



**Tasmanian Small  
Business Council**

Uniting Small Business

**Tasmanian Small Business Council Inc**

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The Committee Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
Parliament House Canberra  
[rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)

19 September 2023

Dear Committee Members

### **Bank closures in regional Australia**

The Tasmanian Small Business Council appreciates the opportunity to address your inquiry into Bank closures in regional Australia.

The Tasmanian Small Business Council (TSBC) is the peak representative body of small businesses in Tasmania. We directly and indirectly represent 38,000 small businesses. These enterprises employ more than 112,000 people.

Almost 98% of all businesses in Australia and Tasmania are small businesses. Small Business is widely recognised as “the engine room of the economy.”

The TSBC is represented at this Senate Standing Committees on Rural and Regional Affairs and Transport enquiry into Bank closures in regional Australia by Chairperson Geoff Fader and Chief Executive Officer Robert Mallett.

For most of the past 2000 years, the essential component of commercial trade and commerce has been the availability of legal tender in the form of cash. It is a necessary element in the daily lives of all Australians. The ready availability of cash is part of the banking system.

Authorized Deposit-taking Institutions (ADIs - better known as banks) are the only place where money can be deposited and from which it can be withdrawn directly from a personal or business account.

The gradual erosion of this essential service brings trade and commerce to a standstill. It deprives citizens of access to their property and the ability to acquire the necessary resources for living.

A national banking outage of four hours would bring the country to a standstill.

While there are some electronic means of transferring money, they do not replace legal tender, nor are they universally available or accepted.

Small Businesses and communities need local physical banking services. Banking is an essential service, and these services must include, at a minimum, cash-handling facilities.

Banking services must be supported by an effective, competent phone support service accessible to all communities and population sectors.

Small businesses in all communities, especially in regional areas, continue to report that cash transactions remain an essential offering for consumers.

Recent data from the Reserve Bank of Australia (below) shows that there is a resurgence in the use of cash and ATMs throughout Australia.

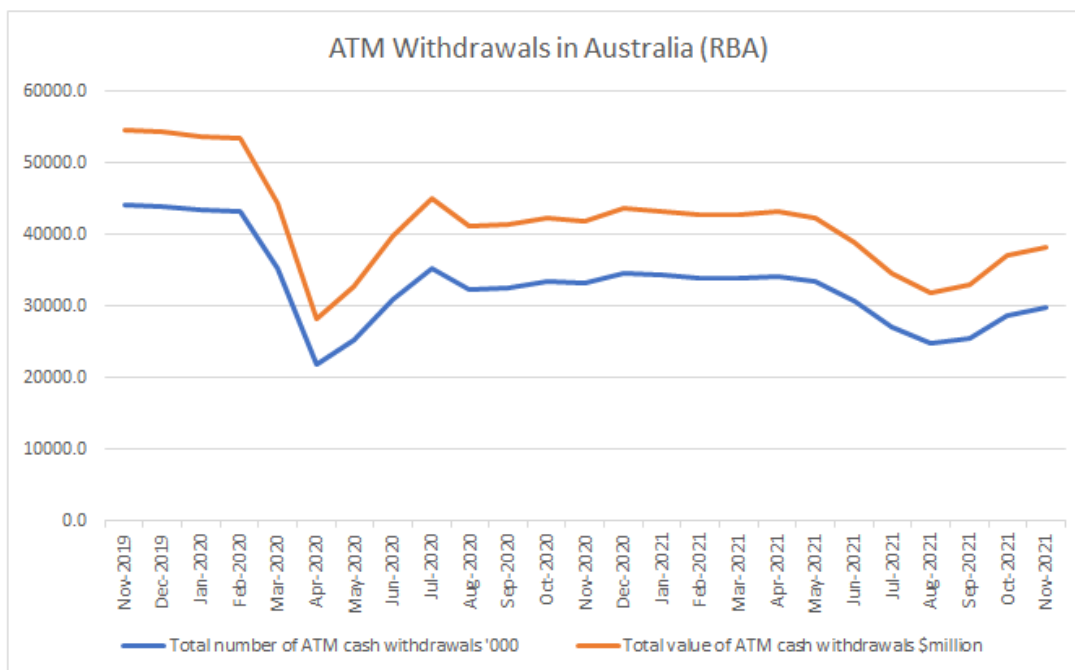
CashWelcome.org also states that:

*'Cash is safe, private, reliable and surcharge-free. Without cash, our economy is weaker because retailers and consumers are more vulnerable to computer failures, bank system outages and even online criminals.*

*Without cash, our privacy is at risk because all our transactions are recorded. Banks, lenders, insurers, search companies and others may ask for our transaction history or use our transaction information in ways we don't understand.*

*With cash, everyone can budget easily, set limits and understand what's going on, without fees and other parties in the transaction.*

We also are informed that community sectors that are recognised as vulnerable also tend to use cash.



Accordingly, physical banking facilities must be serviced in each community for cash-handling purposes.

We acknowledge that efficiencies must be embraced for commercial banks to continue operating, generally and in regional areas.

We observe the emergence of "Community Hub" models to provide multiple services (Government Agencies, AusPost Bank, and Utility providers), to remote and regional areas.

The Tasmanian Small Business Council asks the inquiry to recommend:

1. Banking Services be deemed an Essential Service which requires that each community has access to physical banking services (distance and access hours to be co-designed following community consultation as to what is reasonable)
2. Banks collaborate to provide the banking service alternative.
3. The government provides or fully supports a government-owned community banking service, such as AusPost Bank.
4. Any future closures of bank branches may only occur following the establishment and communication of the replacement "Community Hub" or consolidated services.

Associated considerations must also require all banks to provide least-cost routing services for all card services and appropriate hardware to all small businesses. Least cost routing ensures that small businesses and consumers pay the lowest transaction costs when consumers pay by Debit.

With fewer banks available and fewer cash transactions, consumers and businesses must be able to transact by the least cost cash replacement, i.e., debit bank-to-bank transfers.

In forming the Committee recommendations, we believe a reasonable degree of Government responsibility must be recognised. The Government issues the License to operate an Authorized Deposit-taking Institution (ADI), which enables the enterprise to make billions of dollars of profit from using its services by businesses and consumers.

We ask the Committee to recognise a fundamental responsibility of the party that issues the License to include a community service obligation to maintain effective regional banking services.

**ROBERT MALLET**  
**CEO**  
**TASMANIAN SMALL BUSINESS COUNCIL**

**GEOFF FADER**  
**CHAIR**  
**TASMANIAN SMALL BUSINESS COUNCIL**