solution.

In Australia, the Interactive Gambling Act sets the rules for companies that offer or advertise gambling services covering gambling that takes place online, through a website or app or via a telephone. The Federal Government made amendments to the Act in 2017 which included preventing gambling operators from offering or enabling lines of credit to their customers

The ABA encourages the Committee to consider further amending the Interactive Gambling Act to establish a consistent policy approach to the use of credit cards for gambling across all gambling services in venues and online for the benefit of customers. Banks will continue to engage with community groups and industry stakeholders on this issue.

Yours sincerely

The Hon Anna Bligh, AC
Chief Executive Officer