

Mr Paul Graham
Group Chief Executive Officer and Managing Director, Australia Post

Opening Statement
Rural and Regional Affairs and Transport References Committee
Bank closures in regional Australia

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Thank you Chair and Senators for the opportunity to be here today to discuss the important topic of banking services in regional Australia, and the role of Australia Post in this service through Bank@Post.

I would like to start by acknowledging the traditional custodians of the Canberra region, the Ngunawal and Ngamberi peoples and pay my respects to their elders past and present.

Every day, we provide banking services to help communities run their local economy – from supporting individuals managing their bills and personal finances to providing limited small business support.

Given the role we play, I'd like to take the opportunity to provide some brief insights from the perspective of Australia Post on the future of banking services in rural and regional Australia, before answering your questions.

I'd like to start by clarifying that Australia Post is not a bank – we do not hold a license as an Authorised Deposit-Taking Institution (ADI).

We do provide basic consumer banking services through Bank@Post, on behalf of 81 financial institutions across 3,400 Post Offices nationally. These are unique commercial agreements we have in place with each financial institution to provide services on their behalf.

We know that a physical bank presence – either through a bank branch or via Bank@Post – is a key community enabler.

Small businesses in regional areas are often reliant on a physical banking presence for depositing daily takings, as are vulnerable customers including the elderly or those with a disability. We also see the need for the provision of cash especially in areas that have lower economic demographics, aging populations or are cash economies such as Coober Pedy.

As a result, as banks continue to reduce their branch networks, (approximately 37% reductions in bank branches since 2017) Australia Post has stepped in to provide basic banking services. Last financial year APRA reported 424 bank branch closures nationally.

There are 3,400 Post Offices nationally that offer Bank@Post - which is almost the total number of physical bank branches in Australia. Australia Post has 1,148 Post Offices that offer Bank@Post where there is no other ADI. This figure is based on the latest APRA data, released in October 2023, and aligns with the Australian Bureau of Statistics method for defining geographic areas – known as SA2.

The second point I'd like to make is around the sustainability of providing these services.

Post Offices are not suitable for a bricks-and-mortar bank, and the scope of services available through Bank@Post is not currently suitable for all customers. But with banks continuing to close branches and Australia Post stepping in to provide services, we need to ensure the model remains commercially viable through support from our banking partners.

When a bank branch closes, Australia Post is making significant investments in uplifting the capability, technology and security of local participating Bank@Post Offices. This is particularly the case when Australia Post becomes the only physical banking services provider in a community.

As an example, in Roxby Downs in South Australia where Bank@Post is the only face-to-face banking option, the cost of providing cash services has tripled from \$940 to \$3,197 over the past six months. The cost for providing cash to Coober Pedy is approximately \$90,000 per year and this is absorbed by Australia Post.

In addition to ensuring the commercial viability of Bank@Post, we also outlined in our April 2023 submission on *Bank Closures in Regional Australia* on ways Australia Post can work with our banking partners to improve transitional support for customers in communities where branches are closing.

We are continuing discussions with our banking partners to ensure community needs are at the forefront when customers transition to Bank@Post. This is particularly the case for what we see as an increased demand for the provision of cash, small business banking and more complex consumer banking services.

Australia Post understands the needs of regional and remote communities through our 214-year history of providing essential postal and community services. As a

trusted brand, we are ready to work with our banking partners and industry to ensure all Australians continue to have access to banking services.

I look forward to your questions.

ENDS