

## Commonwealth Bank of Australia – a Correction

April 2012

In a recent issue, we reviewed a series of outages being experienced by Australia's largest banks as they engage in multi-year replacements of their aging legacy systems.<sup>1</sup> The "big four" Australian banks - National Australia Bank (NAB), Commonwealth Bank of Australia (CBA), the Australia and New Zealand Bank (ANZ), and Westpac - have all had their shares of outages affecting ATMs, retailers' POS devices, and online banking.

In response to the article, one of our subscribers informed us that we had made an error in our reporting of one of Commonwealth Bank's outages, an error that we would like to correct.

### Our Story

We described the March, 2011, Commonwealth outage as follows:

Commonwealth Bank customers found on March 1, 2011, that they could not transfer funds or pay bills online. Retail POS machines were affected, and scheduled payments were delayed.

However, ... cash from the bank's ATMs was plentiful – too plentiful for some. The technical problem forced Commonwealth to take its ATMs offline. Its ATMs could still dispense cash, logging the transactions locally in the ATM. Since there was no check of a customer's account balance, customers found that they could withdraw any amount by simply visiting several of the bank's ATMs. Word of this bonanza quickly spread, and there were reports of people queuing up at the bank's ATMs to take advantage of the situation.

Once service was restored and the ATM logs processed, the bank realized that some customers had systematically and deliberately set out to withdraw money that wasn't theirs. It froze or closed the accounts of those customers, including many on welfare, and threatened legal action to recover the "stolen" funds.

### The Press Coverage

#### **Computerworld**

We obtain the information for our articles from the public press. In this case, we drew information from two articles. One was entitled Updated: CommBank reports another outage, published in *Computerworld* on March 1, 2011. In this article, Computerworld described the outage as follows:

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<sup>1</sup> Australia's Painful Banking Outages, *Availability Digest*, March 2012.  
[http://www.availabilitydigest.com/public\\_articles/0703/australian\\_bank\\_outages.pdf](http://www.availabilitydigest.com/public_articles/0703/australian_bank_outages.pdf)

The Commonwealth Bank (CBA) has updated customers on the state of its NetBank issues stating that the service is available, however "some" personal account holders are still unable to transfer money or pay bills. ...

"In addition, some NetBank scheduled payments due today have been delayed and will be completed later today. Please consider this when you do your banking. Delayed scheduled transactions will appear under 'Future Transactions' when you logon to NetBank until processing is complete."

### ***Computerworld's Original Story***

The Commonwealth Bank (CBA) has advised that customers are suffering difficulties completing funds transfers or BPay payments using the bank's online banking portal, NetBank.

However, NetBank is available for other transactions, according to a statement from the bank. "In addition, some NetBank scheduled payments due today have been delayed and will be completed later today," the update reads. "Please consider this when you do your banking."

"Delayed scheduled transactions will appear under 'Future Transactions' when you logon to NetBank until processing is complete.

"Bear with us while we investigate and resolve this issue. We apologise for any inconvenience caused."

Australia Post has also reported issues with CBA, stating that EFTPOS was also being affected. "Only CBA customers banking transactions, deposit/withdrawal/balance enquiries, & EFTPOS are being impacted," Australia Post advised.

### ***Techworld***

Two weeks later, Techworld revisited the story with additional information in its April 15<sup>th</sup> article entitled, CBA still plans to recover ATM glitch cash:

The Commonwealth Bank has reiterated its intention to recover money from customers who overdrew their accounts during an ATM glitch last month.

It comes as the bank was accused of using heavy-handed tactics to recover the money from customers who wrongly benefited from the technical problem on 1 March.

The ABC reportedly saw a letter written by the bank 10 days ago to a welfare recipient, threatening court action unless a debt of more than \$700 was paid by Friday.

Some customers on welfare who withdrew money have had their accounts closed or frozen without notice, it was reported.

In a statement released on Friday, the bank said it was reviewing transactions to identify those customers who deliberately accessed funds that were not theirs.

"Commonwealth Bank ATMs were not issuing free cash - some customers deliberately and systematically set out to withdraw money that was not theirs," the statement said. "The bank has made the decision that in some cases it no longer wishes to do business with those customers.

"For those customers who inadvertently overdrew their accounts on that day, we have continued to provide services to these customers and entered into appropriate repayment arrangements."

The technical problem in the ATM system forced the Commonwealth Bank to put all their ATMs into offline mode - meaning customers had no access to their account balance but were still able to withdraw money - resulting in customers being able to withdraw more than they expected or more than their accounts held. [Emphasis added]

At the time, a Commonwealth Bank spokeswoman said there had been reports in Sydney and Melbourne of people queuing up at the ATMs in order to deliberately withdraw more money than was in their account.

"We have clearly stated that we would seek to recover all funds relating to customers who had overdrawn their accounts," the bank said.

## **Our Subscriber's Response**

The response from our subscriber was as follows:

I am discouraged to read these words, as they do not express the reality of the situation, and gloss over the management problems revealed.

I have fairly close knowledge of how the CBA's various ATM and EFT systems interact. At no time were the ATM's themselves ever "off-line". The CONNEX Advantage switch, running on dual Tandems, was online to the ATM's, and online to the bank's EFT system called CTS, but off-line from the bank's various product systems. Most of their debit accounts are now processed in SAP.

The issue was that CTS was standing in for SAP, but not using a balance file, more a "read only daily limit" figure per card, which resulted in the cash being plentiful. CONNEX did and does have balances, but the CBA did not see fit to use them until much later in the outage. Definitely, CONNEX was logging all ATM transactions during this time.

## **The Correction**

The eFunds CONNEX Advantage system runs on dual HP NonStop servers and provides a complete set of services for the processing, switching, authorization, and settlement of automated teller machine (ATM), point of sale (POS), and e-commerce transactions. It provides transaction processing interfaces to host systems, card networks, and other financial institutions.

It appears that Techworld's statement that "Commonwealth Bank ... put all their ATMs into offline mode" was an oversimplification. According to our subscriber, what happened was that the ATMs were, in fact, online to the CONNEX Advantage transaction switch, which was in turn online to the bank's EFT system, CTS. CTS, however, was offline from the bank's SAP system, which holds the customer card balances used for authorization. CONNEX only had daily limit figures to work with, which in many cases were more than the customers' account balances. In these cases, customers could withdraw up to the card daily limits, thus overdrawing their accounts.

Our apologies to Commonwealth Bank for not having this more detailed explanation of what happened in this outage. We hope that this has set the record straight.