



# MEDIA RELEASE

25 November 2021

## **NAB's proposed acquisition of Citi's Australian consumer business not opposed**

The ACCC will not oppose the proposed acquisition of Citigroup Australia Pty Limited's Australian consumer business (Citi) by National Australia Bank Limited (ASX: NAB) after a review found the transaction would not substantially lessen competition.

NAB and Citi overlap in the supply of consumer banking products and services, including credit cards, personal loans, wealth management and investment products, transaction and savings accounts and home loans in Australia.

The ACCC's review focused on competition in the supply of credit cards, as Citi is a substantial provider of credit cards and credit card services. Evidence showed that the proposed acquisition was unlikely to raise competition concerns in any other areas of overlap, given Citi's minimal market share in these markets.

The review considered whether NAB's acquisition of Citi would reduce competition both in the overall market for credit cards and in particular segments such as credit cards with rewards programs.

During its review process, the ACCC consulted with a broad range of stakeholders including credit card suppliers, third party distributors of Citi's white label credit cards (known as white label partners), and consumer groups. Very few concerns were raised by those stakeholders.

The ACCC concluded that, following the proposed acquisition, NAB would continue to face competition from a range of suppliers of credit cards.

"Credit cards continue to be an important product for consumers, despite increasing use of other unsecured lending products such as Buy Now, Pay Later," ACCC Chair Rod Sims said.

"However, market feedback suggested that Citi is not unique with respect to its credit card offering, and many different credit card providers remain for consumers. NAB today is smaller in credit cards than its major bank rivals, and we don't consider adding Citi's card operations to NAB will materially change the level of competition."

Another area the ACCC focused on was the provision of 'white label' credit card services, because, following the acquisition, NAB will be the dominant white label credit card supplier to a number of commercial partners, and will compete with those partners in the consumer-facing credit card market.

The ACCC was particularly focussed on whether post-acquisition NAB might offer less favourable terms to these white label partners, such as smaller banks, with the aim of enhancing the position of NAB's own branded credit cards.

However, the ACCC found that post-acquisition, NAB would be unlikely to have an incentive to act in that way.

Firstly, scale is very important in credit card operations, including white label credit card operations, such that issuers have strong incentives to have a larger consumer base

For personal use only

(including white label consumers) over which to spread out the significant fixed costs of investment in a credit card issuing platform.

Secondly, the ACCC considered it likely that if NAB caused white label partners' credit card offerings to become less competitive, or exit the market altogether, many consumers would switch to non-NAB credit cards, making such a strategy unprofitable for NAB.

Finally, banks who are white label partners may also have the ability to invest in their own credit card issuing platforms, although at a cost, which could limit or remove their reliance on NAB's white label credit cards post-acquisition.

"We are very concerned to ensure that mergers in the financial industry do not limit the competitive constraint provided by providers outside of the major four banks, however, in this case the ACCC did not consider there would be a substantial impact in any market," Mr Sims said.

Further information is available at [National Australia Bank Limited - Citigroup Pty Limited's Australian consumer business](#)

## **Background**

NAB is an ASX listed diversified financial services organisation and is an ADI. NAB's core retail banking business operates under the NAB brand and includes hundreds of physical branches across Australia, as well as online browser-based banking facilities and smartphone applications.

Citigroup Australia Pty Limited is an Australian ADI whose holding company is headquartered in New York, USA. Citigroup Australia Pty Limited's Australian consumer business (Citi) operates predominantly through an online model in Australia (including a phone-based sales and service team). Citi offers consumer banking services to consumers and it also funds and issues white label credit cards to end-customers via white label partners (for example, supermarkets, retailers or banks).

The 'major four' banks refer to National Australia Bank, Commonwealth Bank, Australia and New Zealand Banking Group and Westpac.

'White label credit cards' refer to credit card products issued by a financial institution in partnership with a third party.

Providers of white label credit card services, such as Citi, fund and issue credit card products to consumers via third party distributors (called white label partners). The white label credit card provider supplies unsecured credit funding, technology, human capabilities and other services to partners to enable them to market credit cards with their branding to consumers.

White label partners are typically responsible for marketing and customer acquisition, and the remaining functions (including credit card approvals) are carried out by the white label credit card supplier (e.g. Citi).

Examples of Citi's white label partners include Coles, Qantas, Suncorp, Bank of Queensland, Kogan, and Virgin Money.

**Media enquiries: 1300 138 917**

**Email: [media@accc.gov.au](mailto:media@accc.gov.au)**

**[accc.gov.au/media](http://accc.gov.au/media)**

