

Our Ref: JCD:SML
3 February 2023



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

Junee Shire Council is calling for the consideration of a Parliamentary Inquiry into Bank service levels in rural, regional and remote Australia, together with the immediate suspension on all listed Bank Branch closures at the February Parliamentary sitting.

BACKGROUND

The Commonwealth Bank Branch is closing its Branch in Junee on the 3 March 2023.

Junee Shire Council lodged a complaint with the Australian Financial Complaints Authority (AFCA) on 16 November 2022 objecting to the closure of the Commonwealth Bank Branch in Junee. Council does not accept the Commonwealth Bank has complied with the Australian Banking Association's (ABA) Code of Practice or Bank Branch Closure Protocol and may be in breach of its own Contractual agreements between the bank and its customers.

Despite our repeated requests for an AFCA case worker to be assigned to our complaint and the scheduling of a Hearing date for Councils complaints to be heard, there has been no real progress by the AFCA.

Given that the AFCA is a government authority, we are disappointed with their sluggish response time, which has effectively suppressed the opportunity to overturn the Commonwealth Bank's decision.

Being the only real mechanism for addressing complaints on financial matters, this highlights the imbalance between a powerful self-regulated banking sector, and the absence of meaningful government scrutiny.

IMPACT ON REGIONAL COMMUNITIES

As you would be aware, Bank branch closures are having a disproportional impact on regional Australia over our city and metropolitan counterparts. The Big Four Banks are meddling in a form of social engineering by forcing their loyal customers into banking practices they do not want or may not be able to access.

With one third of Australia's population residing in regional Australia, the commercial decisions of the Big Four Banks in removing bank branches are impacting social and economic outcomes in rural communities and on individual citizens.

The reality is, there are vulnerable and marginalized people in communities that aren't able to use or will never own a smart phone or connect to the internet. Elderly members within our community are fearful of scammers and fraudulent activity if they use over the phone or internet services for banking purposes.

It is with some irony that even the Big Four Bank's customer surveys typically acknowledge that somewhere between 10 and 20 % of their customers prefer branch face to face services.

Coober Pedy lost its only bank last week, the nature of its local economy is reliant heavily on cash transactions, now the nearest bank branch is 500km way. With the importance of the Opal trade to Coober Pedy and how visiting grey nomads generally prefer cash over card transactions, this pattern is symptomatic of the broader economic issues facing other rural and regional towns.

MEDIA INTEREST

There has been consistent media interest on the Big Four Banks regarding the social and economic impacts on people's lives and livelihoods, particularly the most vulnerable or marginalized within society. Junee Shire Council has been requested to participate in numerous media interviews since December including the 7.30 Report, national newspapers, and as recently as Monday Karl Stefanovic from the Today Show crossed lived to Junee for a local interview.

MAYORAL FORUM

Mayor of Junee Shire Council, Cr Neil Smith also held a crisis Mayoral forum last week inviting councils impacted by branch closures from across the country. Cr Smith was praised by those attending for elevating this matter. The Mayors present agreed that there is an urgent need to work collectively to advocate for change on this issue.

BANKING SELF REGULATION

Successive Governments have preferred an arm's length approach preferring Banking self-regulation over government regulation. Previous Banking inquiries have led to the creation of a weak self-regulated Code of Conduct and Branch Closure Protocol.

This approach is not working.

Relying on a bank@post service will not take up the slack from departing Banks abandoning rural communities. Limited daily deposits and withdrawals stop well short of the community and business needs of rural Australians.

The decision by the Big Four Banks as to which bank branches are to close isn't transparent and we would argue the template for closures is selective and limited to avoid an adverse public reaction of sufficient scale to warrant government intervention.

REGIONAL BANKING TASKFORCE REPORT 2022

The Regional Banking Taskforce report and recommendations has failed communities miserably. With little in the way of improvements to system oversight, accountability or enforcement, the Bank Four Banks' past practices were soon reinstated with 72 more branches listed to close.

The report certainly did not provide enough support, comfort, or recognition to those many people and industries who made submissions to the Taskforce. It appears to this Council that the balance of membership appointments to the Taskforce were so weighted with Banking sector officials that the eventual outcomes represented the dominance of membership.

This Council, having read the bulk of the Taskforce submissions, cannot understand why such important issues raised by credible sources were not sufficiently addressed in the recommendations in the final report. Council notes submissions from the following organisations highlighted critical social, economic and access issues impacting regional Australia in particular:

- Australia Retailers Association
- The Banking Code Compliance Association
- Berrigan Shire Council
- The Law Society of NSW
- Choice
- Combined Pensioner and Superannuation Association of NSW

TASKFORCE RECOMMENDATIONS TO BE IMPLEMENTED BY 30 JUNE 2023

Key recommendation from the Taskforce Report include:

- *Recommendation 1 requires the ABA to build on and update its branch closure protocol and better explain the range of access to banking services to customers. As part of this process the ABA will introduce an ABA Customer Care standard. This will ensure better communication with relevant people. The protocol will be ready by mid-2023.*
- *Recommendation 2 is that banks should establish a process for conducting and publishing regional branch closure impact statements by mid-2023.*

Due to the mid-2023 completion date for these recommendations, those communities that currently have a branch listed for closure since the completion of the Taskforce are subjected to further disadvantage.

CONCLUSION

Should the Branch at Junee close on the 3 March 2023 it will amount to about 700 branch closures across Australia in the past three years. At this rate there is unlikely to be a Bank branch left in regional Australia in three to four years' time. This Council does not believe that such an outcome would be acceptable to Parliament.

The Big Four Bank's community and social promises are not passing the pub test. Particularly when the Banking sector has profited from the Reserve Bank's \$188B **Term Funding Facility** by \$100's of millions in interest. Where the government is prepared to positively intervene in commercial markets involving Financial Services like the **Term Funding Facility**, then it shouldn't argue it cannot intervene in commercial banking service when there is clear public interest in doing so.

Junee Shire Council respectfully request Parliament move for a Parliamentary Inquiry on Bank service levels in rural, regional and remote Australia together with an immediate suspension on all listed Bank Branch closures at the Parliamentary sitting this February, addressing:

ACCESS TO BANKING SERVICES

The fundamental issue is about the discriminatory restriction of access to financial services and an individual or organisation/businesses' own money.

WELFARE AND HUMAN RIGHTS ABUSES

Branch closures and attempts by banks to force all customers onto digital and phone banking are creating welfare issues of substantial proportions.

ETHICS

The banks are surrounded by a framework of ethical boundaries.

In practice this framework is self-regulated and unenforceable.

The Banks are making a charade of being accountable to customers and rural communities.

LEGAL

Separate to the self-regulated codes, Banks are getting away with breaking the directions and intentions laid out in previous Banking Inquiries due to a lack of government scrutiny.