



Australian
Competition &
Consumer
Commission

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NEWS RELEASE

ACCC WILL NOT OPPOSE INVESTMENTS IN A NEW CREDIT REPORTING AGENCY BY MAJOR AUSTRALIAN LENDERS

The Australian Competition and Consumer Commission will not oppose six financial institutions (ANZ, CBA, Citigroup, GE Capital, NAB and Westpac) each taking a 4 per cent shareholding in a new credit reporting agency, Experian Australia Credit Services.

Experian Australia Credit Services is a proposed joint venture between the financial institutions and Experian Group, a London based global provider of credit reporting services, which will have a 76 per cent shareholding. The financial institutions that will have minority interests in the proposed joint venture are currently the largest purchasers of credit reporting services and are important providers of a key input, credit information, to Australian credit reporting agencies.

"Following an extensive public review, the ACCC formed the view that the proposed joint venture would be unlikely to substantially lessen competition in any of the markets examined," ACCC chairman Rod Sims said.

The ACCC's investigation focused on whether the financial institutions would have the incentive to restrict the supply of credit information and customers to incumbent credit reporting agencies and in doing so negatively effect the competitive position of these agencies.

The ACCC also examined whether the financial institutions could leverage their position in the joint venture to discriminate against rival lenders.

The ACCC consulted with incumbent credit reporting agencies, as well as industry experts and customers of the incumbent reporting agencies. The ACCC also examined the joint venture parties' internal documents.

Mr Sims said the ACCC was satisfied that the six financial institutions are sponsoring Experian Group's entry in order to bring a new supplier into the market for credit reporting services and achieve lower prices.

The ACCC formed the view that the principal incentive of the financial institutions, in sponsoring Experian Group's entry to the Australian market and in their provision of credit information to credit reporting agencies, is to foster competition among their suppliers rather than to replace one dominant supplier with another.

The ACCC also determined that the financial institutions' minority interests in the proposed joint venture are unlikely to result in anti-competitive discrimination against rival lenders. Instead, the ACCC expects that small and large customers of credit reporting services will benefit from the market entry of a new supplier.

In its assessment, the ACCC had regard to the planned introduction of comprehensive reporting through amendments to the Privacy Act. The ACCC considered that this development will have some benefits for small lenders, and that the proposed joint venture will not curtail these benefits. Experian Group will have operational control of the proposed joint venture and, given the material financial, efficiency and reputational risks, Experian has no incentive to discriminate against small lenders. Moreover, rival lenders will have the ability to bypass the proposed joint venture and utilise an alternative supplier of credit reporting services that will continue to have a significant database.

A Public Competition Assessment detailing the ACCC's reasons for its decision will be available on the ACCC's website in due course.

Media inquiries

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General inquiries

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