

## Media release

17 February 2011

# ATM fees cost consumers \$750m

Australian consumers are still spending more than \$750 million per year on ATM fees despite attempts by the Reserve Bank to reform the ATM system, a new paper by The Australia Institute reveals.

*The price of disloyalty: Why competition has failed to lower ATM fees* finds that while an overwhelming majority (82%) of Australians believe it is unfair for banks to charge such fees, one in four (26%) of those surveyed reported paying a \$2 fee by using an ATM not provided by their bank at least once in the week prior to the survey.

The survey also found that young people bear a disproportionate burden of ATM fees, with 40 per cent of those aged between 18 and 24 years having paid a fee in the previous week.

The Australia Institute's Deputy Director Josh Fear said despite the Reserve Bank's reforms, which were designed to lower the cost of ATM withdrawals and promote competition, third-party ATM fees typically remain at \$2 or higher. In the RBA's words, the \$2 fee has become a 'benchmark'.

"While the use of third-party ATMs has fallen by 18 per cent, saving consumers around \$120 million, this has been brought about by consumers changing their behaviour, not through competition forcing the price of such transactions down. But there is only so much consumers can do to avoid these fees," said Mr Fear.

"If someone checks their balance before withdrawing cash, they can be charged a double-whammy fee of \$4. This penalises people for staying informed about their financial situation and therefore discourages good financial behaviour.

"Competition has failed to bring down the cost of ATM fees and this doesn't look like changing in the near future. But there are options available to policy-makers who want to give Australian consumers a fairer deal when it comes to accessing their own money," said Mr Fear.

Options for the Treasury-RBA taskforce on ATMs to consider include:

- Requiring ATM owners to display the cost of transactions prominently on the outside of their machines
- Abolishing fees for balance enquiries, in the interests of responsible financial behaviour
- Collecting regular information on the gap between the cost of providing ATMs and the revenue they can generate
- Setting an upper limit on ATM fees at a level which reflects the actual costs of providing the service, particularly in locations with only one ATM provider.

**For media enquiries, please contact:**

**Serena Rogers 0421 759 262**

## Notes for editors

- The research was conducted by the Australia Institute in collaboration with CHOICE
- The Australia Institute conducted an online survey of 1,294 Australians in November 2010. The survey sample was representative of the adult Australian population by age and gender.