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Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
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Dear Committee Secretary

**RE: Inquiry into bank closures in regional Australia**

The Australian Chamber of Commerce and Industry (ACCI) appreciates this opportunity to provide comment to the inquiry into bank closures in regional Australia.

ACCI is Australia's largest and most representative business association, and the largest representative body of small business. Our members are all state and territory chambers of commerce, which between them represent 430 local chambers as members. ACCI also represents over 70 national industry associations. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

ACCI has members in regional areas across Australia who have varied and diverse banking needs from opening and operating accounts. These include: card merchant arrangements in support of their business, loan negotiations, as well as financial and account advice. Any closure or reduction in services offered by a local bank branch has a direct impact on the community, including those businesses who rely on banking services.

ACCI acknowledges that like any other business, banks have labour costs, overheads and a requirement to operate within budgets. Unfortunately, all banks regardless of size face the same issues and sometimes the cost of having a branch open is not feasible resulting in its closure. In this context, ACCI does not recommend that government should intervene via regulatory requirements that would force banks to keep a branch open. Indeed, this would be forcing private business to maintain an operation that is not profitable.

Despite the shift towards cashless transactions in modern business, cash remains a popular payment method, especially in regional areas. In the event of system malfunctions, it is important for businesses to have quick and easy access to both cash deposits and withdrawals. However, this is not always the case. For example, small business members regional Queensland have reported to ACCI that staff have spent an entire day on travel just to obtain necessary cash. Hence, regardless of the frequency of

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physical money transactions, it should be a hassle-free process and not inhibit the productive operation of the business.

As an alternative, the inquiry should consider a range of other options. Australia Post is one potential solution to resolve banking availability concerning regional communities, however there are limitations. First, it is either owned by the federal government or is operating as Community Postal Agent under a common agreement that is renewed every two years. It also often sells commerce goods that compete with other shops in the town.

Second, Australia Post staff are limited in their ability to provide advice and guidance to banking customers. Often a post office already carries out a wide range of services, so the addition of an even wider range of banking services places pressure on the staff. It is important that post office staff are not used as pseudo financial advisors.

Third, only having access to Australia Post staff is unappealing for some customers as this would provide them with an even wider range of personal knowledge. Some customers are reluctant to have one central source of all services and would rather a diversification of services as it ensures greater privacy within the community.

An alternative to bank branch models that would maintain or improve banking service accessibility in areas where branches have been closed would be the creation of a shared space. This would substantially reduce the costs of operating a branch and make it economically viable to have a qualified banking staff member in the community. This would likely be located in a facility with other government offices, for example a Centrelink or Medicare office, whereby a bank representative can be situated on a part-time basis. In partnering with local, state or federal governments, banks could continue the provision of their services within the community at a greatly reduced cost.

Another option could be the establishment of a banking specialist who would attend regional communities to provide advice and support, provide documents to set up new accounts, provide lending advice, arrange loans, and establish digital skills for internet banking. This could take the form of a mobile bank not dissimilar to a mobile library. The banking specialist should also provide regular education programs that provide digital skills and information on banking scams to raise awareness within the community.

Additionally, banks should continue to provide access to small business banking specialists with a regional specialisation. The closure of banks has seen the loss of rural bank managers who work with rural businesses in distress. While banks have retained many agribusiness staff, their expertise is often focussed on farm-based distress rather than other businesses in the community. Regional businesses have traditionally relied on their connection to a local and expert bank manager to support them. It is vital that these regional specialists are still accessible via the phone and able to visit regional communities to provide advice and guidance.



ACCI notes the Regional Banking Taskforce Report 2022 which made a series of recommendations in relation to banking services in regional areas. One recommendation tasked the Australian Prudential Regulation Authority (APRA) to commence a review of its Authorised Deposit-taking Institutions (ADI) Points of Presence collection to better capture indicators on how banking services are accessed, with public consultation in early 2023. There were another two recommendations that will not be enacted until mid-2023; ABA should review and strengthen its Branch Closure Protocol and introduce an ABA Customer Care Standard by mid-2023 and Banks should establish a process for conducting and publishing regional branch closure impact assessments by mid-2023. It is still too earlier to determine the impact of these recommendations.

The role of technology in banking has never been of greater importance to the consumer, however it cannot be always relied upon. There are some estimated 95 per cent of adult Australians in regional areas with internet access at home - the same as for metropolitan areas, and up from 82 per cent in June 2017. The utilisation of digital methods of banking has never been higher and has further evolved rapidly due to COVID19 but access to these digital channels is not always reliable in regional areas due to unreliable telecommunications infrastructure. This is of particular concern in the aftermath of a natural disaster such as bushfire, flooding or cyclones which can disrupt communication channels for weeks.

An additional concern with the reliance on digital services is the mixed levels of knowledge and digital literacy within the community. There are different issues each community faces from gaps in customers literacy skills, vision-impairment, indigenous, elderly, or those digitally marginalised through poor speeds, unreliable connections and unsatisfactory telecommunications plans. This could be partially overcome with education support on how to bank safely online, teaching digital literacy, help with identifying banking scams, continual work to remove digital blackspots and improve overall infrastructure.

ACCI believes there is opportunity to improve the services and ease of doing business in regional communities through innovative solutions. There should be consideration of a range of options that will ensure that regional businesses across Australia can operate efficiently with access to a full range of banking services.