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Clausen, Timothy

**From:** Loan, Nick  
**Sent:** Thursday, 28 October 2010 6:41 PM  
**To:** Browne, Oliver  
**Cc:** Lonsdale, John; Douglas, Justin; Burston, Matthew; Adler, Damien; MG FSD Bank Competition Unit  
**Subject:** FW: Account number portability [~~SEC=UNCLASSIFIED~~]

**Security Classification:** UNCLASSIFIED

Ollie,  
As requested, pls find below some information on account number portability.  
If you have any questions, or need further information, let me know.  
Nick

**Background**

Customer choice and mobility are important elements of competition in the banking sector, and are at quite a high level in Australia, relative to comparable countries.

Australia's peak payments system industry body, the Australian Payments Clearing Association (APCA) suggests that Australia already has a relatively high rate of transaction account churn of around 8 per cent per annum, which is broadly consistent with that observed in European countries that have implemented comprehensive account switching regimes.

**Account Number Portability**

Currently, if a consumer switches banks, their account number must change and the consumer must arrange for the re-routing of any direct credits and/or debits associated with automatic payments they receive and/or make (The Account Switching Package was intended to make this easier).

To many consumers, this may present itself as a hassle and may therefore impede switching.

A potential method to solve this is to mandate account number portability. This would involve creating a system whereby each customer has a unique bank account number which can be transferred to another institution if the customer chooses to switch banks.

While attractive from a competition perspective, the introduction of account number portability would likely impose significant up-front costs on financial institutions, employers and retailers, which would be passed on to consumers.

Alternatively there may be calls on the Government to fund such an initiative.

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- To gain a more precise estimate of the cost of implementing account number portability, further consultation would be required, including with the RBA and APCA.

This issue was explored in the 2008 House Standing Committee on Economics report on competition in the banking and non-banking sectors.

- APCA told the 2008 inquiry that creating account number portability is complicated and costly, involving changes to the current Bank State Branch (BSB) number system, used to identify various parts of an institution.
- APCA also stated that there would have to be changes to an individual institution's software systems creating an initial cost for a large number of private and public entities.

Further, given consumer inertia and apathy, and the relatively high switching rate, it is unclear how effective this measure would be in facilitating additional account 'switching'.

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**From:** Dickson, Tom  
**Sent:** Thursday, 28 October 2010 6:35 PM  
**To:** Loan, Nick  
**Subject:** FW: Account number portability [SEC=UNCLASSIFIED]

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**From:** Browne, Oliver  
**Sent:** Thursday, 28 October 2010 4:34 PM  
**To:** Dickson, Tom; Preston, Kate  
**Subject:** Account number portability [SEC=UNCLASSIFIED]

Guys,

Are you able to provide any factual information on this ASAP?

Cheers

Ollie