

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

**Question: bet 39 (ACCC)**

**Topic: Bank Fees**

**Hansard Page: Written**

**Senator CONROY asked:**

**Aim –**

To find out if the Treasurer has asked the ACCC to investigate entry and exit fees charged by the banks.

**Background –**

On May 19, Treasurer Peter Costello highlighted his concern about the amount charged by the banks on entry and exit fees (Attachment A). These fees are charged by the banks when customers switch institutions.

**Questions –**

1. Could you provide an overview of the ACCC's action on bank fees for the last 12 months?
2. Are you aware of recent media attention over the exit and entry fees charged by the banks (Attachment B)?
3. The Treasurer has raised the amount of these fees as a concern, arguing these charges hinder competition. Do you agree with his comments?
4. Has the Treasurer raised this issue with you?
5. Has the Treasurer indicated and or asked you to investigate the impact the exit and entry fees have on competition – especially at a time when the banks are making massive profits?
6. Are you aware whether the banks are reviewing their fees and charges at this time?
7. Would you be concerned about the impact on competition if banks increased their fees and charges as a result of these reviews?

**Answer:**

1. The ACCC maintains an informal oversight of bank fees and charges.
2. The ACCC is aware of the recent media attention over exit and entry fees charged by the banks.
3. The ACCC believes that any fee or charge which has the potential to hinder switching between suppliers may raise competitive concerns. However, at this stage the ACCC has not undertaken an assessment of whether exit and entry fees are a constraint on competition.

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates 30 May – 1 June 2006

4. The ACCC is an independent statutory agency that maintains an informal oversight of bank fees and charges.
5. See response to question 4.
6. Banks are able to set fees and charges of their own volition. The ACCC does not have the power to set, regulate or vet these fees and as such banks are not required to inform the ACCC as to whether they are conducting any review.
7. See response to question 3.