

**Submission  
No 35**

## **INQUIRY INTO IMPACT OF GAMBLING**

**Organisation:** ATM Industry Reference Group

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# ***ATM Industry Reference Group***

**NSW Legislative Council Select Committee  
on the Impact of Gambling**

**Inquiry into the Impact of Gambling**

**Submission of the ATM Industry Reference Group**

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## **Executive Summary**

- ATMs in licensed venues offer convenient, safe and secure environments for the handling of cash, particularly after dark.
- Any evidence that links the level of problem gambling to the presence of ATMs in gaming venues is inconclusive.
- The ATM industry does not support the introduction of limits on ATMs in gaming venues.
- The ATM industry is strongly opposed to any proposal to remove ATMs from gaming venues.
- In other Australian jurisdictions that do not have ATMs in gaming venues, there is no evidence that the level of problem gambling in those jurisdictions is lower than the overall national level.

## Introduction

1. The ATM Industry Reference Group (AIRG) is pleased to provide a submission to this inquiry for the consideration of the Committee. This submission primarily focuses on the section of the terms of reference of the inquiry which refers to access to cash and credit in and around gambling venues.

## About the ATM industry

2. There are a total of 30,222 Automated Teller Machines (ATMs) in Australia, of which 52 per cent are owned and operated by independent companies (with the remainder owned and operated by financial institutions, such as banks).
3. The ATM Industry Reference Group was established in 2008 to provide an industry voice on regulation of independently operated ATMs. Three organisations are members of the AIRG and together, these companies represent in excess of 90 per cent of all independently operated ATMs in Australia.
4. The members of the AIRG are:
  - Banktech;
  - Cashcard Australia; and
  - DC Payments.
5. Members of the AIRG are in the business of providing services for bank customers to access their cash in convenient locations through ATMs – they are not involved in gaming.

## Australia's ATM market

6. Australia's ATM market is highly competitive – intense competition exists between ATM deployers, which include banks, other financial institutions and independent ATM companies.
7. Australia has over 30 deployers of ATMs that provide 30,222 ATMs, which places Australia fifth internationally in terms of ATMs per capita.<sup>1</sup>
8. The structure of the ATM market in Australia is such that of the 30,222 ATMs, 14,370 are operated by banks/financial institutions and 15,852 are operated by independent companies.
9. Before 2001, less than 1 per cent of ATM transactions took place through non-bank ATMs – the vast majority of ATMs were operated by major banks. The current structure of the ATM market in Australia shows that since that time, competition in the market has increased significantly.
10. The trend indicates that further change can be expected to the market in Australia in the future, with the proportion of ATMs in the market operated by independent (or non-bank) ATM companies likely to increase.
11. The reason for the trend is that operating ATMs at some sites is no longer commercially attractive to banks (and financial institutions) and independent ATM companies can provide ATMs in "convenience" locations at a lower cost base.

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<sup>1</sup> ATM Taskforce – Report on Transparency and Competition, The Treasury/Reserve Bank of Australia, June 2011, Page 3

12. The number of ATMs in non-casino gaming venues (clubs and pubs) in Australia is approximately 5800.
13. All of these ATMs, with the exception of a very small number, are operated by independent (or non-bank) companies.

#### **How ATMs work – a complex business**

14. ATMs are an integral part of the network of access points that financial institutions and independent operators provide to bank customers in order to access cash from their accounts. The structure of the network is often described as being a “four-party system” because up to four parties are involved in a single transaction:
  - The card-holder;
  - The issuer of the card-holder’s card (always a financial institution);
  - The acquirer of the ATM transactions; and
  - The ATM owner/operator (deployer).
15. In many instances in Australia, the ATM owner/operator also functions as the ATM acquirer. The card issuer is usually not the ATM owner or the acquirer. When the ATM owner/operator, the acquirer and issuer are different entities, technological and contractual links exist in the form of bilateral agreements between parties on funds clearance and settlement, technology platforms and costs. The fees charged to consumers as a result of these arrangements are transparent as a result of the direct charging reforms introduced by the Reserve Bank of Australia (RBA) in early 2009.
16. In simple terms, card issuers or card-holders pay a fee to ATM operators for each transaction, who, in turn, generally pay a fee to acquirers for ATM transactions.
17. The three members of the AIRG are not card issuers and one (Cashcard) acquires its own ATM transactions.

#### **Compliance with legislation**

18. The ATM industry is strongly committed to compliance with all Australian legislation which covers the industry and has implemented multiple solutions over many years to comply with existing legislation at state/territory level.

#### **ATMs in licensed premises – convenient, safe and secure access to cash**

19. The presence of ATMs in licensed venues has been commonplace for more than a decade, coinciding directly almost exclusively with the increasing prevalence of independent ATM deployers, including members of the AIRG.
20. A number of reasons exist for the popularity of ATMs in licensed venues, with convenience being at the top of this list. This is underpinned by the fact that these businesses remain largely driven by cash trade.
21. A typical venue patron uses the in-venue ATM because it is a safe and convenient place to withdraw cash for the purposes of spending in the venue and elsewhere.
22. ATMs in licensed venues provide card-holders with a level of privacy, are well lit, have closed-circuit television coverage and often security staff are close by.

23. Importantly, ATMs in licensed venues offer safe and secure environments for the handling of cash, particularly after dark.
24. Hotels, in particular, are heavily reliant on ATMs for food and beverage sales. The level of food and beverage sales is generally the most important element influencing the success or failure of licensed premises.
25. A major report has found more than 80 per cent of hotels are heavily reliant on ATMs for food-and-beverage sales (PricewaterhouseCoopers, 2009). In addition, many consumers access cash within licensed premises for expenses outside of the licensed venue.

### **Harm minimisation**

26. There is no strong evidence which links the level of problem gambling with the presence of ATMs in gaming venues.
27. In the past decade, the prevalence of problem gambling has decreased, yet over this period, the number of ATMs in gaming venues has dramatically increased.
28. The percentage of problem gamblers in Australia has been estimated at 0.7 per cent.

### **Restrictions on ATMs in gaming venues**

29. The ATM industry supported the repeal of the section of the Commonwealth National Gambling Reform Act 2012 that introduced a national \$250 daily withdrawal limit on ATMs in gaming venues.
30. The ATM industry's position is that primary responsibility for the regulation of electronic gaming machines – including regulation of ATMs in gaming venues – should continue to lie with state and territory governments.
31. The ATM industry does not support the introduction of limits on ATMs in gaming venues.
32. The ATM industry is strongly opposed to ATMs being banned from gaming venues.
33. Despite ATMs being removed from gaming venues (except the casino) in Victoria from 1 July 2012 and ATMs never being permitted in gaming venues (except casinos) in Tasmania, there is no credible evidence that the level of problem gambling in those jurisdictions is significantly lower than the overall national level, as well as in other individual Australian states and territories which do not have this measure in place.
34. The Productivity Commission estimated that the prevalence of problem gambling in Australia is 0.7 per cent of the population, while it also estimated that the prevalence of problem gambling in Tasmania is also 0.7 per cent.<sup>2</sup>
35. An evaluation of the ban on ATMs in Victorian gaming venues (except the casino) found that the vast majority of customers in gaming venues reported that they had not changed where they gambled or what they gambled on following the introduction of the ban.<sup>3</sup>

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<sup>2</sup> Inquiry Report – Gambling, Productivity Commission, February 2010

<sup>3</sup> Evaluation of the removal of ATMs from gaming venues in Victoria, Swinburne University of Technology, September 2013

36. The evaluation also found that gaming venue staff had ongoing concerns regarding the safety of patrons bringing more cash with them or using external cash facilities.<sup>4</sup>

37. In its submission to this inquiry, Wesley Mission stated:

“Further research into the effectiveness of the removal of ATMs in Victoria is needed before concluding that there will be significant benefits to gamblers by complete removal of ATMs from gaming venues.”<sup>5</sup>

## **Conclusion**

38. The AIRG is pleased to provide this submission for consideration and looks forward to further engagement with the Committee about the issues raised.

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<sup>4</sup> Ibid

<sup>5</sup> Submission to NSW Legislative Council Inquiry into the Impact of Gambling, Wesley Mission, March 2014