

to the committee,

The purpose of face-to-face banking is usually to verify a person's identity. In consideration of solutions; and any other related matters, I suggest developing some form of advanced fob or identity verification solution. Mobile banks could potentially work if they visited small towns on an infrequent schedule to perform tasks that require face-to-face services. Opening a bank account or applying for a loan has a number of legislated requirements that evolved as a result of anti-laundering and wire-fraud efforts. We've recently seen a very similar situation unfold in Australia in regard to shell corporations that were allowed to form without verifying the identity of board members that led to money laundering and wire fraud. A cash stash must be attached not merely to an entity but a legal person so that money is handled responsibly. The requirement for banking identity verification services is a legislated requirement and non-derogable transnational requirement if we want international financial institutions to talk to domestic financial institutions. One thing that almost every town that doesn't have a doctor or a bank or a MacDonaldis does have is a couple of pharmacists. Pharmacists could provide the identity verification role that rural branches provide. A small private cubicle with a secure tunnel for some sort of video voip session with someone in a capital city and a pharmacist to perform the identity document verification role may suffice. In this setup the pharmacist would not be providing a financial service but merely signing off on the original identity documents of a bank client and certifying that they have verified the authenticity of digital copies.

In regards to the economic and welfare impacts of bank closures on customers and regional communities. Rural branches aren't always banks. A rural banking service is like the comprehensive agribanks and grain board of Chicago or the comprehensive legal and financial services of the oil exploration industry in Tulsa. These two cities developed a niche because no banker in New York could understand the complex risk assessment matrix of loaning money to keep a farm running during a drought or how drilling a lot of empty wells might pay off. My cows are starving and the grass is all dead. Lend me some money. It required a great deal of local industry knowledge to quantify and predict risk and reward ratios. Once they established futures prices they could stabilize the markets and encourage investment due to the increased predictability of business ventures. Nowadays it's possible to use decades of multi-spectral satellite imaging to analyse seasonal yields and predict the weather so you don't need stacks of heirloom farmers almanacs and rain charts to work out if it's going to be a good year. It can all be done from a cubicle in the city. You're not talking about rural banks.

The only other activity remaining is depositing and withdrawing cash and having reliable communications infrastructure for electronic transactions to work. Security risks.

The middle class can drive a thousand kilometers every two months to restock their walk-in freezer or organize the logistics some other way. They also need to deposit cash from business customers. They need to pay suppliers with electronic transactions but this system was developed at a time where clearing houses might not process the payment for an invoice for a couple of weeks and its not unusual for there to be lag in receivables. This is why many rural businesses still have huge antique safes in the back. These things are a hundred years old and built like anvils. being able to deposit cash in a timely manner might be a problem for city department stores that can't afford the floor loading of installing a one ton safe. As long as some banks understand the need for suitable lines of credit for rural businesses so that there isn't an urgent need to frequently transport cash deposits it's not the problem you think it is.

The lower classes do not always have the luxury of buying on the tick especially when they already owe shopkeepers. Growing up the local corner store would sell milk and bread and

even tobacco on the tick. Cafes and diners would let customers settle up at the end of the week. Most businesses will still do this. The power went on the entire block, I'd just bought an ice cream at a local ice cream shop and the surrounding ATMs didn't have Uninterruptible Power Supplies. They told me to come back and pay another day.

I knew a woman that took ten years to get steadily banned from every supermarket and grocer in a capital city. They just lived for the thrill of sneaking out with a trolley full of groceries thinking there would always be another sucker. They got banned. They couldn't go grocery shopping. I worked with another woman that would sequentially go through diners until they got a tab then ran up the tab and didn't go back. They would be palpably euphoric bragging about not paying their bills. Eventually they had to start traveling further and further away from the workplace at lunch and started complaining about it. Debt collectors would ring the office phones off the hook. The importance of good credit can't be overstated. Kleptomania is far more common in women than in men.^{1 2 3 4 5} It usually presents with other paraphilias that make women more susceptible to exploitation.¹ It makes it harder for women to escape domestic violence by opening secret bank accounts. So I suppose it's possible that women are more at risk of exploitation in rural towns when branches close.

The news blows up every time the comms or power go out in a rural town but it's not the problem you think it is. Businesses use written ledgers to keep track of accounts receivable. Unless you don't pay your bills to the only place in town that sells milk for the convenience of being able to buy milk I don't really see a problem. Perhaps a barely attended deposit taking machine and an ATM is all that's needed along with an identity verification mechanism and teleconference station?

1 Grant JE, Potenza MN. Gender-related differences in individuals seeking treatment for kleptomania. *CNS Spectr*. 2008 Mar;13(3):235-45. doi: 10.1017/s1092852900028492. PMID: 18323758; PMCID: PMC3676680.

2 Amigo, J. Kleptomania, How A "Women's Pathology" Was Built On Gender And Class Bias. January 18, 2023. WorldCrunch. <https://worldcrunch.com/culture-society/kleptomania-sexism-gender-bias>

3 Julio Torales, Israel González, João Mauricio Castaldelli-Maia & Antonio Ventriglio (2020) Kleptomania as a neglected disorder in psychiatry, *International Review of Psychiatry*, 32:5-6, 451-454, DOI: 10.1080/09540261.2020.1756635

4 Whitlock, T. (1999). Gender, Medicine, and Consumer Culture in Victorian England: Creating the Kleptomaniac. *Albion*, 31(3), 413-437. doi:10.2307/4052958

5 Grant, JE. Kim, SW. Odlaug, BL. (2009) A Double-Blind, Placebo-Controlled Study of the Opiate Antagonist, Naltrexone, in the Treatment of Kleptomania, *Biological Psychiatry*, Volume 65, Issue 7, 2009, Pages 600-606, ISSN 0006-3223, <https://doi.org/10.1016/j.biopsych.2008.11.022>.

Robert Heron