

**afccra**

Australian Financial  
Counselling & Credit  
Reform Association

NOVEMBER 2010

# ATM FEES

*in indigenous communities*





Australian Financial  
Counselling & Credit  
Reform Association

This report has been prepared by the Australian Financial Counselling and Credit Reform Association (AFCCRA). AFCCRA is the peak body for financial counsellors in Australia. Financial counsellors assist people in financial difficulty by providing information, support and advocacy.

The information in this report is based on the grassroots experiences of money management workers and financial counsellors working with clients in remote Indigenous communities. AFCCRA sincerely thanks these workers for their input. We also thank Chris Connolly from the University of New South Wales for helpful comments.

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TY DOLLARS

Australia

Governor Reserve Bank  
of Australia  
Secretary to  
the Treasury

THIS AUSTRALIAN  
NOTE IS LEGAL  
TENDER  
IN AUSTRALIA  
AND ITS  
TERRITORIES



DAVID UNAIPON

*As a former  
member of the  
Council of the  
Rural Bank  
of Australia  
I would  
like to see  
the bank  
continue to  
provide  
services to  
our  
customers  
and  
the  
community  
as a whole.*



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## Summary

- The cost of ATM fees is having a significant and detrimental impact on Indigenous people living in remote communities.
- Indigenous consumers have no choice but to use the single ATM in a remote community. All ATMs charge fees and these are impossible to avoid. It commonly costs \$2.00/\$2.50 per transaction to check an account balance. Many people check their balances multiple times on the day a Centrelink payment is due.

*“People get anxious, especially when they are waiting for money to buy food. I have watched them spend the whole day waiting, standing outside the store, going in every hour or so to check the balance to see if the money has arrived.”*

- The case studies in this report indicate that ATM fees of \$20 - \$40 are commonly incurred by people on the day Centrelink payments are due. As well, Indigenous consumers are more likely to withdraw small amounts of cash and so incur more fees. This can occur for budgeting reasons, for cultural reasons or because food storage in some remote communities is problematic.
- Community stores also charge fees of \$2.00 per EFTPOS transaction, so this alternative source of cash withdrawal, one used by many people in mainstream Australia, is not available.
- There is one community where the ATM fee is \$10.00 per transaction. One trader charges an EFTPOS fee of \$5.00 per \$50.00.
- ATM fees quickly add up if you are on a low income. The Newstart allowance for an unemployed person equates to living on \$33 per day. ATM fees effectively reduce the amount of money that can be spent on food.
- **In our view, there should be no charge at all to use an ATM in an Indigenous community.**
- Other possible actions will be helpful, but will not really address the problem fully. These include the provision of more phones or improved access to the internet to enable people to check account balances, asking Centrelink to advise people when payments will be made and consumer education.
- The issue has been raised as a problem by Indigenous people, financial counsellors and money management workers in the past, but to little or no effect.
- Our call is for all of those able to influence a solution—the Reserve Bank, ASIC, ACCC, Centrelink, FaHCSIA, the banking industry, private ATM providers, consumer advocates and the Indigenous community—to meet and address the problem once and for all. Action is needed. AFCCRA will take this up as a policy priority.

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# 1 Introduction

AFCCRA asked money management workers and financial counsellors working in Indigenous communities for their feedback about ATM fees. This request was made via email and also during face-to-face meetings with some workers in early November in Alice Springs.

Financial counsellors and money management workers are ideally placed to comment on ATM fees because of their roles. Financial counsellors provide information, support and advocacy to people in financial difficulty.

Money management workers work primarily with Indigenous people to improve their financial literacy, for example, by providing information about budgeting or how the banking system works. The large majority of money management workers are Indigenous. Some of the money management workers whose experiences are included in this report, live in the town camps around Alice Springs.

The quotes and case studies in this report are from the following people.

Tim Hampton	Financial Counsellor and Consumer Advocate Aboriginal Legal Rights Movement	Port Augusta, South Australia
Vikki Kelly	Money Management Team Jungarni- Jutiya Indigenous Corporation	Halls Creek, NT
Tricia Ross	Financial Counsellor	Queensland
Lesley McDonald	Money Business Program CatholicCare NT	Alice Springs, NT
Judy Woolcock	Money Management Team Lutheran Community Care	Alice Springs, NT
Fran Manuela	Financial Counsellor Pilbara Community Legal Service	Newman, WA
Kate Rich	Financial Counsellor Red Cross	Alice Springs, NT

Annie Reardon	Financial Literacy Worker Red Cross	Alice Springs, NT
Money management workers	Discussions with money management workers at Lutheran Community Care	Alice Springs, NT
Aaron Davis	Chief Executive Officer Indigenous Consumer Assistance Network	Cairns, Queensland
Carmen Daniels	Financial Counsellor Indigenous Consumer Assistance Network	Cairns, Queensland

Communities serviced, and on which experiences outlined in this report are based, include:

- Western Australia — Halls Creek area (Kundat Djaru, Balgo, Mulan, Billiluna, Yiyili and Warmuno), Pilbara area (Jigalong, Cotton Creek, Punmu, Newman, Tom Price, Telfar).
- Alice Springs area — Ti Tree, Ti Tree Station, 6 mile, Sterling, Wilora, Engawala (Alcoota), Harts Range. (Atitjere ) Eagle Beak, No 5 (an out station), Wulunugurra, Owairtilla, Ali Curung, Alpurrurularn, Ampilatwatja, Yuendumu, Willowra, Nuriya, Pmara Jutunta, Atitjere, Yuelamu, Laramba, Papunya, Haasts Bluff, Mount Liebig, Kintore, Hermannsburg, Santa Teresa, Wallace Rockhole, Titjikala, Finke, Imanpa, Mutitjula, Kaltukatjara, Areyonga. Tennant Creek, Elliott.
- APY Lands (Anangu Pitjantjatjara Yankunytjatjara - SA) — Indulkana, Fregon, Amata, Ernabella and Mimili.
- Far North Queensland — Cairns, Yarrabah, Palm Island, Thursday Island and other islands in the Torres Strait.

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## 2 Case Studies and Comments

ATM fees have a much greater impact on Indigenous people living in remote communities than other Australians. There are a number of related reasons for this, including:

- **The nature of living on a remote community** – access to refrigeration and food storage varies. This means that many people buy their food on a daily basis. This means more frequent use of ATMs and EFTPOS. As well, the infrastructure that the majority of Australians take for granted, such as private access to a telephone or the internet, is also extremely limited (Section 2.1);
- **Behavioural and cultural factors** – some Indigenous people frequently check their account balance on the day their Centrelink payment is due, incurring fees each time (common examples of \$20 - \$40 on the day). Other Indigenous consumers prefer to only withdraw small amounts as this helps them manage their money and reduces any humbugging. However they will of course incur an ATM fee for each small withdrawal (Section 2.2);
- **Lack of any real alternatives** – there is often only one ATM in each community. All of these ATMs charge fees. In the case studies below the most common fees are \$2.00/\$2.50 per transaction. Stores also charge similar fees for EFTPOS. In other words, the fees cannot be avoided. As well, options to use phone or internet banking are not viable (Section 2.3);
- **Exploitation by traders** – there is one community where the ATM fee is \$10.00 per transaction. One trader charges an EFT fee of \$5.00 per \$50.00 (ie \$10.00 for a \$100.00 transaction) (Section 2.4).

ATM fees quickly add up if you are on low income – the **impact is significant**. A person on a Youth Allowance payment for example, receives \$176 in cash per week. The Newstart allowance is \$230 per week, or around \$33 per day. ATM fees of say \$10, will eat up a significant portion of these payments, effectively reducing the amount of money that can be spent on food. (See Section 2.5)

Each of these points is discussed next. The quotes included are from the people named above.

## 2.1 The Nature of Living in a Remote Community

Life in a remote Indigenous community is quite different to that in mainstream Australia. These differences also lead to different needs in relation to banking products. ATMs or EFT are more likely to be used more frequently.

*"In many of the remote Indigenous communities, poor housing and lack of white goods severely restricts the options of the people. Most houses do not have fridges or operating stoves, as well as other issues with plumbing etc. Without a fridge, people cannot keep food in a safe, healthy state and so are forced to buy and consume all their food on a daily basis."*

*"There is a lack of infrastructure (telephones & computers) on communities that is common place in regional/cities. In most communities there are only two to four public phones that are located in very public places and most homes do not have a private telephone, therefore the option of using telephone banking to check balances is limited. There are only a small number of communities with internet coverage and due to the expense to access the internet and cost of computers (and the maintenance/servicing of them) most community members don't have access to check balances via internet banking. With these limited options available the only option left is to check balances at the ATM."*

People living in remote communities are also vulnerable and poor. This is illustrated by many of the comments in the following sections.

## 2.2 Behavioural and Cultural Factors

### Checking Account Balances

It is very common for people living in Indigenous communities to frequently check their account balances on the day that Centrelink payments are expected to arrive.

*"(M)any of the community members are checking to see if Centrelink has paid them as soon as the store opens at 10 am, as they are wanting to access their funds for a variety of reasons such as to get food and or to purchase fuel to travel into Alice Springs or Port Augusta. These people are then checking their accounts every 10-15 or so minutes and their payments might not go into their accounts until 2 or 3 pm that day (or the next) ..."*

*"The store manager at xxx Community (population – approx 400) stated that most of the people within the community end up with fees of \$40 or more before they can even access their funds due to the \$2.00 fee for balance checks."*

*“Clients I have in these areas are checking bank accounts all the time via the ATM in the stores and all I can see is that the winner is the store and the person that services the ATM.”*

*“People get anxious, especially when they are waiting for money to buy food. I have watched them spend the whole day waiting, standing outside the store, going in every hour or so to check the balance to see if the money has arrived. Occasionally the money does not go in until the next day, so they have racked up \$20+ in fees and they get cross because when they go to get the money, the balance is not the same amount as they were promised on the phone—the fees have come out of their balance.”*

*“Centrelink payments are often varied according to the frequent changes in people’s circumstances. This means that payments can be adjusted up or down often, resulting in no certainty for the individual when trying to determine their account balance. In order to determine whether a payment has been made by Centrelink or to determine their account balance people in remote communities use the ATM machine, which then charges them a fee of \$2 each time they use it. There is no certainty timewise of when a Centrelink or other payment will go into an account – today means anytime between 9 am and 5 pm.”*

*“(There is one community which only) has one generic ATM. This ATM is the only source of accessing cash (so to speak) for the community. So if you use the machine, regardless of which bank you hold your accounts with, you will incur a fee ... The fee is \$2.50 per transaction. Therefore to check a balance and then withdraw cash incurs two fee charges -\$5. The community store opening hours are 9 am – 5 pm weekdays and 9 am -1 pm Saturdays. The ATM is located inside the store so cash is only accessible during these hours. An average usage of the ATM per person would be 10 times per week. Some people would be using it much more and some much less. Usage appears to increase on Tuesdays - Centrelink payments day. It is not unknown for people to check their balance anywhere from 2 to 10 times on this day to see if funds have been deposited.”*

## **Managing Money Effectively**

**Other Indigenous consumers are more frequent users of ATMs (and EFTPOS) because this is a sensible way to manage money. They might do this for example to reduce humbugging (where other family members ask for money). There are strong cultural obligations if you are asked for money to provide it.**

*“Where enforced income management does not occur e.g..... the APY Lands, Indigenous people do not have a basic card, where money is quarantined for food*

*and clothing. These people try to limit the amount they withdraw from their accounts in order to make their money last until the next payday. They withdraw only what they need for their daily requirements, so that they are not humbugged by other family members or by cultural obligations to hand over spare cash to others. This results in them using the ATM on a daily basis, with a cost to them for the \$2 fee. At the very minimum, it is costing people \$14 a week in ATM fees, and this is just so they can buy food on a daily basis."*

**But for the cost of ATM fees, the sensible way for most people to manage their money would be to monitor their bank balance and withdraw small amounts. Unfortunately the impact of ATM fees is a disincentive to budget and detracts from the benefits of money management education.**

## **Cultural Reasons**

**There are also (positive and negative) cultural reasons as to why Indigenous consumers use ATMs (or EFT) more frequently than other Australians.**

*"In a "sharing" society it is common for more than one family member to access ATM services with one keycard. In remote communities a daily shopping excursion is also a social outing, where extended family share money. When cash is limited, keycards are given for eftpos purposes, again on multiple occasions ... In my position, I observed a mother give her keycard to one child ... and then again to another child a short time later ... she then sent back the elder child to purchase tobacco for her grandmother."*

*"Many Shire residents are reluctant to do large cash withdrawals due to financial abuse from fellow countrymen known as "humbug". Humbug, in some cases, has escalated to physical violence and there is little relief for victims due to difficulties in policing this behaviour. To pay a \$2 fee on multiple occasions is sometimes a less expensive and safer option, if you are a victim of "humbug"."*

## **Limited Financial Understanding**

**Some Indigenous consumers do not understand the way in which ATMs and the banking system operate.**

*"The story is the same—community by community. People check their balances frequently as they anticipate money being paid in. One troubled young guy in Amata kept checking his card—he could see there was \$90 on it and it looked like the balance was growing each time he checked it, so he could not work out why he could not withdraw the money. The \$90 was the total of the amount he owed the bank in ATM fees, but he did not understand that. In the end family cut up his card so that he did not incur any more fees."*

*“Earlier in the day, she checked the ATM machine and incurred the two dollar fee when her cash withdrawal request was declined. Knowing it was her pay day, and not understanding the meaning of “no funds available” on the ATM receipt, she tried again twice more later that morning. The shop manager put an out of order sign on the machine, around 10 am.”*

## **2.3 Lack of Any Real Alternatives**

### **EFT or the Use of Other ATMs are Not an Alternative**

The majority of Australian consumers can avoid ATM fees by using an ATM owned by their bank. Many consumers also withdraw cash using EFTPOS when say buying groceries. Neither of these options is available to people living in remote communities. All of the ATMs levy fees and there are charges for EFTPOS as well.

*“(The) trader permits consumers to draw cash out with purchases (they only sell takeaway food, cigarettes and some ‘luxury’ items like fresh oranges @ \$6 each!). However for every \$50 drawn, a \$5 fee is charged. \$100 attracts a \$10 fee and so on.”*

*“There are no banks in remote communities, so there are no opportunities for people to use ‘their own bank’ to withdraw funds fee-free—if they want money, they have to use the ATM in the community . . . EFTPOS services, which tend to be a cheaper fee option, are not available at the supermarket checkout point in many communities, so people cannot use that as an alternative for paying for goods or withdrawing more cash. Access to EFTPOS is very limited —available at the whim of the store workers, if available at all.”*

*“EFTPOS fees at the stores are also set at \$2 per transaction. Clients can withdraw cash with purchases at a limit of \$200. This, at least, allows a little more purchasing power. However the stores often hold less cash in their safe than what is placed in the ATM, and funds tend to run out quickly.”*

**It is beyond the scope of this paper to investigate ownership of the ATMs in any detail and how they operate. Many of them appear to be branded as Bank of Queensland, but are in fact owned by a company called Customers.**

*“Customers ATM” or “Cash Card ATM” are independent ATM providers to the Outback Store franchise operating in remote communities across the NT and WA. Most ATM machines are branded with the Bank of QLD logo. This leads to confusion as the ATM is not part of the Bank of QLD and the fee structure would not change if remote residents held accounts with this bank.”*

## Phone or Internet Banking is not an Adequate Alternative

Telephone banking or internet banking are frequently used in mainstream Australia. These options are not as readily available in remote Australia, for a range of reasons.

*“Few if any homes have the internet connected and not many have landlines. Though landlines are available in x community most houses do not have a home phone as these have been the source of large bills in the past which has lead to financial difficulties.*

*Some community members do use phone banking on public phones, but from my experience in talking with clients about this banking option, the numbers are not high. There are four public phones in the community and they are located in very public places – outside the shop; at the shire office; outside the clinic; and one in the centre of town on the street. These very public locations are not conducive to conducting private banking business. Some months ago I was assisting one client (who already had a phone banking password) with setting up a Bpay payment. We were using the public phone outside the Shire Office and were talking to the bank and practising listening to the options (press 1 for transfer etc) so she would be able to utilise this service alone. This space is very public and people tend to gather if they need to see the shire or use the phone. Twice we hung up as there were too many people around for her to feel comfortable to attend to her banking confidentially.”*

*“(In another community), the Social Club Store has two computers for free internet access. These computers came on line in August and one hasn’t worked since then. Some of the younger, more computer literate community members do use the one working computer to check bank account balances before withdrawing cash from the ATM. One of the areas of money management we are focusing on is to explain the cost benefits of internet banking and assist people in setting up accounts. Again this is not a simple process as forms have to be taken out to community and filled in and dropped back to the banks in Alice. Account information is then sent by post to the community. However, the postal system is not always a reliable means for people to get their paperwork.”*

### 2.4 Exploitation by Traders

Most ATM fees appear to be \$2.00 or \$2.50 per transaction, but there are examples of much higher charges being levied.

*“There is also an ATM that is privately owned in Mintabie, South Australia, where the owner/trader is charging a \$10 fee to access money from his machine.”*

*“There is an ATM situated in the local community run store which is open business hours only, and not only charges fees (2.50) to check balances but is often out of money and/or faulty. The community store offers limited EFTPOS cash access for a fee.”*

**As there is no competition or control over ATM fees, the potential for these fees to increase even further in the future is very real.**

*“A large majority of customers are indigenous people, on low incomes, who are disadvantaged due to language differences; distance from basic services and low/no literacy levels. Many community residents have witnessed a history of financial abuse or enforced economic reliance and feel reluctant to voice their opinions. I have been informed by an Outback Stores representative that fees may increase as they have remained at this level for a number of years.”*

**As noted above, the withdrawal limits for the ATMs appear to be a maximum of \$200. This forces people who need larger amounts to make multiple withdrawals, so incurring additional fees. A common example was to purchase fuel.**

*“The withdrawal limit is set at \$200, so if a customer wants to access more cash they would have to pay for multiple transactions. (\$200 does not even cover the cost of a full tank of fuel from the community stores, at approximately \$2.50 per litre, for the average 4WD) ...*

*“Some vehicles due to distance have dual tanks with 145 ltr capacity - \$2.50 x 145 lt = \$362 . Most people in the cities are not aware of the big tanks we have out here!!!”*

**Store ATMs are no doubt profitable.**

*“If it is a community store and the store manager is honest, the fee that the store gets for every transaction over 300 for the month is \$1.00 and this is from Cash Card ATMs and as I said if honest It goes on the books. If the store is an Outback Store Funded by the Government the store gets the payment—an easy way to make money.”*

**There are also occasional reports still of direct exploitation by store managers.**

*“At xxx it took me 6 months of telling the community that they had the right to ask the store manager to answer community questions. They finally did and to cut a long story short they asked. He could not answer any questions they had and so he left ... The thing that made me think things were not right was when I wanted to buy a packet of cigarettes and was told I could not use EFTPOS to buy them. The store manager told me to use the ATM to get cash out and get them from his office area. I*

*am guessing he purchased the cigarettes in Alice and used the Store Account and he then sold them via a no track system and he pocketed the money. When I questioned this he said it was the new regulations that have come in with the Basic Card... So when I arrived back in Alice I contacted Cash Card ..."*

## **2.5 Impact on Indigenous Consumers**

**Indigenous people in remote communities are often living on very low incomes. ATM fees soon add up and can have a significant impact. Every fee that is taken out for ATM fees, means there is less that can be spent on food.**

*"During the 4 days (8th Oct) I spent at Amata, on the APY Lands attending a funeral, a loaf of ordinary, white, sliced bread – the cheapest variety, cost \$5 per loaf. To put the impact of ATM fees of \$2 per transaction into perspective, if a local withdraws money for food each day, it will cost a minimum of \$14, which would buy 2 loaves of bread and a carton of milk. For individuals whose payments are only \$176 per week, that is a huge loss of funds."*

*"Nearly all of the residents within the communities that I service (total population in excess of 3-4,000) have in excess of \$40 worth of fees, specifically before and/or pension and Newstart payment days ..."*

*"The impact of these bank fees can be crippling to those customers on low income that use the ATM services on multiple occasions daily. In a "sharing" society it is common for more than one family member to access ATM services with one keycard. In remote communities a daily shopping excursion is also a social outing, where extended family share money. When cash is limited, keycards are given for eftpos purposes, again on multiple occasions."*

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## 3 Past advocacy

This issue has been raised frequently by people living in remote communities. The example in the box on the next page is from Lutheran Community Care in Alice Springs, relating to just the past few months (names have been removed).

Financial counsellors and money management workers in turn have raised the issue or the cost of ATM fees in remote Indigenous communities in numerous fora, including the Community Stores Working Party in Alice Springs and at meetings of service providers and government.

*"I have been in contact with Outback Stores on this very subject, advocating for an increase in withdrawal amounts for remote users and a reduction/removal of balance enquiry fees ... For the past 6 months our Money Management team has researched various stores in the remote communities we service, the result is an Issues paper ..."*

*"I have observed so many of these scenarios over the last decade of working with remote ATSI consumers. At times, in pure frustration I have approached the bank's Corporate Social Responsibility managers and CEOs .."*

*"Having not been successful in engaging the trader, I approached the traders financial institution at the highest level. I was referred to the state manager, who informed me they cannot dictate to their customers how to do business, and the fees charged were not breaching the EFT terms & conditions. Basically the business was very valuable to the bank."*

In summary, based on the comments above and our knowledge of past advocacy, the issue has been raised with:

- the management of Outback Stores (these stores are owned by FaHCSIA);
- direct with various banks over a number of years;
- with banks and government through the Indigenous Financial Services Network which is facilitated by Reconciliation Australia;
- the Consumer Advisory Panel for the Australian Securities and Investments Commission;
- the Australian Bankers Association.

There appear to have been undertakings about action, but nothing has changed.

This information was compiled by Lutheran Community Care in Alice Springs and reflects feedback from people living in remote communities in recent weeks.

- a. Women, through their group spokesperson, xx, at Santa Teresa in September, complaining that the ATM fees are taking money from their accounts all the time as people withdraw money.
- b. xx at Finke on the 3rd Nov, speaking out about the ATM machine there that was only giving balances but no cash, yet people were being charged a \$2 fee. She also told us that using their credit union card cost more than a card from the bank.
- c. Women at Papunya undertaking the Approved Money Management Course in late October were complaining about the cost to them and their families of using the ATM.
- d. People at Docker River in early September were worried that so much money, up to \$50 a pay, goes in ATM fees as people wait and check for money to come into their accounts.
- e. xx at Mimili on the 19th October was worried that families did not have enough money to feed their children because they were losing so much through ATM fees because people take small amounts out each day or frequently check balances. She (is involved with) the Failure to Thrive programme which feeds clinically identified children who do not get enough to eat.

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## 4 Solutions

*"I would just like to see those who have no choice about how they get their money, (eg those in remote Indigenous communities) being given access to their community ATM free of fees."*

*"Indigenous people in remote Central Australia are the most vulnerable people in Australia, yet they are the most exploited by ATM fees. To access their money they have to use the ATM - they have no other means or choice for getting money."*

*"Our responsibility, as Money Management workers, is to inform and educate clients about fees and consumer options that may be available in these communities, for example internet banking that can help reduce the cost of fees. We run group and one on one workshops that discuss everything from how to do a basic family budget to scams and loan differences. Our position is to empower clients in a culturally sensitive and appropriate service and to promote informed choice. This is a considerable challenge as the choices that most Australians take for granted are not readily available to remote clients living in Aboriginal Communities."*

*"For our mob we have asked them to come to us and we will ring the bank to check for them. Having a good relationship with the girls at the bank makes a lot of difference. We ring Centrelink to ask when their money is likely to be in the bank, and the word is "safe after 3 pm", so we pass the word on, to access the ATM after 3 pm. This does not always work. All the more reason to lobby for the scrapping of the ATM fees in these remote areas."*

*"If we are serious about "closing the gap" and improving outcomes for Aboriginal people living on community, we need to recognise the issues above and implement systems that rectify the problem which include abolishing fees from these machines, improving infrastructure to give people more banking choice/options and training on how to take advantage of these options. And if Bill Shorten is interested in visiting Alice, I will definitely be available to help chaperone!!"*

## 4.1 What Change is Needed?

Section 3 above noted that there has been considerable agitation about this issue over a number of years and particularly in recent months, but nothing has changed. AFCCRA therefore will be taking this issue up as a policy priority.

**In our view, ATMs in remote Indigenous communities should be completely free to use, that is, to access account balances or withdraw cash.** This reflects the reality of life in a remote community, which are quite different to communities elsewhere in Australia.

Indigenous consumers:

- have no choice but to use the single ATM available in a remote community. All of the ATMs charge fees and these are impossible to avoid;
- are more likely to withdraw small amounts of cash and so incur more fees. This can occur for budgeting reasons, for cultural reasons or because food storage in some remote communities is problematic and people therefore buy food on a daily basis;
- are losing a huge proportion of their incomes in the form of ATM fees. The large majority of Indigenous consumers in these communities are on Centrelink payments. These payments are very low;
- are being exploited in some instances by unscrupulous traders who charge very high fees for access to ATMs or EFTPOS;
- are amongst the most vulnerable groups in Australian society.

There are other actions that will assist, but they will not fully address the problem. These include:

- The provision of more telephones in stores, that provide some privacy, so that Indigenous consumers can access telephone banking to check their bank account balances;
- The provision of computers to allow internet banking;
- Asking Centrelink to be more specific about when payments will be made to accounts, for example, before lunch, by 3 pm or so on and then advising clients of this;
- Continuing with the various financial literacy initiatives underway in remote communities, such as those facilitated by the money management workers. However consumer education will only go so far. It will not cure poverty.

## 4.2 How Do We Get a Solution?

It may be tempting to allocate “blame” for the current situation, but it is not conducive to achieving change. Our call is for all of those involved with this issue — government, regulators, the banking industry, consumer advocates — to meet and address these concerns once and for all. It is too big a problem to ignore. Action is needed.

The organisations who need to be at the table include:

- the **Reserve Bank**—the RBA have responsibility for the payments system. In March 2009, the RBA introduced an access regime for the ATM payment system with the aim of improving competition and efficiency. This system has clearly not benefited remote Indigenous communities. Implicit in introducing this new system was an obligation on the RBA to monitor performance and act if there were problems;
- the **Australian Securities and Investments Commission**—ASIC have regulatory responsibility for credit and a strong focus on addressing financial issues affecting Indigenous communities;
- **Centrelink**—the timing of Centrelink payments are a major contributor to this problem;
- the **Australian Bankers’ Association**—as the peak body for the banking industry, the ABA can play a role in brokering solutions on behalf of the industry. We note of course that the majority of ATMs in remote communities are not in fact owned by the banks, but instead by private operators. The banks however have a strong commitment to improving access to financial services for Indigenous people, as well as a social responsibility to the community to provide banking services to all Australians;
- the **Department of Families, Housing, Community Services and Indigenous Affairs**—FaHCSIA are involved in numerous financial literacy initiatives and have responsibility at the Federal level for Indigenous issues. FaHCSIA also operate a number of the outback stores;
- **Private ATM Providers**—these companies also have obligations to their customers to provide services that are fair and accessible;
- the **Australian Competition and Consumer Commission**—the ACCC is the competition regulator. Some possible options may require ACCC authorisation;
- **Consumer advocates, Indigenous people and their representatives**—policy makers need to hear from people at first hand about what is happening and provide grassroots feedback about the efficacy of possible solutions.

### 4.3 What are the Options?

Below are a number of options that could be explored. These options are presented as discussion starters, as the whole point of bringing people together is to harness the knowledge and expertise of all stakeholders and achieve a lasting solution. The options are not mutually exclusive and there are no doubt a range of other solutions.

- The Reserve Bank has the power to designate certain payment systems, including imposing price controls.<sup>1</sup> The RBA could use this power in relation to specific geographical regions.
- The Reserve Bank could monitor remote communities for fee gouging or uncompetitive behaviour.
- On-screen balance inquiries could be provided at no cost.
- The banking industry, in line with its social responsibility, could install ATMs in remote communities to compete with the private providers.
- The Federal Government could install and operate ATMs in designated remote communities.
- Centrelink could work with the banks to ensure that payments always arrived at the same time.
- Current initiatives could continue, but as noted in Section 4.1 above they will not fully address the problem. These include consumer education and the provision of more phones and access to the internet in remote communities.

We reiterate however that the final outcome must be that people living in remote communities can access an ATM to check a balance or withdraw cash, at no cost.

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1 See s 11 and s 12 of the *Payment Systems (Regulation) Act 1998*.

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