

September 2021

Senator Andrew Bragg
Chair
Select Committee on Australia as a Technology and Financial Centre
Parliament House
Canberra ACT 2600

By email: fintech.sen@aph.gov.au

Dear Senator Bragg

Thank you for your letter dated 4 June 2021 to Mr Shayne Elliott requesting ANZ to provide information relevant to the Committee's work on fintechs.

Mr Elliott has asked me to respond on his behalf.

ANZ welcomes the work of the Committee in advancing the agenda of technology within Australia's financial services industry. Innovation is critical to serve customers well and for Australia to remain globally competitive. You may recall that ANZ made a submission for the Committee's consideration in late 2019, with Ms Emma Gray appearing before it in early 2020.

ANZ supports its financial institution customers, including those that use significant amounts of technology, by providing banking and payment services. We have a specialist 'Financial Institutions Group' that banks a number of 'fintechs', including those that compete with us in different markets.

We are increasingly in the business of offering 'banking-as-a-service': the provision of banking infrastructure to other institutions so that they can serve customers of their own. These services include access to the New Payments Platform (NPP), where we have increased the number of NPP payments for other banks by 115 per cent in the March 2021 half when compared with the March 2020 half.¹

You have asked about the criteria that we consider when assessing whether to commence or discontinue a banking relationship with a fintech. Similar to how we work with other business customers, these include:

- The viability of the entity's business model and their ability to service any financial obligations to us;
- The standard of the entity's management personnel;
- The adequacy of the entity's governance arrangements;
- The type of business that the entity proposes to, or does, carry on and our technical ability to manage the banking and other risks associated with that business line;
- Any changes to that business after we commence banking them which may alter the risks (compliance and otherwise) of the customer;

¹ See [this article](#) and [this article](#) for more detail on our activities in this area.



- The ability and willingness of the entity to meet their policies and legal compliance obligations, including whether they have been the subject of any regulatory actions and/or undertaken any necessary remedial action;
- The way in which the entity manages (or fails to manage) customer fraud claims; and
- The commercial viability of providing services to the entity taking into account the revenue to be received on the account and the costs incurred to service it, which will include compliance activities that we need to undertake to bank them safely and legally.

In the circumstances in which we have decided that we are no longer able to continue to service a customer that may be identifiable as a fintech, the reasons have included:

- the customer's regulatory standing;
- our ability to manage the banking risk of a changing business model;
- our ability to meet our obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**), the *Charter of the United Nations Act 1945* (Cth) and the *Autonomous Sanctions Act 2011* (Cth) (**Sanctions Laws**); and/or
- the availability of sufficient revenue from the customer to cover the level of risk management required to safely and legally service the customer.

Beyond the AML/CTF Act and Sanctions Laws, the other Australian regulatory and legislative considerations that may be relevant to decisions as to whether to commence or discontinue a banking relationship include the regulatory standards of the Australian Prudential Regulation Authority (for example, *CPS 220 Risk Management and APS 220 Credit Quality*) and our obligation under the Banking Code of Practice to exercise the care and skill of a diligent and prudent banker.

We would also need to consider whether the entity was complying with the laws and regulations applicable to its activities. These would vary with the nature of the business that the entity carries on and could include foreign laws.

Please let me know if we can assist the Committee with anything further.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Dr Martin Joy', with a long, sweeping underline.

Dr Martin Joy
Head of Public Policy