



NON-PARTY POLITICAL NON-SECTARIAN

THE COUNTRY WOMEN'S ASSOCIATION OF WESTERN AUSTRALIA (INC.)
A CONSTITUENT SOCIETY OF THE ASSOCIATED COUNTRY WOMEN OF THE WORLD

1174 HAY STREET WEST PERTH 6005

13 September 2002

ALL CORRESPONDENCE TO GENERAL SECRETARY
PO BOX 97 WEST PERTH WA 6072
TELEPHONE (08) 9321 6041
FAX (08) 9321 6024
EMAIL: cwsafwa@inet.net.au

The Secretary
Parliamentary Joint Committee on
Corporations and Financial Service
Room SG64 Parliament House
CANBERRA 2600



Dear Dr Dermody

Re: Inquiry into the Level of Banking and Financial Services in Rural, Regional, and Remote Areas of Australia

The Country Women's Association of Western Australia is pleased to have the opportunity to have input into the above Inquiry. As a rural based organisation, it has constant requests from members to draw the attention of the Government to the untenable situation in rural Australia in regard to banking and financial services. Consequently a number of presentations have been made to the Government to address the situation as well as a response to the 1997 *Inquiry into alternative means of Providing Banking Services in Regional Australia*.

Areas of Concern:

1. Despite Senator Chapman's claim that the current Inquiry does not duplicate the current one, the Terms of Reference are similar.
2. It is extremely disappointing to find that in the last five years, services in rural and remote areas have decreased rather than improved.
3. There is an imbalance of representation on the Committee of Inquiry with no representative from New South Wales, Northern Territory, ACT and Tasmania. WA has only one representative, which is hardly adequate in a State of the geographical size of WA where the spread of population varies with a large concentration in the south west in contrast to a much lesser spread of population in the north of the State where access to services is hindered by the distances to be travelled.

(a) Options for making additional services available to rural, regional and remote communities of Australia

Banks need to accept some responsibility by:

- ❖ Providing more Eftpos type facilities. Many local Post Office agencies provide banking facilities, but these are restricted to pass book facilities as there is a lack of electronic access. "Giropost" tends to be available only in larger Post Office agencies in major towns in a Shire.
- ❖ Arranging for bulk cash distribution to agents with Eftpos type services.
- ❖ "On line" banking facilities could be installed at agencies in strategic towns. Delivery of cash would need to be undertaken by security firms using armoured vehicles.
- ❖ Making information more readily available about how services can be accessed if a bank is not available. Extending this to "hands on instruction" in use of electronic services is important, especially for the elderly. It is pleasing to note that some banks have been

proactive in providing such services. This Association has worked with banks to facilitate a Banking Made Easy programme in small towns.

- ❖ Transport facilities are in direct relation to banking access. This indicates the necessity for the Government to address transport and banking issues in tandem.
- ❖ The option of shared facilities is idealistic and optimistic. In smaller communities it is clearly a non-viable commercial proposition. Rural residents are not demanding multiple choice merely the opportunity to access at least one banking outlet within reasonable distance. {A reasonable distance in rural terms far exceeds that of the urban dweller}
- ❖ Access to cash continues to be a major problem
- ❖ Limited operating days by banks has been a feature in the past with bank staff travelling from larger centres to smaller communities one or more days per week. This was invaluable for businesses which operate mainly on cash basis (sporting clubs etc). Safety issues are a factor along with cost effectiveness. However, in view of the substantial profits generated by the majority of banks, some level of community service is not an unrealistic expectation by the general community. Traditionally, rural businesses such as farming enterprises remain loyal to the bank which has serviced their town. This loyalty extends through several generations of family businesses.

An option for improving services in rural and regional Australia has been the establishment of the community bank. This is currently proving an acceptable solution in some instances. History has shown that these are eventually swallowed up by the more established banks where they demonstrate substantial competition or that they are vulnerable where community financial backing fluctuates with unfavourable seasonal conditions.

(b) *Options for expansion of banking facilities through non-traditional channels including new technologies*

- ❖ Use of Telecentres is an option for accessing banking services. The development of Rural Transaction Centres often based at Telecentres has been a favourable initiative but they are not available in all areas of need.
- ❖ A mobile service is a possible alternative although the safety factor is a deterrent.
- ❖ On line access is useful although limited in remote areas, where access to electronic services is often unavailable.
- ❖ The establishment of additional electronic services in alternative centres such as banking agencies located in general stores, sporting clubs, garages etc
- ❖ Shared servicing by banks of the outlets mentioned above be a cost-effective exercise.

To encourage use of electronic services education is required. As in the long term, banks will be the chief beneficiaries of increased consumer confidence and expertise in use of technology, it is surely their responsibility to initiate education in this field or at least contribute financially to such education.

(c) *The level of service currently available to rural and regional residents*

- ❖ Services are basic even at regional level in larger centres. WA is particularly disadvantaged having comparatively few larger centres in a geographically large state. It must be borne in mind the significant contribution to the nation's economy from this State.
- ❖ There is limited contact with bank personnel even in larger centres.
- ❖ Access to electronic banking services is limited or unavailable in rural and remote areas
- ❖ Access to education in use of latest technology remains limited.
- ❖ Services are deteriorating rather than improving with increasing numbers of closures of banking facilities.
- ❖ Rationalising of services by banks means that decisions are made by personnel in central bank headquarters located in capital cities for clients based in a remote rural location in

Western Australia. It is not only impersonal, but possibly not commercially sound. On the spot knowledge is still a useful commercial tool.

- ❖ The use of telephone and on-line banking services by families and businesses has become widespread, by necessity. However, these are not options suitable for all such as the elderly or lower income families who do not have computer access.

It appears that the advantages of improving technology are currently often a disadvantage to many areas of rural, regional and remote Australia. Although time may overcome this, the current situation must be addressed.

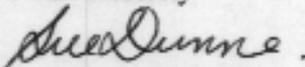
(d) *International experiences and policies designed to enhance and improve the quality of rural banking service*

- ❖ International experience has demonstrated that more women hold management positions or are establishing their own business enterprises. This trend has extended to rural communities even in developing countries. Attitudinal changes are essential. Employment of women as managers is an option to encourage consumer confidence. In many rural enterprises women manage the finances especially in rural areas of Australia where quite often today women have had more opportunities for education. Time demands on the male partner is also a factor in this arrangement.

Conclusion: There has been little or indeed no improvement in banking services in rural, regional and remote Australia in the last five years. Assuming that improved technology is the only answer is a blinkered response and one likely to have unsatisfactory outcomes for banks in the future. The competitive nature of banking will no doubt ensure eventually that the benefit of personalised service will be identified and implemented. In the mean time these important areas of the country are severely disadvantaged which reflects badly on a nation committed to democratic principles and economically dependent on rural agriculture and the mining industry.

A copy of the 1997 submission from CWA of WA is enclosed as all of the above issues were dealt with and solutions proposed. This Association sincerely hopes that the Government will implement steps to address the situation.

Yours sincerely



Sue Dunne (Mrs)
State President

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PO BOX 97 WEST PERTH WA 6012
TELEPHONE 08 9321 6041
FAX 08 9321 6024

15 December 1997

The Secretary
House of Representatives Standing Committee
on Financial Institutions and Public Administration
Parliament House
CANBERRA ACT 2600

Dear Sir

Inquiry into Alternative Means of Providing Banking Services in Regional Australia

The Country Women's Association of Western Australia welcomes the opportunity to comment on this matter.

There are several aspects of this problem which need to be considered.

- * **Accessing cash in accounts** For example, wages can be paid direct to the credit of an account or as a transfer from one account to another but difficulties are encountered when the account holder wishes to make a cash withdrawal from the account.
- * **Depositing cash** Difficulties are encountered in depositing cash. It is unwise to hold large amounts of cash in private or business premises but many rural residents experience difficulty in accessing banking facilities unless they travel, in many instances, vast distances.
- * **Cash Businesses** For example hospitality industry, local stores, local sporting and service groups encounter problems in depositing cash and replenishing cash.
- * **Eftpos** In small towns there may be only one Eftpos machine and for example this may be located at the local sports or community club. This creates a difficulty in that:
 - (a) The club is for members only;
 - (b) The facility is being used as a bank and is therefore paying charges on money which is not being spent on the business;
 - (c) There is a need to carry more cash than usual to provide for the above.
- * **Business banking by computer etc is not a problem for farmers and businesses if:**
 - (a) They have computer access
 - (b) They have information about services available.

Solutions

- (1) Banks must take some responsibility by:

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Although phone banking is presented as an option and the "way of the future", it is susceptible to computer malfunction and this creates a feeling of insecurity that the transactions will be inaccurate.

People in rural and remote areas are unable to equate large profits being realised by banks with the reducing services which are offered. This is not considered as an acceptable situation. Members decry the "take it or leave it" situation when advised that a bank is to close and there is no opportunity for negotiation.

The bank manager, in the past, was an important part of the local community. He associated with the local people and understood the needs of the community. While acknowledging the cost of maintaining personnel in the country may seem a waste of resources, members of the Association are of the opinion that bank managers, similarly to school teachers, need to spend time in the country to ensure a realistic understanding of an environment which is very different from that encountered in the urban areas. Bank staff who have this expertise and understanding are in a better position to convey the realities of rural needs and possibilities to their city superiors.

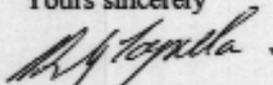
Farming, mining and country business forms a large and vital part of the economy. Although the population in many areas may be small in comparison to urban centres, a disproportionately large section of Australia's wealth is produced from primary industry.

Farming businesses have been loyal banking customers for many years; and this loyalty has often spanned several generations of the family. This loyalty has not been considered when customers have witnessed the closure of their local bank, and had their business transferred to the next available bank on more than one occasion. Members in wheatbelt towns relate the series of bank closures they have experienced and how they are now in a situation where their nearest bank is 160 kilometres distant.

The Country Women's Association of Western Australia is the largest rural women's organisation in the State and is affiliated to the Country Women's Association of Australia. In Western Australia the Association has 240 branches situated from Wyndham and Kununurra in the north to Esperance in the south. Members are involved in many forms of primary industry which is vital to the wealth of the nation. The terms of reference have been circulated to all divisions of the Association and the response has reinforced the knowledge that there is great concern in regard to current banking practices and arrangements.

It is sincerely hoped that the comments in this submission will be helpful and that attention will be paid to the concerns expressed.

Yours sincerely



Rosa Tognela (Mrs)
State President