

NOTICE OF LODGMENT
AUSTRALIAN COMPETITION TRIBUNAL

This document was lodged electronically in the AUSTRALIAN COMPETITION TRIBUNAL and has been accepted for lodgment pursuant to the Practice Direction dated 3 April 2019. Filing details follow and important additional information about these are set out below.

Lodgment and Details

Document Lodged: Application to Tribunal for Review

File Number: ACT 1 of 2023

File Title: APPLICATIONS BY AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED AND SUNCORP GROUP LIMITED



A handwritten signature in blue ink, consisting of a stylized 'A' followed by a 'U'.

REGISTRAR

Dated: 25/08/2023 3:05 PM

Important information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Tribunal and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.



coordination effects would be even greater relative to the Bendigo/Suncorp Bank Counterfactual.⁹

31. The Proposed Acquisition would be unlikely to have the effect of substantially lessening competition in the national home loans market on the basis of coordinated effects, because:
- (a) strong competition in the national home loans market is not a recent or temporary phenomenon and has been present for a number of years. The sustained growth and strength of brokers has underpinned this competition – this competition and the role of brokers is inconsistent with the market being conducive to coordination between the Major Banks;
 - (b) with and without the Proposed Acquisition, there is no real commercial likelihood of coordination occurring between the Major Banks, because there are numerous providers of home loans operating throughout Australia, brokers commonly participate in arranging home loans, consumer switching friction is not substantial and discounting on a customer-by-customer basis makes home loan interest rates insufficiently transparent for coordination to be initiated and sustained;
 - (c) the Proposed Acquisition would not be likely to materially increase the level of symmetry between the Major Banks – in particular, the market shares of the Major Banks would remain asymmetric (and the Commission’s expert economist rejected this as a basis for finding increased likelihood of coordinated effects), the Major Banks differ on other attributes such as turnaround times and this would not change, the Major Banks have differing customer focuses and the relative size of their retail and business portfolios vary, and ANZ’s funding base (i.e., sourcing a greater proportion of its funding from retail deposits) and focus would not materially change; and
 - (d) if the Bendigo/Suncorp Bank Counterfactual were to be considered (which it should not be for the reasons described at paragraphs 25 to 28 above), a combined Bendigo/Suncorp Bank would not decrease the incentive of the Major Banks to coordinate.

No likely substantial lessening of competition in any markets in Queensland for SME banking services

32. As stated above, SME and agribusiness banking form part of the same national commercial banking products market. In this market, the Proposed Acquisition is unlikely to have the effect of substantially lessening competition, principally because:
- (a) the Proposed Acquisition would only minimally increase concentration, with ANZ’s national share increasing by less than 5% (and in most products by less than 3%) once combined with Suncorp Bank;

⁹ ACCC Reasons [6.268] – [6.270].



- (b) ANZ and Suncorp Bank are not particularly close competitors, with Suncorp Bank predominantly focused on **[Confidential to Suncorp]** and ANZ losing the most volume to the Major Banks rather than other banks; and
- (c) the commercial banking products market has experienced significant new entry and expansion in recent years, and barriers to entry and expansion in commercial banking products are not significant.
33. If local or regional SME banking markets in Queensland are the correct markets for assessing the competitive effect of the Proposed Acquisition, the Proposed Acquisition would be unlikely to have the effect of substantially lessening competition in these markets, principally because:
- (a) it would not increase concentration in SME banking markets in Queensland to any substantial degree and there would remain many banks and other lenders competing to supply SME lending products in Queensland;
- (b) none of the local areas in Queensland where ANZ and Suncorp Bank branches overlap would have fewer than four branches of competitor banks;
- (c) there is growing competition from non-bank lenders and fintechs in SME banking, and brokers originate a significant and increasing proportion of new SME loans (as well as in agribusiness), which reduces customer search costs and promotes competition;
- (d) **[Confidential to Suncorp]** ;
- (e) ANZ and Suncorp Bank are not particularly close competitors in the supply of SME banking services, with each not featuring significantly in each other's refinancing switching data, and each targeting different segments of the SME market;
- (f) insofar as Suncorp Bank's relationship-focused model for SME banking services confers a competitive advantage valued by customers, ANZ would have a strong incentive to retain those customers by maintaining that model and it would be irrational for ANZ to discontinue this (and thus unlikely that it would), so this relationship-managed offering would not be lost in the future with the Proposed Acquisition;
- (g) further, Suncorp Bank's relationship-managed model is not unique and ANZ itself offers a relationship-managed service to its SME banking customers, with its service being comparatively "higher touch" compared with other Major Banks, so there is unlikely to be any material loss of relationship-managed services relative to the future without the Proposed Acquisition; and

