



AUSTRALIAN BANKERS' ASSOCIATION INC.

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15 August 2008

Mr Elton Humphery
Committee Secretary
Community Affairs Committee
Department of the Senate
Parliament House
PO Box 6100
CANBERRA ACT 2600
community.affairs.sen@aph.gov.au

Dear Mr Humphery,

Poker Machine Harm Minimisation Bill 2008

The Australian Bankers' Association (ABA) welcomes the opportunity to provide comments to the Senate Standing Committee on Consumer Affairs inquiry into the *Poker Machine Harm Minimisation Bill 2008*.

Please find attached the ABA's submission. It is the ABA's strong view that restrictions on access to cash in gaming venues are a gaming venue licensee and ATM deployer issue. Further restrictions should not be implemented in a manner that would compromise the efficacy of the payments system or impose costs on banks, other financial institutions, card issuers and all their customers.

If you have any queries regarding the issues raised in this submission, please contact me or Diane Tate, Director, Corporate & Consumer Policy on (02) 8298 0410: dtate@bankers.asn.au.

Yours sincerely

A handwritten signature in black ink that reads "David Bell". The signature is written in a cursive, slightly slanted style.

David Bell



Submission to the
inquiry into the
*Poker Machine Harm
Minimisation Bill 2008*

15 August 2008

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Submission to the inquiry into the *Poker Machine Harm Minimisation Bill 2008*

1. Introduction

The ABA supports the development of a workable and meaningful national strategy to address problem gambling via the Ministerial Council on Gambling (MCG), and under the auspices of the Council of Australian Governments (COAG). We believe a national approach to developing harm minimisation strategies should be adopted through a shared response by governments, businesses and the community. However, we are concerned that measures aimed at assisting problem gamblers will adversely impact all consumers and providers of automatic teller machines (ATMs) and EFTPOS facilities.

This submission addresses the proposal to further restrict access to “cash facilities” and limit cash withdrawals in gaming venues as contained in the *Poker Machine Harm Minimisation Bill 2008*. We do not believe these further restrictions on access to cash from ATMs and EFTPOS facilities are feasible or workable. Such restrictions would be costly to implement and would be likely to have a substantial impact on the broader payments system and, consequently, all users of the electronic payments network. We are especially concerned that the imposition of further restrictions on access to cash in gaming venues will in effect transfer costs from the sectors that benefit from gambling revenues to banks, other financial institutions and, ultimately, all their customers.

The ABA highlights the following key points.

- (1) Public policy developments should be accompanied by sound research to determine why changes should be made, the extent of those changes (including technical capabilities, costs and timing implications, and interaction with other harm minimisation strategies), and the effectiveness of various measures to mitigate the problem.
- (2) Banks have readily complied with the existing regulations to restrict access to cash in gaming venues, including limiting the amount of cash that can be withdrawn per transaction from ATMs in gaming venues, ensuring ATMs are not placed within gaming areas at gaming venues and ensuring that cash advances on credit cards (against credit balances) are not available from ATMs within gaming areas.
- (3) Any further restrictions or limitations to access cash in gaming venues must:
 - impose obligations on licensees of gaming venues to ensure the effectiveness of proposed strategies;
 - be implemented at the ‘ATM level’, and thereby involve “ATM deployers” (bank and non-bank), rather than banks and other financial institutions that are “card issuers”;
 - acknowledge limitations (cost, timing and technical capabilities) with technology, functionality and interoperability of bank and non-bank branded ATMs and EFTPOS facilities; and
 - take into consideration the social and economic ramifications, including the potential impact on all patrons and businesses of gaming venues and the impact on all customers using the electronic payments network, especially in remote, rural and regional locations.
- (4) Any proposed changes to the payments system must involve the Australian Payments Clearing Association (APCA), the Reserve Bank of Australia (RBA) and debit and credit card schemes.

- (5) Harm minimisation strategies – especially demand reduction or supply control initiatives, such as caps on electronic gaming machines (EGMs), including restricting spin rates, note acceptors, etc – coupled with education materials, gambling counselling services, gambling support programs, self-exclusion schemes and pre-commitment technologies, would have a greater positive impact in stopping the further expansion of gambling or minimising the incidence of problem gambling.
- (6) Workable and meaningful strategies must be identified and implemented in a coordinated manner and on a national basis.

2. Specific comments—legislative restriction on access to cash

Section 20 of the *Poker Machine Harm Minimisation Bill 2008* proposes to limit cash withdrawals and advances from a “cash facility” in a “licensed venue”¹.

The ABA does not support the implementation of further cash restrictions on ATMs and EFTPOS facilities as set out in the Bill. We believe that the proposed “\$100 per day” limit is flawed in a number of ways, but especially since the Bill would not impose the cash restrictions on the vast majority of ATMs in gaming venues.

Furthermore, the ABA does not believe that cash restrictions are an effective measure in addressing problem gambling. Capping the amount of cash that can be withdrawn from cash facilities in gaming venues does not address the fundamental concerns with problem gambling, including access to gambling facilities and the availability of harm minimisation strategies for problem gamblers.

2.1 Research on problem gambling

According to the Productivity Commission, around 300,000 Australians – approximately 2% of Australia’s adult population – are “problem gamblers”².

COAG has determined that current research into problem gambling is required to assist in identifying meaningful strategies to address problem gambling. The ABA notes that the Commonwealth Treasurer is to be asked to arrange for the Productivity Commission to update its 1999 inquiry into problem gambling³.

The MCG has also determined that a priority area for reducing the harm from gambling is helping individuals set their limits, including access to cash and pre-commitment technologies⁴. The ABA notes that an officials group will be looking into the technical issues associated with access to cash, and will be consulting as part of this process.

The ABA is concerned that the Bill does not recognise a number of external developments and processes that are currently underway to address problem gambling in Australia.

¹ Specifically, the Bill states that::

- A bank, credit union or other financial institution must not operate a cash facility, or allow a cash facility to be operated on its behalf, at a licensed venue that allows a cardholder to obtain by means of that facility, in any one transaction on any one debit card or credit card, an amount of cash greater than \$100.
- A bank, credit union or other financial institution must not operate a cash facility, or allow a cash facility to be operated on its behalf, at a licensed venue that allows a cardholder to obtain by means of that facility, in total transactions on any one day on any one debit card or credit card, an amount of cash greater than \$100.

In addition, the ABA notes that a ‘cash facility’ is defined in the Bill to include an ATM, EFTPOS terminal or any other prescribed facility that enables a person to gain access to the funds in their account or to a cash advance through a credit card.

² Australia’s Gambling Industries. Report No. 10. 26 November 1999.

<http://www.pc.gov.au/projects/inquiry/gambling/docs/finalreport>

³ COAG Communiqué. 3 July 2008. http://www.coag.gov.au/coag_meeting_outcomes/2008-07-03/index.cfm

⁴ Ministerial Council on Gambling Media Release. 25 July 2008.

http://www.jennymacklin.fahcsia.gov.au/internet/jennymacklin.nsf/content/gambling_25jul08.htm

The ABA believes that it is important for public policy developments to be accompanied by sound research to determine why changes should be made, the extent of those changes (including technical capabilities, costs and timing implications, and interaction with other harm minimisation strategies), and the effectiveness of various measures to mitigate the problem. It is also important that meaningful strategies are identified and implemented in a coordinated manner and on a national basis.

2.2 Overview of ATMs and EFTPOS facilities

The processing of an ATM or EFTPOS transaction can involve at least four parties:

- the customer (cardholder);
- the institution that maintains the account and issues the card to the cardholder (card issuer);
- the institution that acquires the transaction (acquirer); and
- the owner/operator of the ATM (ATM deployer) or operator of the EFTPOS facility (merchant).

Over 2.4 billion debit transactions were conducted across the ATM and EFTPOS networks over the year to May 2008. That means that currently each month around 71 million ATM transactions and 132 million EFTPOS transactions are conducted across the payments system in Australia⁵.

Every transaction across the payments system carries with it a number of electronic messages between the device (ATM or EFTPOS facility), the acquirer and the card issuer to determine whether the transaction can be authorised and the cardholder can withdraw the cash or make the purchase. The maximum daily withdrawal limit applies to the card regardless of what device is used to access the funds, i.e. cash withdrawal at an ATM or purchase made or cash out at a merchant using an EFTPOS facility.

2.2.1 Measures already implemented by banks to restrict access to cash

Banks offer convenient and accessible cash to their customers in more than 11,000 ATMs and over 500,000 EFTPOS facilities throughout Australia. The ABA and member banks also offer a variety of financial literacy resources and financial capability education programs to help consumers effectively manage and take control of their own financial affairs.

Banks have readily complied with existing regulations affecting ATMs in gaming venues, including:

- limiting the amount of cash that can be withdrawn per transaction from ATMs in gaming venues;
- ensuring ATMs are not placed within gaming areas at gaming venues; and
- ensuring that cash advances on credit cards (against credit balances) are not available from ATMs at gaming venues.

In addition to these regulatory measures, banks offer customers further options to manage their finances and expenditure, including upon request, varying their maximum daily withdrawal limit (where possible).

The ABA believes that before further regulation is implemented that would affect all banks and other financial institutions, the gambling industry, licensees of gaming venues and deployers of ATMs in these venues should be called upon to take responsible steps in relation to the use of their facilities and services.

⁵ RBA Bulletin Table C04 contains statistics for use of debit cards. Debit card statistics do not include use of credit cards, cheques or direct entry payments. <http://www.rba.gov.au/Statistics/Bulletin/C04hist.xls>

2.2.2 ATMs in gaming venues

As at January 2008, there are 26,067 ATMs in Australia, with bank branded ATMs accounting for around 43% of ATMs⁶. Around 25% of ATMs in Australia are located in a gaming venue⁷. Non-bank ATMs make up a significant and important part of the overall ATM network.

Only a small and declining number of ATMs located in a gaming venue are bank branded. As at June 2008, 57 bank branded ATMs are located at gaming venues, which represents less than 1% of ATMs in gaming venues throughout Australia.

The significantly vast and growing majority of ATMs in gaming venues are not operated by banks or other financial institutions, but rather operated by third party ATM deployers. Third party ATM deployers are not financial institutions and do not have cardholders of their own, but instead their business model relies on arrangements with acquirers to provide them with a flow of cardholders and transactions. Third party ATM deployers are not supervised or regulated as banks or other financial institutions under the various statutes that apply to those carrying on a banking business or those providing financial services⁸.

The Bill seems to propose to regulate only those cash facilities operated by banks, credit unions and other financial institutions, and therefore, does not seem to cover the vast majority of ATMs located in gaming venues. To ensure that implementation costs, technology changes and unintended consequences are minimised and all ATMs are subject to the same limits, it will be necessary to introduce any changes at the 'ATM level'.

Furthermore, it should be noted that reforms due to be implemented early next year will give ATM deployers the ability to directly charge the users of their ATMs. This means deployers of ATMs in gaming venues will be able to charge whatever fee they decide, resulting in potentially higher fees for use of ATMs, but also the ability for ATM deployers to recoup costs associated with introducing further cash restrictions. Therefore, costs can be contained to those ATMs and those customers that choose to use ATMs in gaming venues, rather than being spread across the entire payments network and to all banks, other financial institutions, card issuers and all their customers⁹.

2.2.3 EFTPOS facilities in gaming venues

As at January 2008, there are 628,819 EFTPOS terminals in Australia, with banks owning around 80% of EFTPOS facilities¹⁰. There are around 6,000 gambling venues throughout Australia¹¹, and it is assumed that each venue would have at least one merchant operating an EFTPOS facility.

The EFTPOS network is a much simpler network than the ATM network. It is not currently possible to limit access at certain merchants while enabling full access to other merchants. However, merchants can decide not to accept certain cards through their facility or choose not to accept to give cash out to customers. Obviously, merchants can decide not to have an EFTPOS facility in their venue at all.

⁶ http://www.apca.com.au/Public/apca01_live.nsf/WebPageDisplay/Stats_Terminals

⁷ The ABA is advised by the ATM Industry Reference Group that the third party ATM deployers have around 6,500 ATMs in gaming venues across Australia.

⁸ Banks and other financial institutions are supervised pursuant to the *Banking Act 1959* and *Corporations Act 2001*. Banks are regulated by the Reserve Bank of Australia (RBA), Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

⁹ As of March 2009, ATM deployers will be able to charge customers who use their ATMs, but must disclose the fee, increasing the overall transparency of pricing. For the customer, the new ATM system will mean that before the customer completes an ATM transaction, they will be notified on the screen of the direct charge for the transaction. If not happy with the charge, the customer can abort the transaction at no cost.

http://www.rba.gov.au/MediaReleases/2007/mr_07_13.html

¹⁰ ATM and EFTPOS Statistics. http://www.apca.com.au/Public/apca01_live.nsf/WebPageDisplay/Stats_Terminals

¹¹ Statistics for gambling venues and gambling services are available from the Office of Economic and Statistical Research (OESR), the Australian Bureau of Statistics (ABS), and the various State offices of gaming regulation.

The Bill seems to propose to regulate EFTPOS facilities by requiring the implementation of complicated authorisation procedures without recognising that to complete an EFTPOS transaction a human operator must be involved. To ensure that implementation costs, technology changes and unintended consequences are minimised and efficiencies in the EFTPOS network are not compromised, it will be necessary to implement protocols at the 'EFTPOS facility level'.

2.3 Problems with the "\$100 per day" limit

The Bill proposes to implement a "\$100 per day" limit on access to cash from a "cash facility" in a "licensed venue". Imposing a limit on cash withdrawals from ATMs in gaming venues that differs from the withdrawal limit from all ATMs is not simple. A system would need to be designed that either introduced new ATM hardware and software ('ATM level' option) or changed the bilateral arrangements between every card issuer across the electronic payments network ('card issuer' level option).

A 'card issuer level' option would impose significant costs on all card issuers and all customers and have significant ramifications and complexities for the payments system (undermining the cost-effectiveness and efficiency of the network). A technology solution involving flagging of transactions by ATM acquirers and tracking, monitoring and processing in real time transactions across the payments system by card issuers would be required. New APCA rules to enable identification of the relevant ATMs and wide system and network testing would also be necessary¹².

An 'ATM level' option would not involve card issuers, but would require implementation of a limit management system at the ATM level. Changes to ATM hardware and software and storage of data would be required. Control of transactions by ATM acquirers would also be required.

The following outlines our specific concerns with the proposed "100 per day" limit as contained in the Bill.

2.3.1 Transaction parameters do not currently allow a "\$100 per day" limit

Differential withdrawal limits across the electronic payments network would involve costly and time consuming system and network changes and, depending on how restrictions and limitations are implemented, would likely require significant coordination across all participants in the payments system.

Transactions are processed across the payments system using only minimal information within an electronic message (i.e. card number, amount of transaction, date and time of transaction). This information is checked to see whether there are adequate funds according to the intra-day balance on the account.

A daily withdrawal limit in a gaming venue that varies from the maximum daily withdrawal limit on the card would introduce substantially different processing across the payments system.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would be extremely complex and impose significant costs. It would require complicated technology changes and involve substantial cross-industry testing of new message formats to ensure no degradation to the payments system, ongoing system administration

¹² Based on an initial assessment of implementing further cash restrictions via a 'card issuer level' solution, costs for software development alone are estimated at between \$2.2-2.9 million for every card issuer. In addition, other technical development, network testing, bilateral testing, operational implementation, possible ATM and EFTPOS hardware and software upgrades, ongoing administration of new processing systems, customer communication and ongoing support services are unable to be quantified. However, it is possible these additional costs could range from \$600,000-\$1.3 million and communication costs could range from \$1-6 million for every card issuer.

(possibly manual depending on technology platforms), and communications to be made by all card issuers to all customers. It is likely the associated costs would impact significantly, especially on smaller banks and institutions.

It is vital that any further cash restrictions do not result in additional compliance costs and administrative burden for banks and card issuers. Faced with the option of implementing further cash restrictions it is likely that banks would need to consider the option of complete withdrawal of ATM and EFTPOS facilities from gaming venues. Similarly, card issuers would also need to consider the option of restricting the use of their cards in cash facilities in gaming venues. Universal access has been a significant achievement of recent reforms of the payments system, offering customers access to any ATM or EFTPOS facility in Australia. The imposition of further cash restrictions will likely undermine universal access.

2.3.2 How is a “licensed venue” defined?

A cash facility may be located in or near a casino, club, pub, TAB, racetrack, even newsagency, and so forth. Existing regulations restricting ATMs and EFTPOS facilities and limiting cash withdrawals differ across the States and Territories. Some States and Territories restrict the placement of ATMs and EFTPOS facilities on or near designated gaming areas. In addition, several States and Territories limit cash advances from credit cards and restrict or limit cash withdrawals from EFTPOS facilities in gaming venues. These obligations are contained in various gaming statutes.

The Victorian Government recently announced that from 2012 ATMs will be prohibited in all gaming venues and within 50 metres of the entrance to the Melbourne casino gaming floor¹³. The Tasmanian Government already restricts ATMs from being placed in gaming venues.

Implications of the Bill

A venue may be “licensed” and therefore subject to the cash restriction. The imposition of further cash restrictions would have a significant impact on the availability of cash services to the entire venue and associated non-gambling patrons and businesses located at the venue and surrounding area.

Current message format standards for assigning device identifiers make it difficult for a card issuer to locate the precise location of a device. Restrictions imposed on a specific card at a specific venue via a card issuer level solution would require the development of new standards and implementation of consistent message formats across APCA and non-APCA members.

2.3.3 How is a “day” defined?

Due to the necessity of ‘batching’ transactions and network security, a 24 hour day for a card issuer will be different to another, and therefore it is possible for a patron to access more cash than the maximum daily withdrawal limit where the transaction takes place at the end of one period and the beginning of another. For example, the first transaction takes place at 10:50pm and the second transaction takes place at 11:10pm and the card issuer 24 hour day cut off is 11:00pm.

Implications of the Bill

It is vital that batching procedures and security restrictions are not compromised, therefore it is likely that the imposition of further cash restrictions will, in practice, not be able to be implemented in a standardised manner, limiting the effectiveness of the per day limit.

¹³ *Victoria to remove ATMs from gaming venues*. 13 March 2008.

2.3.4 What does “operate” or “operate on its behalf” mean?

A cash facility may be owned by a bank, credit union, other financial institution, other company or third party ATM deployer. Banks may also act as acquirers for other financial institutions or ATM deployers.

In addition, participants in the electronic payments network may be banks or other financial institutions, but can also be major retailers and other non-financial services businesses.

Banks and other financial service providers may be investors or shareholders in companies that operate cash facilities.

Implications of the Bill

It is vital that any further cash restrictions are imposed at the device level – that is, the operator of the ATM (ATM deployer) or operator of the EFTPOS facility (merchant) – and therefore do not have unintended consequences for the coverage of the regulations, the availability of cash facilities or investment in businesses that operate cash facilities.

2.3.5 Interoperability between ATM and EFTPOS networks is complicated

APCA rules facilitate interoperability across the electronic payments network, however, there is no central “hub”. Australia’s payments system is a network of multiple bilateral arrangements between devices, acquirers and card issuers.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would require the development of a database to track, monitor and reconcile all transactions and all devices across the system and maintenance of a list of excluded cards and devices in real time so that the specified withdrawal limit may be validated. The initial and ongoing costs would be substantial for all participants in the electronic payments network.

Therefore, due to interoperability limitations it is vital that any further cash restrictions are implemented via a simple and targeted approach aimed at the device level in the following way:

- An ‘ATM level’ solution involving the imposition of a limitation on access to cash from an ATM in a gaming venue, implemented by the ATM deployer, with the obligation imposed on licensee of the venue.
- A ‘EFTPOS facility’ protocol involving the imposition of a restriction to withdraw cash from an EFTPOS facility in a gaming venue, implemented by the operator of the EFTPOS facility (i.e. requiring a licensee to ensure that their staff do not provide cash to their patrons from an EFTPOS facility), with the obligation imposed on the licensee of the venue.

2.3.6 Inconsistent software, processing systems and technology platforms

There are major variances across acquirers and card issuers in terms of processing systems and technology platforms. Financial institutions’ systems limitations mean there may not be consistent technology solutions. Not all financial institutions currently have technical capabilities to impose transaction and/or withdrawal restrictions on ATM and/or EFTPOS devices and therefore systems upgrades would likely be required to enable capacity to limit transactions.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would involve substantial changes to all card issuer back-end systems. Therefore, it is vital that any further cash restrictions are imposed at the device level and therefore do not involve costly and complicated changes to back-end systems.

2.3.7 Restricted hardware functionality

There are approximately 40 different ATM models – these are designed overseas and generally meet overseas accessibility standards. EFTPOS facilities are also designed overseas and are generally simple devices that do not enable individual configurations – it is unclear whether some devices can be reconfigured to enable variable cash withdrawal limits.

Implications of the Bill

Hardware limitations mean that some ATMs and EFTPOS facilities may have reduced functionality and are unable to accept differing software. In addition, security restrictions on some devices mean that it is likely that data on cards is unable to be stored at the device level. The imposition of further cash restrictions may require the upgrade and/or replacement of certain ATM and EFTPOS devices.

2.3.8 Not all ATM deployers or card issuers are APCA members

A cardholder can withdraw money from an ATM or EFTPOS facility that is not owned by the bank or other financial institution that holds their account. A cardholder may use a debit or credit card to access their money or make a cash advance respectively. Not all card issuers are domestic banks, credit unions or other financial institutions. There are a number of non-financial institution companies that are card issuers and a number of international financial institutions that are card issuers. Consequently, not all card issuers are APCA members.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would be difficult to implement without universal coverage. New standards would need to be developed, approved, tested and implemented. For example, non-APCA members may fail to send the correct terminal ID and therefore the withdrawal limit would not be imposed on the transaction and/or device. In addition, new electronic messages would need to be developed, approved, tested and implemented. For example, non-APCA members may fail to implement new message formats which would compromise the efficiency of the payments system and the effectiveness of the per day limit.

Furthermore, it is unclear who would be responsible if a transaction were authorised based on incorrect data. For example, it is unlikely that overseas card issuers will change their systems to accommodate restrictions, compromising the ability to limit access to cash in gaming venues (e.g. a problem gambler may hold a card issued by an overseas provider and therefore be able to access unrestricted cash).

2.3.9 Difficulties with ongoing monitoring

New installations of ATMs or EFTPOS facilities would require ongoing monitoring and maintenance of devices. Similarly, a venue newly deemed to be a licensed venue would require identification, monitoring and maintenance.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would create ongoing costs and complexities for card issuers' processing systems. In addition, card issuers would have to rely on gaming venue licensees and ATM deployers to provide up-to-date information about their facilities, services and devices.

2.3.10 Reduced efficacy and access for all users of the electronic payments network

Due to the need to validate data, every transaction involves electronic messages between card issuers, acquirers and devices to determine whether the transaction can be authorised and completed.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would mean all transaction response times will likely slow down across the payments system for each cardholder and every transaction. Due to the increase in electronic messages across the network to complete a transaction, every transaction will likely take longer to complete as additional messages will be needed to verify the transaction. All customers are likely to face longer queue times due to decreased efficiency across the network.

2.3.11 Increased costs for all users of the electronic payments network

Due to the need to introduce restrictions and limitations that are not currently available within existing technologies and procedures, those participants that have further cash restrictions imposed on them will face additional operational and administrative costs.

Implications of the Bill

Restrictions imposed on a specific card at a specific venue via a card issuer level solution would mean all customers would likely face an increase in fees associated with using the card and accessing their funds.

2.3.12 Inconvenience and confusion for all users of the electronic payments network

There is no limit on the number of accounts or cards a person can hold or the number of withdrawals or purchases that can be made, up to the maximum daily withdrawal limit. Some customers may have a card with access to both debit and credit or operate a joint account – there are a number of account variables. There could be multiple transactions that take place across the network from differing ATM and EFTPOS devices – there are a number of cash and purchase variables. It is unclear how the "\$100 per day" limit would impact on transactions outside the licensed venue or transactions conducted by a joint account holder.

Implications of the Bill

Further restrictions imposed on access to cash from ATMs and EFTPOS facilities in a gaming venue are likely to be a major inconvenience for all patrons and may have a commercial impact on other businesses (e.g. entertainment, food and beverage, etc) within the gaming venue.

All patrons will need to consider alternative ways to access cash or consider using a credit card to make purchases. This could potentially have wider adverse consequences, such as people carrying additional cash or people using their credit card more and impacting their financial management practices. In addition, because a person may hold a number of accounts and cards, the imposition of further cash restrictions will, in practice, not be able to be implemented in a certain way, limiting the effectiveness of the per day limit. Furthermore, it is not appropriate to require banks to determine how bank customers access their money or for banks to impose such rules on their customers arbitrarily.

All businesses located within a gaming venue are likely to see reduced business activities and increased costs, such as via use of services for additional use of EFTPOS and credit cards to make purchases.

2.3.13 Disproportionate impact on remote, rural and regional communities

Further restrictions on access to cash from cash facilities in gaming venues will restrict access to cash for all patrons and businesses, especially in remote, rural and regional communities where an ATM or EFTPOS facility offering convenient access to cash may be located at a licensed venue and the only cash facility for some distance.

Implications of the Bill

In locations where there are typically fewer ATMs, restriction or removal would adversely impact on the ability for all members of the community to access cash services.

2.3.14 Withdrawal limits are subjective

Determining what is an appropriate limit for cash withdrawals is subjective as every person's circumstances and financial situation is different.

Implications of the Bill

The "\$100 per day" limit would still equate to \$700 per week, possibly being a significant amount of money for a problem gambler. In addition, implementing withdrawal limits on ATMs and EFTPOS facilities at gaming venues will likely lead to problem gamblers accessing alternative nearby cash facilities or establishing alternative forms of accessing cash (i.e. carrying extra cash withdrawn from cash facilities outside a gaming venue or establishing multiple accounts and debit cards with different card issuers to withdraw more cash within a gaming venue), limiting the effectiveness of the per day limit.

2.3.15 Inconsistent with current regulatory approaches

Some States and Territories have already introduced, or are proposing to introduce, further cash restrictions or restrictions on the location of certain cash facilities in gaming venues. The "\$100 per day" limit differs from current approaches by State and Territory governments to regulate gaming venues and cash facilities within those venues. Where each jurisdiction imposes a different cash withdrawal limit, a new technology solution incorporating multiple parameters and new message formats would need to be implemented for every withdrawal limit across jurisdictions, as would need to be the case with a card issuer level solution. This would impose exponentially greater costs and would introduce additional complexity to the network and completion of a transaction.

Implications of the Bill

Because of existing regulations (including unproclaimed) and the introduction of new regulations which restrict access to cash and the location of cash facilities in gaming venues, it is likely that Federal regulation will conflict and create unnecessary confusion for those implementing the regulation and those effected by the regulation. For example, differing withdrawal limits across jurisdictions will have exponentially increased compliance and administrative costs, as would be the case with a card issuer level solution; and is likely to lead to customer confusion, particularly if regulations are based on the domiciled state of the account rather than current address of the customer, as would need to be the case with a card issuer level solution. In addition, using a geographic location of account will mean that customers who move interstate or are on holidays in another state will potentially be able to access different amounts of cash. This may create not just confusion for some consumers, but opportunities for problem gamblers to get around the restrictions.

It is vital that any further cash restrictions are implemented on a consistent and national basis and are introduced by the State and Territory governments responsible for regulation of the gambling industry and therefore do not have unintended consequences for the coverage and implementation of the regulations.

The ABA believes that it is important for any proposed changes to restrict or limit access to cash in gaming venues to impose obligations on licensees of gaming venues to ensure the effectiveness of proposed strategies. Any proposed changes should be implemented at the device level – that is, the operator of the ATM (ATM deployer) or operator of the EFTPOS facility (merchant).

2.4 Harm minimisation strategies

Strategies with the greatest likelihood of having a real impact should be the focus of a national strategy to address problem gambling. Responsible gambling programs and harm minimisation measures that consider cognitive and behavioural factors contributing to problem gambling have proven to be the most effective.

In addition to comprehensive education materials, gambling counselling services, gambling support programs, and self-exclusion schemes, a preferred approach is to focus on pre-commitment technologies or a stored value system to help problem gamblers set their limits, where the gaming venue issues a card permitting access to various gaming activities.

The advantages of this approach include:

- Addresses concerns with access to cash and 'cashless' transfer of value by not relying on the method of transaction or payments system.
- Provides problem gamblers with the tools to help them set their limits, but does not restrict access to cash for 98% of the adult population who are responsible gamblers or users of cash for non-gambling purposes or patrons of commercial businesses within the gaming venue.
- Allows the gaming venue to take part in a harm minimisation measure to address problem gambling. (This proposed approach is similar to a strategy for addressing problem drinking, where a publican is permitted not to serve someone alcohol that is identified as intoxicated).

Therefore, harm minimisation strategies for problem gamblers should include:

- Education materials and confidential financial and problem gambling counselling services, provided by the Government; and
- Self-exclusion schemes, pre-commitment technologies and store value systems, provided by the gambling industry; and
- Gambling support programs, provided by the gambling industry and via the community sector; and
- Demand reduction or supply control initiatives, including removing or restricting access to EGMs in these venues, implemented by the gambling industry and the Government.

The ABA believes that harm minimisation strategies would have a greater positive impact on addressing the incidence of problem gambling and therefore should form the basis of a national strategy to address problem gambling.

3. ABA position

It is the ABA's view that capping the amount of cash that can be withdrawn from ATMs and EFTPOS facilities in gaming venues is not an effective measure in addressing problem gambling and therefore further cash restrictions should not be introduced.

However, if further cash restrictions are introduced, it is our strong view that restrictions should be imposed on the licensee of the gaming venue to ensure that the operator of the device – that is, the ATM deployer or the merchant – implements the regulation. The responsibility for implementing further regulations should not be imposed on banks, other financial institutions or card issuers.

This approach recognises that it is impractical for banks, other financial institutions and card issuers to implement further cash restrictions and that it appropriate for licensees of gaming venues to be responsible for limiting access to cash via cash facilities in their venues and for the ATM deployers that profit from ATMs in gaming venues to be responsible for implementing any further measures. Cash restrictions are a gambling industry and ATM deployer responsibility and not an issue for the banking industry and payments system, which is supervised and regulated by the RBA.

Initiatives overseas to restrict access to cash in gaming venues have been delivered through a combination of self-exclusion and ATM technology, whereby transactions may be blocked at the venue following disclosure of the card number and limit by the cardholder. Initiatives overseas have also taken into consideration access to cash within the community.

Therefore, a targeted response should have three elements:

- Impose an obligation on licensees of gaming venues and ATM deployers to either limit cash withdrawals from ATMs in their venues, *or* remove ATMs where an ATM technology solution is not able to be commercially developed and delivered¹⁴.
- Impose an obligation on licensees of gaming venues and merchants to introduce a protocol that restricts the use of EFTPOS facilities to conduct cash withdrawals in gaming venues.
- Give special consideration to remote, rural and regional communities that have limited access to cash services and therefore should provide for exemptions for certain locations and venues.

This approach enables the ATM industry to develop a technically feasible response and would not impose costs on banks, other financial institutions, card issuers and all their customers, or interfere with the payments system. It will also provide a practical approach to restricting access to cash from EFTPOS facilities and recognise that remote, rural and regional communities could be disproportionately impacted by further cash restrictions.

4. Conclusion

The ABA acknowledges the Government's commitment to address problem gambling as a social policy concern. The banking industry is also committed to promoting socially responsible programs and supports sensible responsible gambling measures.

The ABA is concerned that the policy basis for proposing further cash restrictions in gaming venues is given due consideration, along with the implementation of harm minimisation strategies that are likely to have a greater positive impact on addressing problem gambling.

¹⁴ Further regulation should not just require the removal of ATMs or EFTPOS facilities, nor should it just require the imposition of further cash restrictions. Such a response could have unintended consequences for all participants in the payments system and all members of the community.

Implementing further cash restrictions will increase compliance costs and administrative burden – contrary to the Government's commitment to reduce regulatory red tape. Therefore, it is vital that measures are properly targeted at detriment and that remedies are properly implemented to produce material benefits that outweigh their impost. It is our view that the negligible positive impact on families and communities affected by problem gambling would be far outweighed by the cost and inconvenience to the wider public of restricting access to cash services.

The ABA supports workable and meaningful strategies for addressing the incidence of problem gambling. We believe that harm minimisation strategies should be developed to allow customers access to their funds, but focus on providing problem gamblers with the tools to manage their own gambling expenditure, including education materials, gambling counselling services, gambling support programs, self-exclusion schemes and pre-commitment technologies.

However, if further regulation of ATMs and EFTPOS facilities is deemed appropriate and necessary, regulation must:

- Impose the legal obligation on the licensee of the gaming venue to ensure cash restrictions are implemented on the cash facilities within their venue.
- Apply restrictions on access to cash from ATMs on the ATM deployer via an 'ATM level' solution, and on access to cash from EFTPOS facilities on the merchant. This would enable ATM deployers to develop a technology solution as suitable to their business model without imposing costs on all banks, other financial institutions, card issuers and all their customers. It would also enable merchants to implement a protocol that only permits purchases via EFTPOS facilities and therefore enables licensees of gaming venues to control access to cash in their venues.
- Be applied in a flexible manner by requiring either the implementation of a cash restriction via an 'ATM level' solution, or where an ATM level solution is unable to be implemented, the removal of ATMs from gaming venues.
- Be applied in a balanced manner that recognises the broader social and economic implications of further restricting access to cash, including the costs, inconvenience and adverse consequences for non-gambling patrons, businesses and the wider community. In particular, special consideration should be given to the impact on remote, rural and regional communities that have limited numbers of ATMs and EFTPOS facilities.
- Be applied nationally to avoid a haphazard and complicated response that is difficult to implement and costly for all users of the electronic payments network.