

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2015-16 Additional Estimates Hearings

Outcome Number: 2.1 Families and Communities

Question No: SQ16-000259

Topic: Cashless Debit Card

Hansard page: 87

Senator Rachel Siewert asked:

And on what basis does it meet that requirement of a bank account? What are the criteria and what was the assessment of Indue against that? Did you seek advice on that?

Answer:

Indue is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulatory Authority (APRA). Only ADIs are authorised to take deposits from the general public and undertake banking business in accordance with the *Banking Act 1959 (Cth)*.

Under the *Banking Act*, only a financial institution that meets APRA's capital requirements and who has sought APRA's individual consent can use the word "bank" when describing itself or its products. Indue, while an ADI, is not classified a bank under the *Banking Act* and cannot use the term "bank account" to describe its deposit accounts. The distinction is only a technical distinction and does not lessen the regulatory supervision in place to protect the deposits of the general public where deposits are lodged with an ADI in Australia.

In accordance with section 124PP of the *Social Security Legislation Amendment (Debit Card Trial) Bill 2015*, the *Social Security (Administration) (Welfare Restricted Bank Account) Determination 2016* determines the kind of account to be maintained by a trial participant or voluntary participant for the receipt of restrictable payments for the purposes of the debit card trial. This determination also prescribes the terms and conditions relating to the establishment, ongoing maintenance and closure of welfare restricted bank accounts.

Internal legal advice was sought through the Department to ensure these protections were sufficient.