



11 May 2023

Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

By Email: rrat.sen@aph.gov.au

Dear Secretary,

Inquiry into bank closures in regional Australia

Bendigo and Adelaide Bank (**Bendigo Bank**) welcomes the opportunity to appear before the Senate Standing Committee on Rural and Regional Affairs and Transport's (**the Committee**) at Ingham on 18 May 2023. We are pleased to provide this submission in support of our appearance into the inquiry into bank closures in regional Australia (**the Inquiry**).

Our Bank is a proud advocate for regional and rural communities. We are Australia's fifth largest retail bank, and the only ASX200 bank with a regional headquarters. In addition to this, Bendigo Bank maintains more branches per customer than any of our competitors. Bendigo Bank has a purpose of feeding into the prosperity of our customers and communities, not off it. With more than 2.39 million customers across the nation, we have a unique insight into regional Australia.

We expect that by the end of this financial year our unique and award-winning Community Bank model will have returned more than \$300 million in profits to local communities and over \$50m in dividends to Community Bank shareholders across Australia since 1998. At the core of this shared-value model is the belief that through partnering with our Bank, local communities have greater agency and empowerment to ensure the sustainability of a local banking service and to generate funds to use for services and infrastructure that best meet their communities' specific unmet needs and circumstances.

We are pleased to contribute to this conversation to ensure people living in regional Australia have access to an appropriate mix of banking services. We recently participated in the Regional Banking Taskforce inquiry into regional branch closures and their impact on communities. It is important to note we are continuing to work with the banking industry to implement the Taskforce's six recommendations across our Bank. Where appropriate, we have noted this throughout our submission. We encourage the Committee to avoid duplication and ensure that any recommendations arising from this Inquiry complement the findings of the Taskforce.

Our recommendations to the Committee

1. Encourage the development of a methodology financial services institutions can more readily reproduce themselves for APRA points of presence data.

2. Uplift government sponsored education and connect with business to deliver innovative and targeted training on foundational skills in regional, rural, and remote areas.
3. Partner with the private sector, not-for-profits, industry associations and local government to improve digital literacy and inclusion for all Australians, but especially among small business and community organisations.
4. Invest in regional Australia and enable internal migration through improved supply of affordable housing, secure and well-paid employment, access to quality education, training and healthcare and vibrant regional cultures.
5. Work with Australia Post to promote and expand Bank@Post services, particularly for small businesses and community organisations, and investigate opportunities for Australia Post to better support small business and community organisations through their transactional banking services.
6. Improve access to digital infrastructure in regional Australia.
7. Subsidise regional Australia Post cash delivery services where transport and security costs can be higher.

Yours sincerely

Marnie Baker
CEO and Managing Director



Bendigo and Adelaide Bank Submission

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1. Introduction

Bendigo and Adelaide Bank refers to the invitation of the Committee to appear before the Inquiry at Ingham on 18 May 2023. We provide this submission which seeks to address the terms of reference for the Inquiry in support of our appearance.

The Bank welcomes the opportunity to contribute to the consultation process. In considering our response to the Inquiry, the Bank refers to and reflects the sentiments contained within its submission provided to Treasury's Regional Banking Taskforce public consultation.¹

2. Bendigo Bank's connection to regional Australia

Bendigo Bank has a rich regional history and connection, having been established on the goldfields of Bendigo in regional Victoria 165 years ago. Since that time, and with the support of our customers and communities, we have grown into a national bank, with branches, customers and staff spread across Australia. For this reason, we are uniquely positioned to understand the needs of both our regional and metropolitan customers and communities.

Given our origins, the Bank has a particularly special insight into regional Australia. We share a natural affinity with rural and regional communities and see first-hand the critical role banking plays in supporting communities to be vibrant, healthy, and dynamic places to live and work. We are the only

¹ Bendigo and Adelaide Bank, *Bendigo and Adelaide Bank's response to the Regional Banking Taskforce Issues Paper*, 21 December 2021.

ASX200 bank with its head office based in regional Australia, with almost half of our employees living and working in regional Australia.

Since 1998, we have had the privilege of partnering with local community enterprises to establish more than 300 Community Bank branches in cities, suburbs, rural and regional communities across the country. These strong partnerships, through our award-winning Community Bank model, provide us with insights other banks simply do not have.

Further, our Bank plays a significant role in supporting customers and communities. In 2022, Bendigo Bank's charitable arm, Community Enterprise Foundation (CEF) distributed \$24 million to local communities, up from \$22.7 million in 2021 and \$21.4 million in 2020. A significant proportion of these funds has been distributed to local communities facing incredible challenges in the wake of years of devastating fires and floods. Since its establishment over 18 years ago, the CEF has offered communities and not-for-profit organisations across Australia the opportunity to raise and distribute tax-effective donations to benefit their own communities.

3. Our Community Bank model

Our insights into the communities we support are enhanced by the partnerships we have established through our Community Bank network. Our Community Bank model was developed in the late 1990s in response to branch closures during that decade.

Community Banks are owned and operated by local community enterprises, made up of locally based shareholders. Each Community Bank is governed by a board of volunteer directors, drawn from the local community. They work in a franchise partnership with Bendigo Bank and provide full banking services to their community.

To form a Community Bank, communities' campaign locally to build a network of supporters, shareholders, and future customers to raise the capital and banking support required to ensure the enterprise's ongoing viability. Once the necessary thresholds are met, Bendigo Bank partners with the enterprise to deliver banking services to that community. Revenue is then shared between Bendigo Bank and the community enterprise. The profits generated by the Community Bank are put back into the community through the provision of funding for arts and cultural initiatives, educational programs, sports, and recreational facilities, as well as vital community infrastructure.

These branches provide opportunities for customers and community members to engage organically with our Bank given the Community Bank's intrinsic link to the community. Our Community Bank branches are valued by their communities for the broader social and economic benefits they provide back to the community.

Since the first Community Bank branch opened in 1998, the network has grown to 304 Community Bank branches operating across Australia with around half located in regional areas. Our Community Bank network has returned more than \$300 million of their profits via local community programs and projects back to Australian communities. \$24 million was distributed to communities in FY22 alone. In addition to this, more than \$50 million has been paid to Community Bank shareholders.

This impact investing approach helps to address social and economic issues within the community whilst also meeting business objectives. Values-based capitalism encourages partnerships between the public and private sectors so capital can be procured both for private profit and for public benefit.

To this end, the private sector is encouraged to invest in development that aligns with their values and goals. It is our belief that through identifying opportunities, empowering local leaders, and pooling private and public resources and funding, a meaningful difference can be made, particularly when other funding is sourced and pooled from across local, State and Federal governments to support and deliver major projects.

Our Community Bank model continues to be a fundamental part of our strategy, story and purpose and delivers tangible outcomes for the communities that we bank. Applications for new community bank company are assessed on a case-by-case basis by the Bank. Alongside other factors, the Bank assesses the commercial viability of the venture. Commercial viability means that the local population is committed to the venture and has shown interest in doing their banking with us, rather than through us. In recent times, we have found that this has been difficult to achieve in regional areas.

4. Our regional branch network

As Australia's only ASX200 regional headquartered bank, we share a natural affinity with regional and rural Australia. Our history and future remain based in regional Australia, and we continue to be an active participant in hundreds of rural and regional communities.

Bendigo Bank remains committed to our regional presence. We strive to be Australia's bank of choice, focussing on feeding into the prosperity of our customers and communities, not off them. Our branch network plays a critical role in us being able to achieve that purpose. We not only have the most branches per customer of any bank across the country, but we also have Australia's fourth largest branch network, with over 51 percent of our branches located in regional and remote areas.

Across our network, we maintain more branches per customer than any of our competitors. We continue to invest in the necessary physical infrastructure of our 273 regional branches, including new sites, cosmetic upgrades, relocations, and refurbishments. Of these, 17 were investments in new branches situated in regional and rural Australia.

In terms of reporting on our branches, we continue to comply with our obligations to provide service levels as part of the Australian Prudential Regulatory Authority's (APRA) *Points of Presence* data. We do not make any specific comments in relation to the effectiveness of the statistics, other than suggest that reliance on the Australian Statistical Geography Standard (ASGS) classification system of geographical regions makes it difficult to simulate internally. We encourage the development of a methodology financial services institutions can more readily reproduce themselves to ensure consistency across these data points. Further, to ensure a reflection on how most Australians are banking today, it's important for the *Points of Presence* data to capture other channels, such as unique logins to internet banking / mobile app banking per month, Bank@Post venues, telephone banking queries. We welcome APRA's recent announcement to review the collection and publication of its *Points of Presence* data and look forward to engaging with APRA throughout the review process.

Our Bank, along with a number of our Community Bank partners, also currently operate 54 agencies. The agency model was established to provide banking services where a full-service branch was not viable. Agencies feature as part of our footprint in both regional and metropolitan areas. These services are delivered via third parties, usually in partnership with local businesses, such as newsagencies or real estate agents, or the local council. The model was established long before the proliferation of digitisation and widespread credit and debit card use or Bank@Post services.

It's important to note that our agency network differs from our branch network substantially in terms of the services offered. Agencies are not classified as a branch for the purposes of APRA's *Points of Presence* data or for compliance with the terms of the *Banking Code of Practice*. Agencies are independent businesses with their own employees and are not staffed by Bendigo Bank employees. Customers can undertake basic banking activities, such as small cash and cheque withdrawals, account enquiries and can open a new banking account. This differs to our branches which provide a comprehensive full-service offering. The range of services offered is very similar to those available via the Australia Post Bank@Post service offering.

Employment in regional Australia

Our organisation employs nearly 8,000 people across Australia.² Around 47 percent of our staff have home addresses in regional or rural Australia. Of our branch staff, 55 percent are based in branches in

² Employees includes Bendigo and Adelaide Bank, Community Bank, Mutual Partners, Rural Bank and contractors. Directors are excluded.

regional or rural Australia³. We know that our presence makes an impact and plays a significant part in lifting regional economies. This is why we've continued to be strong advocates for incentives for employers to either hire regionally based staff or relocate their offices to regional areas.

Like all businesses, our presence in regional Australia comes with its challenges. In our experience, a contributing factor to branch closures is the inability to attract and retain suitably qualified staff to ensure our regional branches remain open and viable. Branch roles require substantial specialist training to meet compliance requirements in a heavily regulated industry. Our Bank continues to find that when roles become available in regional areas, the time to fill those roles is lengthy, costly and the candidate pool is often limited. Once filled, people who take up these roles also tend to leave the organisation quicker than those in metropolitan branches.

We appreciate these issues are not unique to the financial services sector. According to the Regional Australia Institute, in January 2023, job vacancies in regional Australia were more than 97 percent higher than they were pre-pandemic, whilst vacancies in metropolitan cities were only up around 33 percent.⁴ Further, unemployment in regional Australia has remained below the national average at three percent and has been tracking under metropolitan rates for the past two years. This matches our experience. We continue to see that whilst there are plenty of job opportunities in regional Australia, there can be significant difficulty filling them. When seeking to attract people to these positions, it is our experience the availability of housing, high quality education and health care, access to reliable and fast internet services as well as sufficient transport infrastructure to support travel and regional connectivity weighs heavily on potential candidates' consideration of whether to apply for and ultimately accept a regionally based role with our bank.

Investing in regional Australia

Bendigo Bank has long supported investment in regional Australia, and we encourage supporting the vitality of regional Australia through targeted investment in key areas across housing, employment, access to quality education and training, as well as healthcare.

Further, to address some of the key job shortages in regional Australia, focus should be on uplifting the availability of educational opportunities to regional Australians to ease staffing gaps across essential industries. There is an opportunity to increase government sponsored education to ensure people living in these areas can have access to the training they need to have meaningful careers.

Our Bank understands we have a role to play, which is why we welcome initiatives that deliver education in conjunction with business to leverage local expertise to provide targeted training on foundational skills in these areas. An example of this is Bendigo Bank's partnership with La Trobe University, which helps our bank to ensure we help students to grow their digital skills and gain employment experience and opportunities in regional Australia.

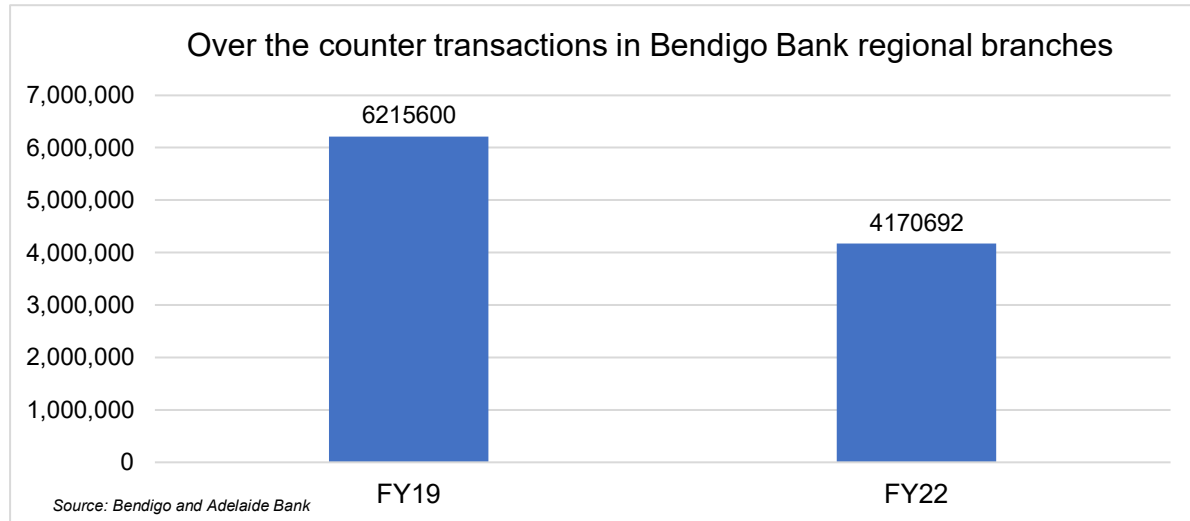
5. Changing consumer habits

As Australia's most trusted bank, Bendigo Bank's distribution strategy is commercially driven by our customers' needs and preferences and there is no doubt our customers are using less cash and increasingly conducting their banking and payments online.

³ Branch staff includes employees and contractors that work in either Company Owned Branches or the Community Bank. Directors are excluded.

⁴ Regional Australia Institute, February 2023, Jobs Jobs Jobs – How do we solve our biggest challenge?
https://regionalaustralia.org.au/Web/Web/Media/News/2023/Jobs_Jobs_Jobs_How_do_we_solve_our_biggest_challenge.aspx

The Regional Banking Taskforce Final Report identified that 80 percent of customers in regional areas conduct their banking online (either on the internet or via a mobile banking app).⁵ This is in line with our experience. The banking habits of our more than 2.3 million customers reflect a desire to have fast, accessible, and tailored digital and self-service solutions to complete their basic transactional banking as well as the ability to talk to a real person when embarking on more complex financial interactions. For example, we have found customers using products such as our digital-only home loan application, BEN Express, will engage with us through other channels to seek advice from a human before making a large financial commitment. For this reason, our aim is to be digital by design and human when it matters.



Consequently, we have seen a significant reduction in the number of customers visiting our branches to conduct their banking. We know that only five percent of our customers use a branch weekly with most transactions being simple deposits or withdrawals. Further, we have seen a significant decline in the use of our regional branches with our Bank experiencing a 33 percent decrease in over-the-counter transactions and a 33 percent decrease in personal customers' cash deposits.

Our Bank has also seen a rapid switch to digital banking with more than 60 percent of our customers utilising e-banking to undertake their daily banking. Our customers are highly engaged digital users with nearly a million customers logging on in the past three months. Over a five-year period from October 2018 to October 2022, we saw a 45 percent increase in e-banking activity. This is not just young people; we know that customers across all age groups are using internet banking (either via an app or through internet banking).

Further, our digital channels account for nearly 10 per cent of settled home loans, including Bendigo Bank's product BEN Express, subsidiary Up, and Tic:Toc. In fact, our digital channels account for 25 per cent of digital mortgages in Australia.

These figures are not surprising. The Reserve Bank has observed a trend in the decline in the use cash in day-to-day transactions since the mid-2020s.⁶ The Consumer Cash Payments survey showed cash was the dominant form of payment in 2007, with 70 percent of transactions made in cash. This declined to 27 per cent of consumer payments in 2017.⁷ Instead, there has been an increase in the use of payments using 'tap mobile', EFTPOS and online shopping. Cards have now become the dominant retail payment method as customers continue to find them very convenient to use. The rise of these payment options is evidenced through the Reserve Bank's announcement of greater supervision of

⁵ Commonwealth Treasury, *Regional Banking Taskforce – Final Report*, 30 September 2022, <https://treasury.gov.au/publication/p2022-260600>.

⁶ Guttman, Livermore and Zhang, *The Cash-use Cycle in Australia*, Reserve Bank of Australia, 16 March 2023, <https://www.rba.gov.au/publications/bulletin/2023/mar/the-cash-use-cycle-in-australia.html>

⁷ Reserve Bank of Australia, *Consumer Cash Payments Survey 2019*, <https://www.rba.gov.au/payments-and-infrastructure/consumer-payments-survey/>

card payment providers and their recognition and support in the development of Australia's fast payments system.⁸

When comparing Bendigo Bank customer behaviours in metropolitan and regional areas, there is little difference in their needs and banking preferences. However, our agribusiness customers are the exception to this. These customers, who are more concentrated in rural and regional areas, are generally serviced via our specialist agribusiness arm, Rural Bank, which supports these customers through our branch network. Our Bank also employs a network of 90 mobile relationship managers and 66 business development managers across Australia who meet with our personal and small business customers at a time, and place, that is most convenient to them. We know how much our customers appreciate the convenience of not needing to travel into town for their banking, as well as the local knowledge our bankers bring when discussing their banking needs.

Agency Closures

Our Bank, along with some of our Community Bank partners, currently operate a number of agencies across Australia. These are operated in partnership with other local businesses who manage the agencies independently with the assistance of their own staff. These agencies differ substantially to branches and only offer basic banking services to customers.

In recent years, our agency model has been under increasing pressure due to a variety of factors. These factors include but are not limited to the changing needs of customers, the decreasing trend in the number and value of over-the-counter transactions, consumers switching online as the preferred way to conduct their banking, as well as increasing and onerous compliance and training requirements that place pressure on staff. Additionally, we are increasingly seeing that our partners who operate these agencies retire, sell their business, or decide that operating an agency is not something they wish to continue due to profitability, compliance, mandatory staff training or a combination of these factors.

Recently, our Bank made the difficult decision to close 15 corporate agencies by July 2023. From 2018 to 2023, there has been a significant drop in transactions across these agencies to, on average, only 19 transactions per day per agency. Like branches, closing an agency is never a decision we make lightly, however, as more and more customers choose to do their banking online or over the phone, we must respond and continue to invest in these channels to support the change in customer behaviour.

Our Bank understands this will have an impact on our customers and therefore, when closing an agency, we adopt the same process as closing a branch. This process includes contacting impacted customers and helping them through the transition to other banking alternatives.

Third-party banking

Mortgages account for 80 percent of the banking sector's loan book and are a major source of competition within the sector. According to the Australian Banking Association, 70 percent of bank customers whose fixed mortgages expired in the past six months refinance with another bank.⁹

Traditionally, customers attended a bank branch to shop for and arrange a home loan. This is changing. Competition in the financial sector has been pushed, in part, by shifting consumer control through third-party banking via mortgage brokers. This has revolutionised the way customers obtain a home loan. Through a third-party, like a mortgage broker, consumers can easily compare and select a mortgage product that best suits their circumstances.

In Australia today, more than 55 per cent of people source their home loan through third-party banking. For our Bank, a majority of our home loans are now written through third-party banking channels and account for a significant proportion of the value of our loan portfolio. It is no surprise this change has meant a reduced number of customers attending our branches to arrange home loans. In adapting to the behaviours of our customers, our Bank continues to invest in our third-party banking channels of

⁸ Ellis Connolly, 28 March 2023, *'The Shift to Electronic Payments – Some Policy Issues'*, AFR Banking Summit, <https://www.rba.gov.au/speeches/2023/sp-so-2023-03-28.html>

⁹ Australian Banking Association, *Select Senate Committee on Cost of Living*, 13 March 2023, <https://www.ausbanking.org.au/wp-content/uploads/2023/03/20230318-ABA-Submission-Cost-of-living-enquiry.pdf>

over 10,000 mortgage brokers and managers across Australia and remains an important part of our customer strategy.

Case Study: Community Bank Sheffield-Railton Branch

In 2022, Community Bank Sheffield-Railton in Tasmania decided it was no longer viable to keep their branch open. Having opened in 2016, the Community Bank still had not made a profit since opening their doors seven years prior.

Despite being the 'last bank in town', shareholders, pledgees, and the local community did not move their banking across to the Community Bank.

Instead of locals buying products with the Community Bank, taking out loans and mortgages, the Branch was operating three days a week for locals to bank 'through' the Community Branch, instead of "with them. The Chair of the Bank at the time also blamed increased 'digitalisation'.

Lynn Hayward, Chair of Kentish Financial Services, operators of the Community Bank Sheffield – Railton Districts branch said at the time of closure:

"If you look forward, and with the increased digitalisation of banking, you can't see how you're going to be able to make the kind of profit you need to fulfil the obligation to help the community, on a one day a week basis particularly.

"The board cut every cost it could find and made a huge amount of effort talking to the community ...

"If it's not financially viable, we have a responsibility to shareholders, ultimately, to try and preserve their capital as much as we can.

Kentish Mayor Tim Wilson had also urged locals to 'use it or lose it' regarding the Sheffield-Railton Bendigo Community Bank, saying in 2021.

"I think some people are under the misapprehension in the community that if they open a savings account or a deposit account that they've done their bit for the bank.

"What the Bank really needs is people to walk in and say, 'talk to me about a mortgage, or tell me about your car insurance.'"

6. Our branch closure process

Our Bank's distribution strategy remains commercially driven by our customers' needs and preferences, and those local communities in which our community partners reside. When these change, so must our approach to delivering our banking services. Our Bank continues to hold responsibilities and obligations to our shareholders and therefore, must always consider the sustainability of our business and each of the relevant components of that business.

Increasing numbers of customers now conduct their banking virtually and no longer visit a bank branch. The costs of maintaining a bricks and mortar presence are substantial and for this reason, we often need to make an assessment about the viability of maintaining a branch. It means that in some instances bank branches will be closed. We do not make the decision to close a branch lightly and we acknowledge such closures can affect our customers and communities.

Every change to our branch network is assessed on a case-by-case basis. We undertake a rigorous commercial and social impact assessment prior to making the often-difficult decision. In the case of our Community Bank branches, the Community Bank company makes the decision to adjust or close their service offering. It follows therefore, when the future viability of a Community Bank branch is under consideration, the community is intrinsically involved in that decision-making process.

As part of its assessment of the viability of a branch, Bendigo Bank (or in the case of a Community Bank, the local community enterprise) considers a range of factors such as customer behaviour, a branch's proximity to other branches, the ability to attract and retain qualified staff, whether that branch is the only banking service available in a specific location, and whether customers will be able to access

other cash services in the absence of a branch (through for example Bank@Post, an ATM or a merchant facility). Of the branches we closed between FY18 and FY23, 61 percent were within five kilometres of another branch and 82 percent were within 10 kilometres.

Acknowledging the impacts that these branch closures have on the community, our Bank seeks to inform impacted stakeholders in a timely manner as part of the branch closure process. Each branch closure is different and requires special and specific considerations. However, once the decision is made to close a branch, our primary stakeholder is, and must always be, our impacted staff. Our priority is always to inform them first, followed by other stakeholders. These may include local government members, including Federal, State and Local, business associations, and, of course, our impacted customers.

Through its branch closure process, the Bank prioritises supporting impacted customers, particularly vulnerable customers, to transition to alternative banking services. An assessment of customers with accounts domiciled to the branch is undertaken. Where a customer has been identified as potentially vulnerable or requiring services that alternative banking options may not provide, the project team work to assist the customer with a solution. For example, where a customer holds only a passbook account with Bendigo Bank, we work with the customer to offer a debit card so the customer can access other Bendigo Bank channels, as well as those offered by other banks or providers in the local community. Our Bank also provides digital education programs to uplift the digital literacy of our customers. In some circumstances, we even support our customers by attending the Australia Post office with the customer and stepping through how to use Bank@Post services with them.

Additionally, and in response to the Final Report of the Regional Banking Taskforce, Bendigo Bank has further uplifted its process of assessing and managing branch closures. This includes a more targeted approach to how we transition vulnerable customers. We have also adopted the ABA's Banking Closure Impact Assessment Protocol across all branches, not just those in regional areas, to ensure that a consistent approach is applied to all branch closures.

Case Study: Korumburra Corporate Branch Closure

The Korumburra Community Bank Branch was due to close in May 2021. In response, the local Korumburra community launched a grassroots campaign to retain the only remaining bank in Korumburra. Following consultation with the community, Bendigo Bank agreed to keep the branch open for an additional three months to allow the community to show its support for the ongoing physical presence. Unfortunately, since then, our Bank has observed that the branch's trajectory has not substantially changed, in fact, in some areas it has got worse, with the community continuing to bank through us, and not with us.

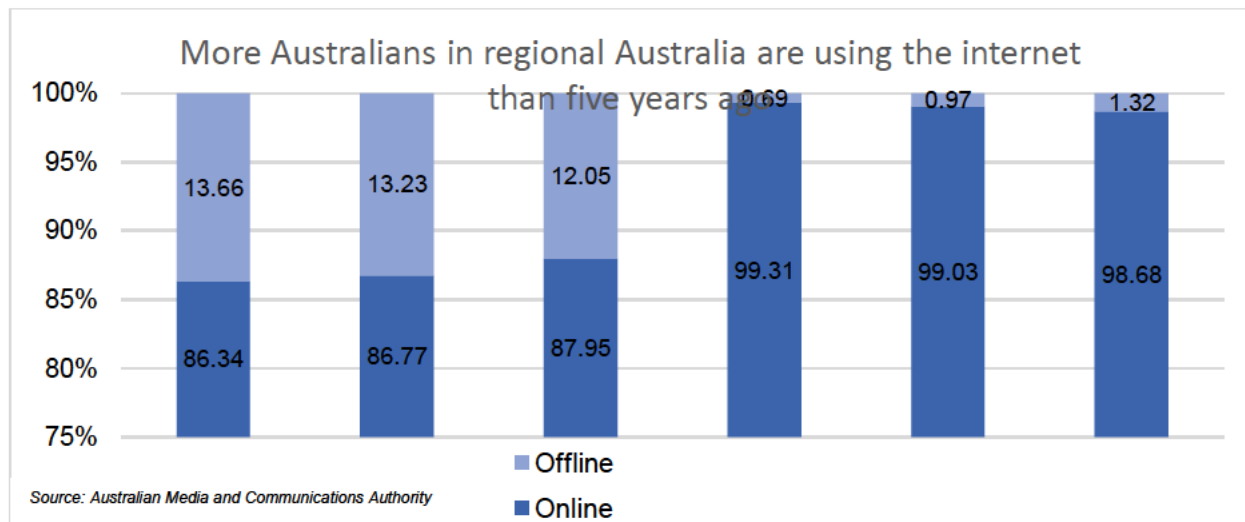
7. Impact of closures on our customers

With accelerated digital adoption, government and business are switching to digital platforms to connect with their customers and for the delivery of their services. According to the Australian Communications Media Authority, from June 2022, 99 percent of Australians had accessed the internet in the past 6 months.¹⁰ 94 percent of Australians have access to the internet via a mobile phone and 74 percent had access via a laptop computer.¹¹

Digital literacy is quickly becoming a pre-requisite to being able to participate fully in society and to access the full benefits of products and services available to us. Our Bank recognises the critical role we play, along with Government and other key industries, in uplifting the digital capabilities of our customers to ensure they can engage with the digital world safely and with confidence.

¹⁰ Australian Communications Media Authority, *Communications and media in Australia series: How we use the internet*, December 2022, <https://www.acma.gov.au/publications/2022-12/report/communications-and-media-australia-how-we-use-internet>.

¹¹ Ibid.



Digital Coaching Program

Our Bank provides a digital coaching program which is focused on supporting our customers to shift their capability to fully utilise the digital platforms available to them. The program provides education to customers on topics such as online safety and transitioning them to alternative ways of banking so they can access their banking anywhere, anytime. The program was launched in October 2019 and focused on upskilling our branch staff on how to use the Bank's digital offerings including mobile wallets and wearables, e-banking, and eConnect. Our more than 450 digital coaches attended monthly virtual sessions and were provided with material to run training sessions on these digital offerings with the rest of their branch teams. As a result of the program, over 91.2 percent of customers using e-banking are now also using the Pay Anyone feature, compared to 32.6 percent 12 months prior to the program and 93 percent of staff digital coaches felt comfortable running meetings with their teams on digital content.

Other face-to-face services

Not all our customers can, or want, to transition to digital or self-service banking, and while we look to continue to adapt to customers' changing needs and banking preferences, we appreciate this may not always be digital.

Our Bank has opened new community hub styled branches. Our customer experience concept branches in Torquay, Noosa, Coffs Harbour, and Bendigo, are examples of this. These innovative branches are an evolution of the traditional model which revolved around access to cash, towards one that acknowledges the importance of human relationships by delivering a tailored experience to meet the needs of each individual community. Along with providing banking services, the branches include spaces for community groups to meet in a central and accessible location.

Further, our regional and rural customers continue to have access to over 200 mobile lending bankers and lenders who are based in the local area and bring deep local knowledge to their work. These specialist bankers provide banking services at a customer's home or business at a time that is convenient to the customer.

Our Bank also supports further face-to-face banking through initiatives that provide reliable, secure, and convenient access to transactional banking such as the Bank@Post service at Australia Post. Our Bank is a proud advocate of the Bank@Post service and has partnered with Australia Post for more than 20 years. As a reflection of Bendigo Bank's commitment to this important aspect of our continuing service offering, the Bank recently extended its service agreement with Australia Post until July 2028. Through our partnership with Australia Post, we enable our customers to transact at over 3,500 Australia Post outlets nationwide, including 1,800 located in rural and regional communities.

In helping our customers transition to these new ways to undertake their banking services, our branch staff have undertaken training about the Bank@Post service to ensure they can support our customers to use the Bank@Post services.

8. Small businesses and community groups

We appreciate Bank@Post services have limitations for small business and organisations who continue to use cash for their day-to-day business activities. Small businesses, especially those in regional communities, require access for cash floats and to be able to deposit cash at the end of the day, whilst community organisations undertake fundraising activities where cash donations are received.

This raises a question about how these two vital sectors will be included in the economy-wide transition to digital. Given the importance of both sectors to the economy and society, we believe there is a role for government (in partnership with the private sector and local government) in fostering digital inclusion and supporting digital transition.

As these sectors transition, Australia Post, with its presence in communities across Australia, could service the cash needs of these organisations, regardless of who they bank with. We encourage government to work with Australia Post to ensure access is efficient and cost effective and to promote these services more widely.

9. Investing in digital infrastructure

The shift to digital has revolutionised the way Australians can undertake their banking. Customers can now do their banking at any time that's convenient to them, instead of needing to travel to a physical branch during opening hours. Regional customers who often had to drive long distances to the nearest branch benefit the most from this shift. This shift has also allowed for greater competition with new market entrants, including digital-only banking and online payment platforms, benefiting customers through greater consumer choice in new products and services that can be delivered at scale.

However, despite significant private and public sector investment, digital infrastructure within regional communities remains inadequate. This was recently acknowledged by the Productivity Commission's 5-yearly inquiry into Australia's productivity performance, which also highlighted that lack of access to the internet can result in limited productivity gain and lower social inclusion.¹²

According to a report by Infrastructure Australia almost half (23) of Australia's 48 regions have broadband and mobile connectivity gaps.¹³ This not only creates a digital divide and reduces digital literacy in these communities, but it also limits opportunities for small businesses to make best use of productivity-enhancing digital tools available to them.

Our Bank supports greater investment by the Government in building digitally connected regions. By addressing this issue, it will improve access to banking services for all Australians.

10. Conclusion and recommendations

Bendigo Bank remains committed to supporting our customers and communities to prosper. Our branch network is and will continue to be an important part of our future strategy as we continue to offer products and services in line with our customers' needs.

At a time where technology continues to evolve and expand into every aspect of our lives, this inevitably requires us to assist our customers and communities to embrace the transition to new ways of banking.

We look forward to continuing to take part in this consultation and to understand the conclusions reached and recommendations made via the Inquiry.

Our recommendations to the Committee:

1. Encourage the development of a methodology financial services institutions can more readily reproduce themselves for APRA points of presence data.

¹² Productivity Commission, *5-year Productivity Inquiry Report: Advancing Prosperity*, 7 February 2023, <https://www.pc.gov.au/inquiries/completed/productivity/report>

¹³ Infrastructure Australia, *2022 Regional Strengths and Infrastructure Gaps*, 1 December 2022, <https://www.infrastructureaustralia.gov.au/publications/2022-regional-strengths-and-infrastructure-gaps>

2. Uplift government sponsored education and connect with business to deliver innovative and targeted training on foundational skills in regional, rural, and remote areas.
3. Partner with the private sector, not-for-profits, industry associations and local government to improve digital literacy and inclusion for all Australians, but especially among small business and community organisations.
4. Invest in regional Australia and enable internal migration through affordable housing, secure and well-paid employment, access to quality education, training and healthcare and vibrant regional cultures.
5. Work with Australia Post to promote and expand Bank@Post services, particularly for small businesses and community organisations, and investigate opportunities for Australia Post to better support small business and community organisations through their transactional banking services.
6. Improve access to digital infrastructure in regional Australia.
7. Subsidise regional Australia Post cash delivery services where costs can be higher.