



AUSTRALIAN BANKERS' ASSOCIATION

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17 October 2003

Senator Chapman  
Chairman  
Parliamentary Joint Committee on  
Corporations and Financial Services  
Parliament House  
CANBERRA ACT 2600

Dear Senator Chapman,

### **Rural Banking Inquiry**

The Australian Bankers' Association (ABA) is writing to you in your capacity as Chairman of the Joint Committee on Corporations and Financial Services, to provide requested and other relevant information to the Committee's Inquiry into rural, regional and remote banking services. Specifically, this letter:

- (a) updates the Committee on ABA's progress in widening banking accessibility in regional and remote Australia and advises of next steps;
- (b) answers the six questions put to the ABA by the Committee on 8 September 2003; and
- (c) attaches a submission detailing the latest banking accessibility data from APRA's points-of-presence survey, and other relevant information.

#### **(a) ABA's Strategy to Widen Banking Accessibility - Update**

As you are aware, as part of the ABA's submission to the Inquiry, the ABA identified 32 towns across Australia that did not have adequate face to face banking service. These towns are entirely located in remote and very remote regions of Australia, and have a

higher proportion of indigenous people living in the community than in the general population.

The ABA gave a commitment to the Inquiry to investigate the specific needs of these communities and to undertake steps to improve access where feasible. This stage of our strategy is now completed. We have thoroughly researched the level of services in these towns and have drawn up a set of responses to improve access.

The next proposed stage is for ABA to lead a tri-partite Round Table ('Remote Services Round Table') including relevant government agencies, in partnership with Reconciliation Australia (RA) to draw up action plans to improve access. Banks are committed to improving access, and we need cooperation of the bureaucracy and indigenous leaders before resources can be allocated. We would appreciate it if your Committee could endorse this Round Table, and make representations for attendance to the relevant government and commercial bodies. These include Telstra, Australia Post, the Australian Competition and Consumer Commission, Department of Transport and Regional Development, Department of Family and Community Services, and the Department of Communications.

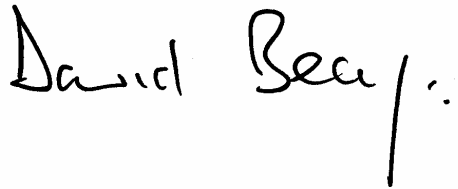
**(b) Responses to the Committee's six questions**

- Q1. The Code of Banking Practice was finalised in August 2003 and will be adopted by banks progressively over ensuing months. Seven banks are already signatories to the code.
- Q2. Banks comply with the Transactions Services and Branch Closures protocol and the ABA notes that it is not necessary for customers to transfer accounts as a consequence of branch closures.
- Q3. The ABA believes that the Australian protocol is working well, and it pre-dates the establishment of a similar process in Canada.
- Q4. The ABA does not support public interest statements being required of banks who may intend to close branches, as unnecessary and costly.
- Q5. Account balance inquiries can be done at no cost to customers. The ABA will investigate further the circumstances in which EFTPOS may be being used to obtain account balances.
- Q6. The ABA does not intend to re-apply for authorisation for basic banking accounts, as the ACCC found that there is already a competitive market in these products.

**(c) Submission**

Further details are provided in the attached submission, and the listed attachments provide further background material

Yours sincerely,

A handwritten signature in black ink that reads "David Bell". The signature is written in a cursive style with a long vertical stroke at the end of the name.

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**David Bell**

**Annexures:****Submission**

- Attachment 1: Latest data on banking access from APRA points of presence survey
- Attachment 2: Census profile of 32 towns by Statistical Local Area
- Attachment 3: New technology for mobile banking
- Attachment 4: Code of Operation with Centrelink
- Attachment 5: Transactions Services and Branch Services Protocol
- Attachment 6: Frequently asked questions concerning the ABA's Code of Banking Practice



AUSTRALIAN BANKERS' ASSOCIATION

## SUBMISSION

Inquiry into the level of banking and financial services available to Australians living in rural, regional and remote areas of Australia (Rural Banking Inquiry)

17 October 2003

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## 1. Highly accessible banking network

During the course of the Committee's Rural Banking Inquiry a number of concerns with the level of banking services in rural, remote and regional Australia have been advanced. They include concerns about face to face access and importantly concerns that poor financial literacy skills may limit access to bank service alternatives.

The latest Australian Prudential Regulatory Authority's (APRA) Banking Points of Presence data for 2002 confirms that the overwhelming majority of Australians have access to a wide range of financial services, from a variety of providers and by a variety of means.

Where once banking took place only at a bank counter - in bank hours - bank services can now also take place over the telephone and internet, at supermarkets and service stations, at agencies such as newsagents, pharmacies and with multi-service providers such as Australia Post's GiroPost and business banking centres and Rural Transaction Centres.

These shifts in banking and financial services have suited best those customers that adapt readily to cashless transactions, and accessing cash at point of sale or through third party service providers. Consequently the demand for these services through bank branches has declined.

The extent of banking services, in particular face to face banking services, in rural, regional and remote Australia (together referred to as rural Australia for the remainder of this submission) will depend, in most cases, on the potential for a private business to earn a commercial return. There have been exceptions to this rule where banks have continued to offer a rural branch service even when it is not making a commercial return, as part of a commitment to retain a service. Government sponsored or owned enterprises, and many government services, are also often limited to areas where there will be adequate demand.

One opportunity that has received attention in recent years is the shared services model, where a range of services can be offered profitably through a single provider, and this is ably demonstrated by the expansion of services through Australia Post's network, Rural Transaction Centres, and in-store or agency banking arrangements.

At this stage the potential for more than one regulated deposit taking institution to operate from a single premise is constrained by the Trade Practices Act, and it is not clear that this opportunity is necessary to retaining or expanding face to face banking services in rural Australia. By way of example Australia Post can offer banking services from a range of banking, financial and other institutions.

The ability to manage money by electronic means, or through telephone and internet banking has become commonplace in most parts of Australia. There can be however, real limitations on this access, either physical or relating to financial literacy skills or a combination of both.

- Alternatives to face to face banking rely on the availability and quality of the telecommunications infrastructure, and in some parts of rural Australia the infrastructure is less than adequate.
- Where alternatives to face to face banking are available, people may not have the necessary skills to negotiate the technology successfully. In this context, supporting greater financial literacy skills in rural Australia is of critical importance.

### **1.1 *Increased accessibility in remote regions***

The ABA is pleased to note the growth of over the counter bank services in remote and very remote areas in the past year to June 2002, with banks adding 3 branches and 29 other face to face services, a total increase of 8%.

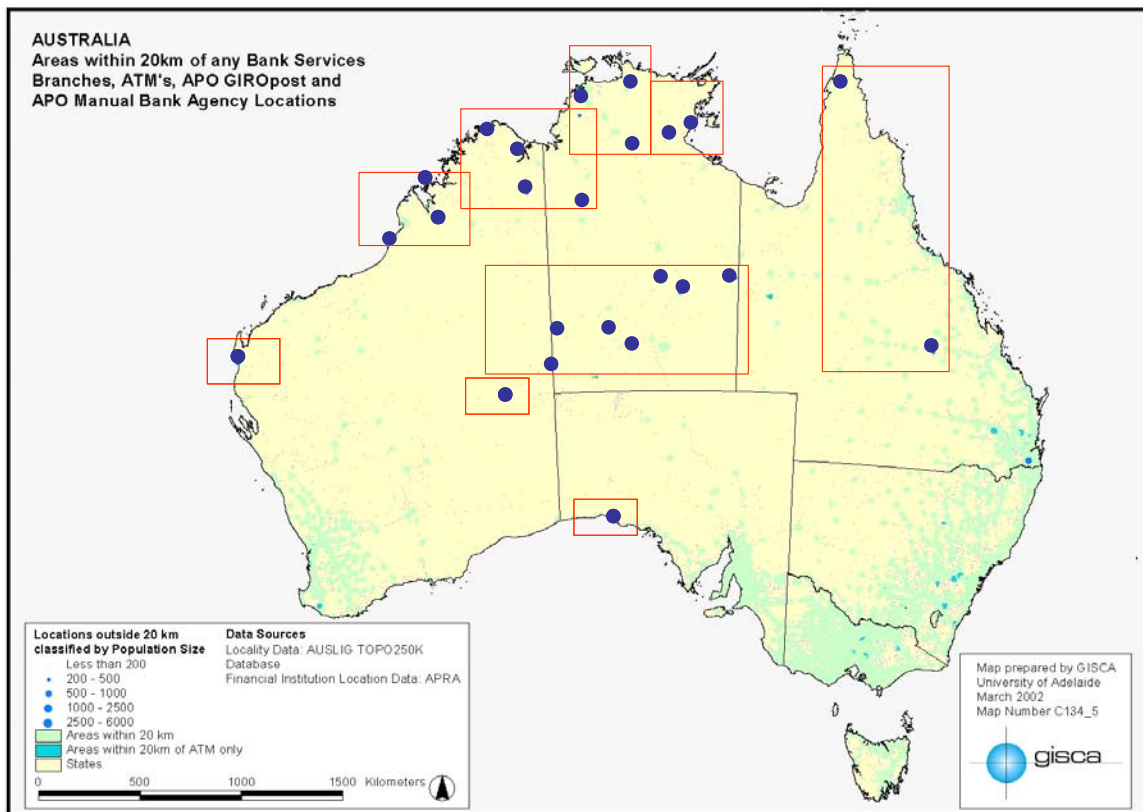
The ABA recognises that not all over the counter services are equivalent, and that a particular problem is sometimes raised in respect of small business customers with cash deposit and withdrawal requirements, and adequate cash being available through ATMs. In part the solution lies in the quality and availability of suitable infrastructure. Further as a consequence of the Commonwealth Bank 2000 pilot to improve small business banking services through Australia Post, there are now improved services and 220 business banking services throughout rural Australia.

## 2. The ABA's 32 Towns project

In the course of the Committee's Inquiry the ABA identified (using APRA survey data) that there were only 32 towns of a possible 3300 locations across Australia that have no face to face banking service. These towns are entirely located in remote and very remote regions of Australia, and have a higher proportion of indigenous people living in the community than in the general population.

The ABA indicated in its evidence before the Committee that it would look further into the needs of these 32 towns. They each have a community of more than 200 people and do not have an over the counter banking service within 20 kilometres.

The locations of these towns are shown on the map below.



Subsequent investigation though an ABA member postcode survey has shown that in fact at least half of the 32 towns do have some over the counter banking facilities, and in some cases there is either a Rural Transaction Centre (RTC), GiroPost or a bank agency in a community nearby (within 20 kilometres in most cases). Nonetheless, these are



communities with a limited number of points of face to face access to the banking system. The Table below shows the 32 towns grouped into 7 regions.<sup>1</sup>

Since appearing before the Committee, the ABA together with a number of individual banks, have:

- reviewed the census data on the Statistical Local Areas in which these communities fall, and identified that they are remote communities and in all cases they have a sizeable indigenous population (see Attachment 2);
- visited a number of locations including Daley River, Willows Gemfield, Hermannsburg and Tangentyerre and sought information from the communities on the difficulties that people experience with their banking service;
- demonstrated a commitment in rural Australia to improving financial literacy and access to banking in association with government agencies in some cases and in particular focusing on indigenous people; and
- tested our findings with Reconciliation Australia's (RA) own research in Central Australia and the research undertaken by the Centre for Aboriginal Economic Policy Research at the ANU, and undertaken to develop strategies to address these issues.

## **2.1 Findings concerning the 32 towns**

Rural Australia is not homogenous, neither in the people that live there, nor in the availability of economic opportunity. This diversity is then reflected in the banking needs of these 32 communities, and others like them, and the problems that they face, such as the following.

### **2.1.1 Regional economic development**

- The lack of a broad or diverse economic base exposes rural Australia often to the fortunes and volatility of a single industry, or a dependence on government support payments.

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<sup>1</sup> In doing further research on the 32 towns to verify local banking services, one town Kooralbyn was subsequently excluded as it is a resort area in Southern Queensland.

Table 1

32 Towns Project						
	Local Facilities	Nearest Bank Branch	GiroPost	RTC	Level of service	Response
<b>Alice Springs/Central Australia</b> ALPURRURULAM AMPILATWATJA DOCKER RIVER HERMANNSBURG KINTORE PAPUNYA WARRABRI	Agency	Mt Isa (175 km) Alice Springs (266 km) Yulara (200 km) Alice Springs (116 km) Yulara (400 km) Alice Springs (209km) Alice Springs (305 km)			No services Poor infrastructure	Mobile banking (ATM) Extend GiroPost Expand RTCs Telstra investment Internet Access Satellite phone Address Literacy
<b>Jabiru (NT)</b> BELYUEN DALY RIVER MILIKAPITI MINJILANG OENPELLI MISSION WARRUWI	Branch, Agency & ATM 3 EFTPOS Agency, TCU Branch  RTC,TCU TCU	Darwin (17 kms) Darwin (144 km) Casuarina (109km) Palmerston (229 km) Palmerston (225 km) Palmerston (277 km)	Pine Creek	Maningrida	Banks, TCU and RTC	ATMs Extend GiroPost Address Literacy Simplify regulation invest in technology
<b>Mataranka (NT)</b> NGUKURR NUMBULWAR UMBAKUMBA	2 EFTPOS EFTPOS, RTC Agency	Katherine (266km) Katherine (375km) Groote Eyland	GiroPost		Mainly electronic One RTC	ATMs Invest in Technology Expand GiroPost
<b>Kununurra</b> KALKARINDJI PS KALUMBURU OOMBULGURRI TURKEY CREEK	Agency & EFTPOS Agency Branch & EFTPOS	Kununurra (290 km) Kununurra (290km) Kununurra (118km) Kununurra (151km)		Halls Ck	Mainly over the counter	ATMs Address Literacy Simplify regulation Invest in technology
<b>Broome</b> BEAGLE BAY BIDYADANGA LOOMA ONE ARM POINT	Branch & EFTPOS Agency & EFTPOS Agency Agency & EFTPOS	Broome (119km) Broome (95km) Derby (100 km) Broome (190km)			Mainly over the counter	ATMs Address Literacy Simplify regulation Invest in technology
<b>Isolated Towns</b> CORAL BAY (WA) WARBURTON (WA) YALATA (SA)	Agency & EFTPOS EFTPOS	Carnarvon (195km) Kalgoorlie (715km) Ceduna (180km) ANZ		Mt Magnet Westonia Coffin Bay	Very isolated, though RTC's in vicinity	ATMs Invest in technology Address Literacy
<b>Queensland</b> CUNGULLA HOME ISLAND ST PAULS WILLOWS GEMFIELDS	Agency  EFTPOS EFTPOS	Townsville (34 km) Port Douglas (551 km) Longreach (209km) Emerald (68 km)	Giru Hughenden	Isisford Chillagoe	Few services	ATMs ATMs Address Literacy Simplify regulation Invest in technology

- Both lack of start up loans and the ability to deposit and withdraw cash in remote locations by small businesses can limit local employment. Small business has also identified that cash shortfalls can occur in communities where there is a seasonal variation in the total population.
- For some groups, in particular indigenous people, the lack of home ownership can be a barrier to accumulating assets including providing equity for small business start ups.

#### **2.1.2 Face to face access**

- Some communities require government to step in to provide a minimum level of face to face banking, where it has been shown that it cannot be provided on a commercial basis and where financial literacy skills warrant greater support for those communities.
- Cost sharing and co-location commercial models could be expanded to include a wider range of individual service providers.

#### **2.1.3 Telecommunications Infrastructure and Mobile Banking Networks**

- Access through phone banking and internet can be limited by poor technology and related skills/support. The network of on-line banking services could be expanded, particularly in remote and very remote regions.
- In the absence of a minimum quality and availability of telecommunication infrastructure, the use of internet technology will be limited and the divide between city and country could widen. This could further limit the potential for economic diversification.
- Innovative technology solutions (see Attachment 3) could be suitable for areas such as Central Australia where a small population is very widely distributed, often by more than 500 kilometres apart. The people who live in Central Australia are also relatively mobile, and the services that support them are often delivered through “mobile infrastructure” rather than fixed services.

#### **2.1.4 Regulations and supervision**

- Some regulations may be costly or difficult to implement in rural Australia. For example: alternative means of identification to the 100 point

check, permitting counsellors or similar third parties to access phone banking and/or internet to sort out problems or balances on behalf of bank customers, and potentially limiting the material required under Financial Services Reform for basic banking.

- Excessive charges, mark-ups and surcharges imposed by merchants can develop in some communities where there are little or no alternatives for banking access and little competition to a single merchant provider. These could add to the costs of banking and the diminution of banking service.
- Reliance on book-up can create a vicious cycle of problems in some cases, while being a benefit for others. Similarly there can be problems with traders retaining debit cards and then having open access to funds.

#### **2.1.5 Financial literacy skills**

- Centrelink's recent shift to direct debit payments has exposed the poor financial literacy skills of many people in these communities, many of whom now rely on the banking system for the first time.
- For some households, budgeting and money management are easier when smaller denominations are available for cash withdrawals, while banks face higher costs from stocking ATMs etc. with smaller denominations.
- Problems with access to affordable credit, particularly for whitegoods, motor vehicles and small purchases, can be related to literacy and lack of budgeting.
- Some customers have problems with keeping track of account balances, during the fortnight between direct crediting of income payments.
- Difficulties of managing keycards and PINs, rather than passbooks, can be overcome as a number of pilot projects have shown, but requires training and community support.
- Customer banking practices, in part because of limited choice, can lead to accumulating bank fees. The Code of Banking Practice will in part address this issue, while banks and Centrelink can assist customers to minimise the incidence of these fees.
- In some communities, people need to be able to transact banking in their own languages, to enable them to make informed choices of banking

products and services. For this reason the proposals by the Cape York community to establish a local credit union, the First Nations and Traditional Credit Union models and the local employment by banks of people from indigenous backgrounds are supported.

The incidence of any of the above factors means that in these communities, even where there are local over the counter services, Council staff may often be relied on to use their own banking relationships (often with the support of their bank) to assist their communities in dealing with local banking problems.

Given the diversity of regions and communities in rural Australia, collaborative and targeted strategies will need to be developed and implemented by stakeholders, and the banking industry is willing to do its part.

## **2.2 ABA Recommendations**

In our previous submission the ABA suggested a three pronged approach to addressing the situation in rural Australia. While banks remain willing to explore a shared services model, where more than one authorized deposit taking institution is co-located in rural Australia, we consider that the RTC and GiroPost models are superior. It has also become evident that for some communities, community banking is a viable, desirable and sustainable model.

Given our findings from the 32 Towns Project, the ABA has expanded the number of recommendations to include the following:

### **2.2.1 Promote regional economic development**

- Governments should continue to support greater economic development in remote and very remote Australia, including support for small businesses and, in particular, indigenous businesses.

### **2.2.2 Expansion of Australia Post, GiroPost and business banking**

- Encourage Australia Post to expand GiroPost into the remaining 1000 post offices that currently do not provide the service, as they are the most appropriate multi-service provider in regions without any other prospect of an over the counter service.
- Australia Post should roll out business banking access to all rural Australia Post sites, as rapidly as possible having regard to security and workforce issues.

**2.2.3 Invest in essential telecommunications infrastructure and services in rural Australia**

- Identify a lead agency to ensure that the necessary investment in technology in remote Australia takes place. The quality of infrastructure in rural Australia appears to have remained insufficiently addressed since the recommendations of the Hawker Inquiry.
- Develop programs to increase internet usage and access in rural Australia.

**2.2.4 Expand RTC network into remote and very remote Australia**

- Where appropriate, the Government should rollout RTCs as a sustainable long term means of commercial delivery of banking and a range of services.
- Ensure that a substantial number of the remaining RTCs are located in remote or very remote Australia, given that a majority are currently located in bank accessible locations.

**2.2.5 Improve regulation and supervision**

- Regulators to explore the best means of reducing costs and simplifying regulation to remove impediments to banking access in rural Australia.
- Regulators to investigate whether there are excessive mark-up fees, where there is little or no competition.

**2.2.6 Responsibility of Department of Family and Community Services for literacy**

- Using the findings of the financial literacy training at Tangentyere, and the lessons concerning the transition from cheque based to electronic banking, support a comprehensive education campaign in indigenous communities to overcome the current problems, and build a better base of financial literacy skills. Such a program could be funded over three years from the savings to government from the shift to direct debit payments.

**2.2.7 Expansion of banking services**

- The banking industry will explore with other stakeholders the potential for new technology to increase the level of banking services in rural Australia.

- Investigate potential for community banks in communities in remote and very remote Australia.
- With Centrelink and financial counselling services , inform customers on strategies to minimize bank fees, including in rural Australia.
- Investigate the most suitable means of people living in rural Australia to keep track of transaction account balances, including via telephone and internet banking access and over the counter services.
- The banking industry to take a role, together with other stakeholders to address the poor financial literacy skills of people living in rural Australia, and indigenous people in particular.

### **2.3     *The ABA to lead Round Table***

Given the particular needs of these 32 towns in remote Australia the ABA proposes to lead a tri-partite Round Table, including relevant government agencies, in partnership with Reconciliation Australia (RA). The purpose of the Remote Services Round Table would be to develop cross-sectoral strategies to address the source of shortfalls in services, or access for people living in remote regions of Australia. The banking industry is willing to commit resources in particular to finding solutions for the difficulties that people in remote Australia face, including personal financial literacy skills, and less choice of services.

### 3. Responses to Questions

The ABA has provided the following information in response to a request from the Committee. In addition the ABA has included a copy of the Code of Operation with Centrelink in respect of direct credit payments (Attachment 4) and the ABA's Transaction Services and Branch Closure Protocol (Attachment 5) that has been in place since March 2001, as we understand from the transcripts that the Committee is interested in obtaining copies of these documents.

#### **Question 1: Code of Banking Practice**

*On 12 August 2002, the ABA launched the new code of banking practice with a view to its adoption by the banking industry by August 2003. Could you inform the Committee about progress on the adoption of the code?*

#### **Response**

The Revised Code of Banking Practice was released in final form by the ABA on 1 August 2003, after twelve months consultation with consumer representatives and the Code's independent reviewer.

The revised Code is a substantially more rigorous instrument of self-regulation than its 1993 predecessor. Banks may need to change their computer systems, review documentation, develop procedural guidance for their staff and train staff and agents on the provisions of the Code.

Banks will adopt the code progressively over ensuing months, although banks will need lead time to complete their compliance preparations. A bank must be sure it is ready to comply with its obligations under the revised Code before it is adopted, because the Code is an enforceable contract between the bank and the customer.

There has been good progress in banks' adoption of the code, with to date seven banks adopting the code. As banks sign on to the Code they will be added to the list that can be found on the ABA's website.

The revised Code builds significantly on the earlier edition (1993) and among the new provisions:

- small business is included for the first time;
- provision of information for prospective guarantors before they commit to guaranteeing someone else's debt;



- provision of important information on credit card chargebacks;
- helping customers cancel direct debit authorities; and
- to try and help customers suffering financial difficulties with their bank loan, overcome those difficulties, with the customers' agreement.

The ABA's Code of Banking Practice stands out both in scope and the specific customer benefits it provides compared with those in place in the United Kingdom, Canada, New Zealand and Hong Kong.

Through a regular three-year review of the Code the ABA will continue to develop and improve the Code in response to industry conditions and customer demands. Banks will submit to independent monitoring of their compliance and if a bank has systemically or seriously breached the Code it is liable to be publicly named.

Irrespective of whether banks are signatories to the Code, the branch closures protocol announced by the ABA in March 2001 and published on the ABA website, is agreed to by all banks.

Full details of the Code of Banking Practice are on the ABA's website [www.bankers.asn.au](http://www.bankers.asn.au) together with a guide, *Frequently Asked Questions*, which is included as Attachment 6 of this submission.

### **Question 2: Costs associated with transferring or renegotiating a loan**

*Community banks.* During public hearings, Mr Gillett, Bendigo Bank told the Committee that the Western Australia government took the view that in order to give community banks their best chance of success, they would actually wipe out stamp duty on the transfer of the banking business on the mortgages and the like.<sup>2</sup>

*Impact of branch closures.* Mr Samuel Smith, Gladstone Community Development and Tourism Association, mentioned that the BankSA offers an exemption of stamp duty on transfer of loans where there is not a branch in that town.<sup>3</sup> Do you have information on the various policies of state governments on stamp duty where the renegotiation of a mortgage is due to the closure of a bank branch? Do you have any information on the general practices of banks in compensating clients for penalties imposed when transferring a loan account, particularly a mortgage account, from one institution to another because of a branch closure? Do you have any

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<sup>2</sup> Committee Hansard, p. CFS 338.

<sup>3</sup> Committee Hansard, p. CFS 435.

*information on whether state governments offer special exemptions from paying stamp duty when the account is being transferred because of a branch closure?*

**Response**

**Community banks.** In regard to the place of community banks in contributing to the level of bank services in rural Australia, the ABA notes that submissions to the Inquiry from Bendigo Bank and others have highlighted the success of Bendigo's Community Bank model.

There have been a number of milestones including:

- the total banking business crossed the billion dollar threshold just three years after the launch of the first pilot branches were set up in Rupanyup and Minyip (Victoria), and has now reached \$3 billion; and
- as of July 2003 there were 100 community bank branches across five states of Australia, in diverse communities such as small farming towns, regional service centres, outer suburban fringes and inner suburbs in capital cities.

The ABA notes that both Rural Transaction Centres and Community Banks require, amongst other things, a capital contribution from the community to establishing these enterprises. While this is seen by some communities as a barrier, it is necessary to ensure that the community's business plan demonstrates that it can sustain a viable commercial service.

**Impact of branch closures.** The aspect of costs, both bank and government taxes and duties were addressed by the Federal Government in its response to the Hawker Inquiry into Regional Banking. In its response, it said:

*"The Government does not believe that financial service providers regularly charge customers fees for closing accounts other than where necessary to recover the economic costs of breaking fixed deposit or loan contracts. In any case, the nature of fixed term deposits and loans is such that customers do not generally need to interact with the financial services provider regularly, and therefore would not need to close these accounts if a nearby branch closed.*

*The Government accepts that as part of the normal commercial arrangements between a financial service organization and its customer, it may be necessary to impose fees on customers to recover costs in the situation where the closing of that account results in a breach of loan contract.*

*However, the Government believes that it is important for each financial service organization to make clear to its customers, where customers wish to close their accounts following the withdrawal of services from a community, whether the organization would impose any service fees or penalties for closing the accounts."*

*Page 8, Government Response to the Hawker Inquiry*

Banks do not generally waive penalties, where they may apply, when customers have transferred accounts from one bank to another in the context of a branch closure. If they apply, penalties could be incurred for a variety of reasons such as the breaking of a fixed rate housing loan, and so there is no single approach that will fit all circumstances. In most cases, customers can still bank with the same bank after a branch closure.

- Only where there is no other face to face service viable in that location and/or the customer requires access to a branch for daily banking, could the customer possibly need to change banks.

From a bank perspective, information on the customer and their banking arrangements is held centrally, and therefore it does not matter which branch or service the customer uses to access their accounts.

Note that the ABA has addressed disclosure in the Code of Banking Practice, where banks undertake to:

- disclose terms and conditions, including full particulars of standard fees and charges (Section 10.1) and
- charge a reasonable estimate of the costs of closure of an account in credit, subject to the terms and conditions of any relevant banking service (Section 31).

The scheme to which Mr Gillett may have been referring to is the Western Australian Government's Regional Bank Tax Relief Scheme. This scheme was introduced from 1 February 2003, and while it may have been previously limited to community banks, it now:

- provides relief from debits tax and stamp duty, on the transfer of a mortgage or the refinancing of borrowings, when a customer transfers bank accounts where it is the result of a branch closure in a regional community.
- is limited to the transfer of existing banking business to another bank, or refinancing with another bank in the same community. It is not available for the establishment of new accounts.

We are not aware of any other schemes of State Governments. However we note that the Government concluded in its response to Recommendation 18 of the Hawker Inquiry that all States and Territories, at least partially provide exemptions from stamp duties as recommended by the Hawker Inquiry.

**Question 3: Compulsory Community Consultation**

*Has the ABA looked at the work of the independent regulatory body, the Financial Consumer Agency, in Canada particularly the discretion it has to convene a consultation if there were concerns that a rural bank branch closure was taking place with insufficient consultation?*

**Response**

The ABA introduced a protocol on branch closures, *the Transaction Services and Branch Closure Protocol*, in 2001, following the recommendations of the Hawker Inquiry. Further the Code of Banking Practice notes that banks will comply with the protocol and it is posted on the ABA website: [www.bankers.asn.au](http://www.bankers.asn.au).

The ABA is aware of the developments in Canada, as they have to a certain extent occurred in parallel with Australia's own reform process through the Hawker Inquiry. It is our understanding that the establishment of the Financial Consumer Agency and other reform proposals stemmed from the "Reforming Canada's Financial Services Sector" initiative undertaken by the Canadian Department of Finance. The proposals included three main elements:

- **Ensuring Access:** banks were required to open accounts for any individual and cash government cheques for non-customers, with no minimum deposit and employment was not be a condition of opening an account.
- **Low-Cost Accounts:** The Government was given authority to make regulation for low-cost accounts.
- **Branch closures:** Banks were required to give four months' notice of branch closures. In rural areas with no other institution within a 10-km radius, six months' notice would be required. Consultation was also mandatory.

Australia did not have the same problem as Canada, with people excluded from opening bank accounts, as all Australians who satisfy an identity criteria can open a bank account.

As the ACCC found in 2002 low-cost accounts already exist in Australia.

- Many accounts attract no fees at all.
- The ABA estimates that the average customer pays between 25 cents and \$2.30 per week for transaction banking.
- For those Australians who are financially disadvantaged, pensioners, students, disabled, there are substantial fee discounts and exemptions provided by most financial service providers.

Canada's process to deal with branch closures was introduced after Australia's where there has been substantial headway on this issue. As we advised the Committee in our letter of 20 December 2002, the branch protocol is working well. The ABA protocol includes the undertaking that a bank will not close a branch in an area without leaving an over the counter service "where it is commercially viable to do so". Where it is not commercially viable, banks will tell customers about alternatives.

Further, many banks have either maintained or expanded their regional branch networks:

- ANZ has had a moratorium on withdrawing from rural communities in place since July 1998, as part of ANZ's commitment to maintaining face-to-face banking services in rural areas;
- Commonwealth Bank committed over twelve months ago to maintain branch networks at overall current levels;
- National Australia Bank indicated in its submission to the Committee that it is not considering any rural branch closures now or in the near future;
- Westpac has kept all face to face banking in regional areas in place since 1998;
- St George Bank, Bank of Queensland, Bendigo Bank and BankWest have all added regional bank branches or other over the counter banking in the last twelve months, for example;
  - Bank of Queensland has fulfilled its commitment made in December 2002 to open 120 branches by end of August 2003; and
  - Bendigo Bank expects to open another 25-30 branches in 2003-04.

The ABA notes that the application of the regulations in Canada is to all deposit taking institutions and not just banks. Further, the Canadian Government has imposed longer notice periods than the ABA protocol.

- It requires four months notice, including posting a notice of the closing date in the affected branch. (The notice period is six months if a branch closure would result in a complete loss of a banking service, within a 10 kilometre radius.)

The ABA's branch protocol adopted the three month notice period, prior to a branch closure, for advising customers, the community and local government organizations, as recommended in Recommendation 20 of the Hawker Inquiry. The Government at the time believed that this period was adequate and this has been borne out by subsequent experience. Banks are not aware of any need to extend the notice period, although could consider doing so if the need arose.

#### **Question 4: Public Interest Statements**

*A number of submissions mentioned the value in requiring banks to prepare a public interest impact statement when closing a bank branch. Does the banking industry have any strong objections to such a requirement. If so, could you detail such objections?*

#### **Response**

The ABA does not support banks being required to prepare a public interest statement when considering closing a bank branch.

Banks would not be in the best position to measure the impact on the public interest, which is more usually within the expertise of governments. Just as there are guidelines and legislation governing environmental impact statements, government would need to set the relevant parameters for measuring and disclosing the public interest impact of branch closures. It could also be argued that where banks or the industry expands the number of bank branches or face to face banking facilities, that the positive public interest should also be disclosed.

The Committee does not suggest what the public interest statements would be used for.

If they were used as the basis to force the retention of either a particular branch or traditional banking infrastructure upon the industry, then the ABA could not agree to such a requirement. As the Minister noted in his response to the Committee on 28 June 2000, such an action

*“is likely to constrain innovation and competition, and as such, may not be in the long-term interests of the communities in question. For instance electronic channels have increased the number of outlets with which customers from rural and remote communities can access banking services and the times of day these services can be carried out”*

**Question 5: EFTPOS and obtaining an account balance**

*The Committee heard evidence when in the Northern Territory about the practice of people swiping their keycard to check their account balance and in doing so were being charged a fee and in some cases overdrawing their account.*

*Could you explain to the Committee why consumers are unable to obtain an account balance when using EFTPOS? Is the problem with the technology or does it stem from the policy of individual banks not to make this function available through EFTPOS?*

**Response**

Bank account balances can be obtained as a free service, outside of a branch point of service:

- by telephone or internet banking;
- at an ATM, other than a “foreign” ATM;
- through an EFTPOS at Council offices, for customers of the bank supplying the facility; and
- through the 168 Electronic Funds Transfer at Point of Banking (EFTPOB) facilities located in Australia Post outlets and private agencies, of which 53 are in the country (25 in remote and very remote locations).

While EFTPOS transactions are operated just like ATM transactions, with the customer using a plastic card with a magnetic strip and a PIN, EFTPOS is designed for the purpose of cashless transactions. The terminals can be owned by merchants and are not only supplied by financial institutions.

- Payment is made through an on-line debit of the customers' savings, credit or cheque account with the merchant's account being credited overnight
- Some merchants choose to provide "cash out services" where the merchant debits the customers savings or cheque account in return for the provision of cash by the merchant.

EFTPOS has the following fee structure, per transaction:

- a fee can be paid by the customer's bank, that issued the debit or credit card, to the merchant. This is the **wholesale fee**;
- customers can be charged a fee by the merchant providing the EFTPOS service. This is the **merchant fee**;
- "**switching fees**" can be paid between banks and merchants where telecommunications switching is required for a real time transaction to occur;
- **gateway fees** can be paid by a bank to another institution that provides access for the banks' customers to its EFTPOS network; and
- **cardholder transaction fees** are those that the bank may charge the customer. Note that the RBA annual bank fee survey shows that customers are not charged for EFTPOS transactions below a certain threshold number i.e. on average customers have 8 free EFTPOS, ATM and other electronic transactions per month. Transactions above this amount are charged at an average of 50 cents per transaction.

If a bank customer uses EFTPOS to obtain an account balance, any transactions above the fee free level per month could attract a cardholder transaction fee.

Assisting people to use EFTPOS is technologically possible, although difficult to implement. However, this is not a desirable solution as EFTPOS's main purpose is convenience for customer and merchant.

- Merchants may not be willing to extend their cash out service to also providing account balances, even assuming that the privacy and confidentiality issues could be addressed.
- It is possible that some merchants may be unwilling either to provide an account balance information service or a cash out service, unless it is convenient or the customer is charged a fee by the merchant. For example



if this service were available in supermarkets then the queues and waiting times could be longer.

In this situation the merchant is a third party to the transaction. However, when you go to the branch to obtain an account balance it is part of the relationship with the bank. In this case the customer is protected by the Electronic Funds Transfer Code of Conduct that relies on non-disclosure of customer information.

Given that extending the availability of account balance information through merchants is not desirable, the alternatives are:

- additional investment in secure technology such as EFTPOB;
- assistance to people to develop literacy skills, including budgeting;
- use of direct pay facilities through post offices; and
- use of telephone banking where available.

Where third parties, such as local government and Council office staff are available there may be an opportunity for the banking industry to explore a cost-sharing model, to enable simple banking inquiries to be made on customers' behalf. This could require some flexibility in the regulations governing advice and privacy.

The other aspect that the Committee has touched on is the cost of "irregular credit" i.e. fees for overdrafts on personal transaction accounts, fees for insufficient funds to pay an authorised direct debit on time. These costs can be directly related to poor budgeting or management of account balances. Both banks and Centrelink can assist customers with information to help them avoid paying these fees on a recurrent basis.

**Question 6: Basic bank account**

*Does the ABA have any plans to apply again to the ACCC for authorization to allow banks to collectively agree to offer a basic bank account with agreed minimum features?*

**Response**

The ABA will not re-apply to the ACCC for authorization for an industry standard basic bank account (BBA) as there are already a number of competing products in the market that may be suitable for consumers (see Table 2 below).

In its findings (of 16 December 2002) the ACCC stated that:

- 5.13 “The Commission considers that for the reasons discussed below there is an emerging market for basic banking products for low income consumers, primarily concession card holders”
- 5.32 “The Commission is concerned that the proposed agreement between the banks on minimum features of a basic banking product has the potential to operate to dampen this competition”
- 5.41 “The Commission considers that there is not sufficient competitive pressure from participants such as building societies and credit unions which would reduce the anti-competitive detriment which may result from the BBA initiative.”
- 5.92 “The Commission notes that current basic banking products have developed as a result of competition amongst individual banks and competition has been sufficient to drive individual banks to innovate in the development of basic banking products with higher features than those offered under the proposed BBA by the ABA.”
- 5.97 “The Commission considers that the BBA initiative itself in its current form does not result in a significant public benefit.”

Information on the range of basic bank accounts can be found on the website <http://finance.ninemsn.com.au/money/banking/results.asp> which has the full range of personal transaction accounts including basic bank accounts and details of fees.

The ABA has taken another step by including with the Code of Banking Practice a provision concerning account suitability (Section 14) that says:

*“If you tell us that you are a low income earner or a disadvantaged person (regardless of whether you are an existing or prospective customer but not if you are a small business), we will provide you with details of accounts that may be suitable to your needs. We will also do this if you ask for this information or if in the course of dealing personally with you, we become aware that you are in receipt of Centrelink or like benefits.”*

The ABA notes that there are no differences in the fees charged by banks in metropolitan and regional areas. However, some banks offer concessions to take account of the more limited choices of banking service providers in rural Australia. For example:

- ANZ offers a rural concession at designated country branches and agencies where no local ANZ branded ATM is available;

- National Australia Bank's rural customers transacting at GiroPost or branch outlet 25 kilometres away from the next ATM receive over the counter fee concessions;
- Westpac offers concessions in regional locations where there is a Westpac branch including in-store branches where there is no ATM. Westpac customers can withdraw cash from the branch at a cost equivalent to an electronic transaction, which is lower than the normal over the counter fee; and
- The Commonwealth Bank offers Ezy Banking through Woolworth stores. Where there is no Woolworths store close by, the Ezy Rural option permits concessional branch transactions.

**Table 2: Basic Bank Accounts with a number of banks**

Company Name	Product Name	No of Free Trans	Bookkeeping Fee	Internet Banking Fee	Telephone Banking Fee	ATM Access Fee	EFTPOS Fee	Cheques Fee
Australia and New Zealand Banking Group	Access Advantage	15	Nil	Nil	0.5	0.5	0.5	N/A
Adelaide Bank	Concession Xpress	\$15 free	Nil	0.5	0.5	1	1	N/A
Australian National Credit Unions	Prime Access	12	Nil	Nil	Nil	2	1	1
Bank of Melbourne	Basic Account	6	Nil	0.25	0.4	0.65	0.5	N/A
Bankwest	Feesaver Basic	8	Nil	Nil	0.65	0.65	0.65	Nil
Challenge Bank	Basic Account	6	Nil	0.25	0.4	0.65	0.5	N/A
Commonwealth Bank	Ezy Action Account	50	Nil	0.5	0.5	0.5	0.5	0.5
National Australia Bank	Concession Card	N/A	Nil	0.2	0.2	0.6	0.6	1
St George	Concession Account	8	Nil	Nil	Nil	0.6	0.6	N/A
Suncorp Metway	Basic Access Account	12	Nil	Nil	Nil	0.6	0.6	N/A
Westpac Banking Corporation	Basic Account	6	Nil	0.25	0.4	0.65	0.5	N/A

Source [www.cannex.com.au](http://www.cannex.com.au)

### Attachment 1: Level of Banking Services 2002

The Australian Prudential Regulatory Authority's (APRA) collection of data on banking points of presence provides a comprehensive picture of the level of banking services across all areas of Australia.

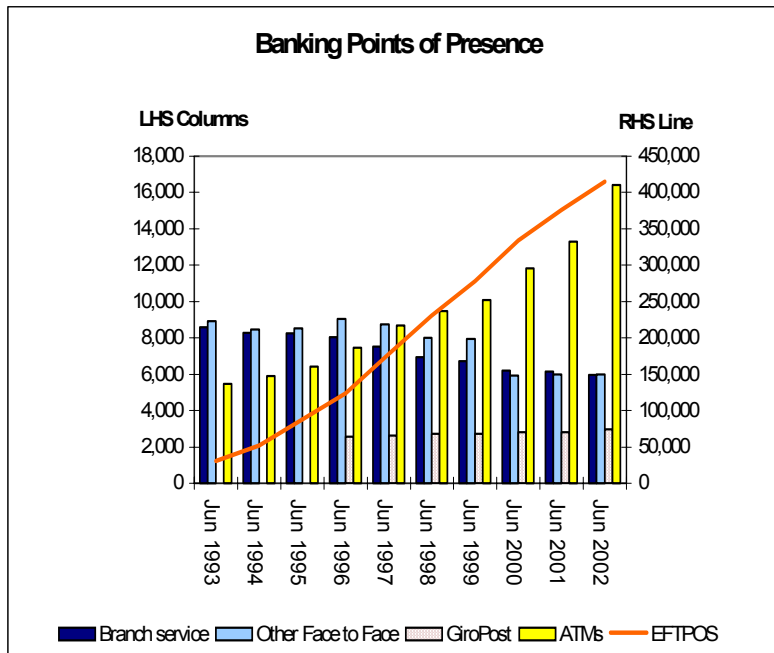
The most recent Points of Presence data for the year ended June 2002, was released in February 2003, and shows that face to face (over the counter) banking points of presence in remote and very remote areas increased by 8% in the past year.

The 2002 survey confirms that Australia has one of the most accessible payment networks amongst the OECD economies:

- Australia has one banking point of presence for every sixty people compared to seventy in Canada, ninety in the United Kingdom and one-hundred-and-forty in the United States.

The most significant trend in the last decade has been the growth in electronic banking i.e. the use of Automatic Teller Machines (ATMs) and Electronic Funds Transfer at Point of Sale (EFTPOS) terminals, as is shown in Chart 1.

Chart 1



Source: APRA; APCA (Australian Payments Clearing Association)

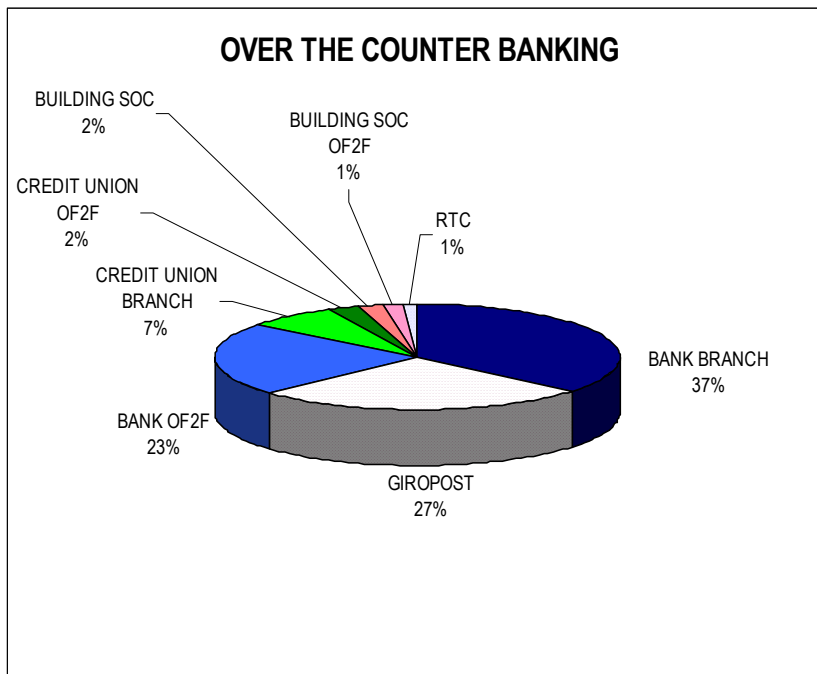
Between June 2002 and June 2003:

- the number of ATMs increased from 16,398 to 121,603 and
- the number of EFTPOS terminals increased from 425,167 to 433,640.

Of the total of 12,440 banking points of presence in 2002 across Australia, where customers could do their banking face to face:

- six out of ten banking services were provided by banks, of which four had full branch banking services (see Chart 2);
- just over one in ten banking service providers is a credit union or building society; and
- over two out of ten are GiroPost facilities.

**Chart 2**



*Source: Authorised deposit taking institutions from APRA (OF2F = other face to face). Figures for ATMs and EFTPOS from APCA.*

The level of all over the counter banking services has increased, with banks adding another 100 services to their already large network of over the counter services in the year to June 2002. The only closures of a branch by banks were in highly accessible

locations, where there is already a relatively high level of banking service availability per capita.

The distribution of banking services across Australia is uneven, reflecting population densities and the strength of local and regional economies. All banking service providers – banks, credit unions, building societies, community banks and third party or multi-party providers – in the first instance, based their location decisions principally on the capacity to make a commercial return.

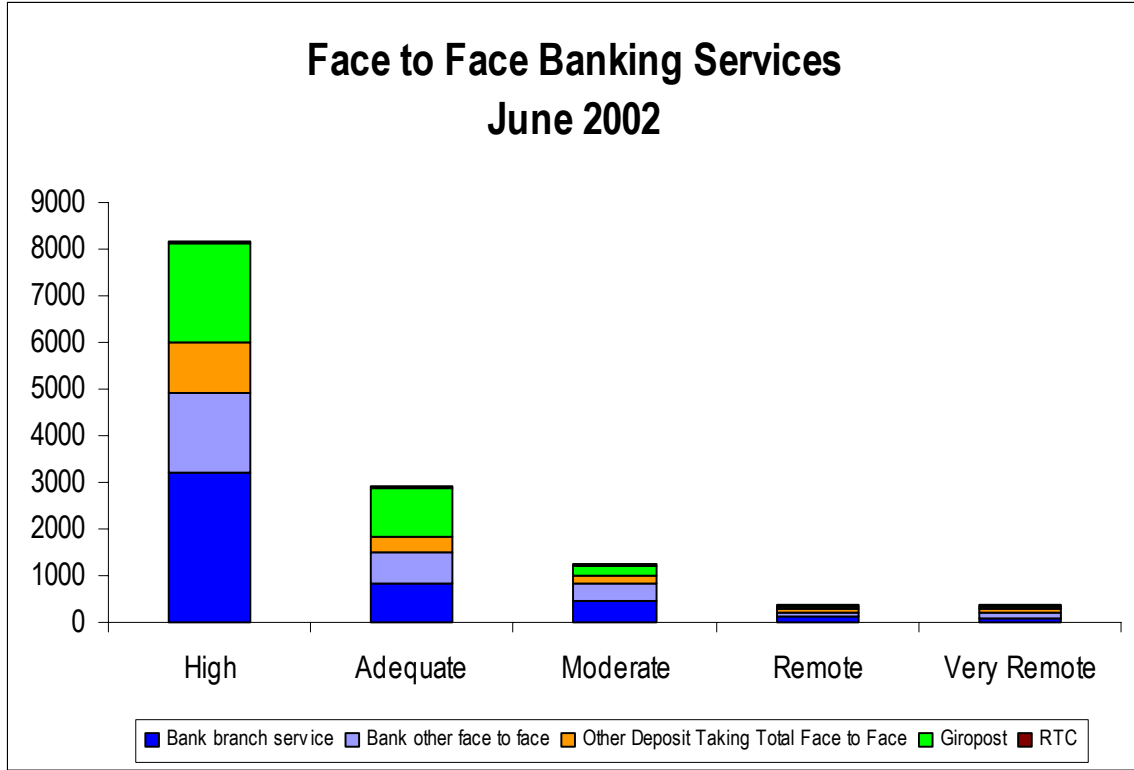
The ABA has analysed the 2002 Points of Presence data, including the 2,962 GiroPost locations and 86 operational Rural Transaction Centres provided by the Department of Territories and Local Government.

The regions are classified according to the Accessibility/Remoteness Index of Australia (ARIA) remoteness index developed by the National Centre for Social Applications of Geographic Information Systems for the Department of Health and Ageing (see <http://www.health.gov.au/ari/aria.htm>). This index provides a classification of postcodes according to accessibility. There are five ARIA categories:

- **Highly Accessible (812 persons per square kilometre)**- relatively unrestricted accessibility to a wide range of goods and services and opportunities for social interaction, for example postcodes addresses in capital cities, surrounding areas for example Geelong, Hamilton (NSW) and larger regional towns such as Ballarat (Victoria), Lismore (NSW).
- **Accessible (17 persons per square kilometre)**- some restrictions to accessibility of some goods, services and opportunities for social interaction, for example smaller regional towns including postcodes such as Coffs Harbour (NSW), Bairnsdale (Victoria), Margaret River (WA).
- **Moderately Accessible (2 persons per square kilometre)**- significantly restricted accessibility of goods, services and opportunities for social interaction, such as Mildura (NSW), Inverell (NSW), Goondiwindi (QLD), Mount Barker (WA).
- **Remote (0.3 persons per square kilometre)**- very restricted accessibility of goods, services and opportunities for social interaction, for example towns such as Nyngan (NSW), Alice Springs (NT), Charters Towers (QLD).
- **Very Remote (0.04 persons per square kilometre)**- very little accessibility of goods, services and opportunities for social interaction, for example towns such as Bourke (NSW), Derby (WA), Cooktown (QLD).

Details by region, and banking service provider, are included in Table 3 and shown in Chart 3.

Chart 3



Of the banking services across Australia, 94% of banking points of presence are located in moderately to highly accessible areas.

In remote and very remote regions of Australia, banks provide 61% of the available face to face services, while GiroPost and RTCs combined provide another 24%.



TABLE 3

ARIA	Banking Points of Presence June 2002			Total face to face
	Channel	Branch level of Service	Other face to face	
Highly Accessible	Bank	3,221	1,691	4,912
	Credit Union	680	167	847
	Building Society	175	73	248
	giroPost	-	2,126	2,126
	RTC	-	26	26
	TOTAL	4,076	4,083	8,159
Accessible	Bank	814	684	1,498
	Credit Union	177	59	236
	Building Society	55	48	103
	giroPost	-	1,035	1,035
	RTC	-	52	52
	TOTAL	1,046	1,878	2,924
Moderately Accessible	Bank	447	369	816
	Credit Union	53	39	92
	Building Society	33	59	92
	giroPost	-	189	189
	RTC	-	44	44
	TOTAL	533	700	1,233
Remote	Bank	135	91	226
	Credit Union	15	16	31
	Building Society	8	11	19
	giroPost	-	64	64
	RTC	-	17	17
	TOTAL	158	199	357
Very Remote	Bank	103	117	220
	Credit Union	26	21	47
	Building Society	8	2	10
	giroPost	-	77	77
	RTC	-	15	15
	TOTAL	137	232	369
NEC		8	52	60
AUSTRALIA	TOTAL	5,958	7,144	13,102

Attachment 2: Profile of 32 towns by Statistical Local Area (SLA)

<b>ALICE SPRINGS</b>		<b>DOCKER RIVER</b>						
		<b>ALPURRURULAM</b>	<b>AMPILATWATJA</b>	<b>ABORIGINAL COMMUNITY</b>	<b>HERMANNSBURG</b>	<b>KINTORE</b>	<b>PAPUNYA ABORIGINAL COMMUNITY</b>	<b>WARRABRI</b>
Main Towns : Alice Springs, Camooweal (QLD), Tennant Creek Alice Springs/Tennant Creek/Mt Isa ATSC region 500 kilometre radius from Alice Springs								
<b>Total Population</b>		<b>355</b>	<b>468</b>	<b>3878</b>	<b>1036</b>	<b>847</b>	<b>3476</b>	<b>486</b>
	Indigenous Population	334	430	1182	901	663	2674	458
	Median Age	23	19	31	23	24	27	20
	Indigenous Population	21	18	23	20	21	23	19
	Non Indigenous	41	37	36	42	34	38	35
	Indigenous Population < 15	36%	41%	32%	35%	39%	31%	40%
	Indigenous Over 65	2%	6%	5%	3%	3%	5%	4%
	Indigenous Working Age	62%	54%	64%	62%		64%	56%
<b>Languages Spoken</b>								
	Only English	8%	0%	13%	3%	48%	3%	12%
	English & Indigenous Languages	73%	55%	42%	65%	47%	54%	73%
	Indigenous Languages Only	19%	43%	45%	32%	4%	43%	14%
<b>Schooling</b>								
	To Year 10	43%	34%	49%	43%	44%	47%	44%
	To Year 12	1%	3%	4%	0%	11%	2%	7%
<b>Income</b>								
	Median Indigenous Family	\$450	\$450	\$450	\$350	\$450	\$350	\$450
	Median Indigenous Individual	\$180	\$180	\$180	\$180	\$180	\$180	\$250
	Median Indigenous Household	\$550	\$550	\$650	\$650	\$450	\$750	\$850
	Mean Indigenous Household Size	6	6	5.1	6.2	4.3	6.7	6.8
<b>Internet Use</b>								
	Indigenous	1%	0%	3%	1%	3%	1%	1%
	Non Indigenous	2%	68%	40%	38%	21%	39%	36%
<b>Employment</b>								
	Unemployed	17%	29%	8%	3%	10%	27%	0%
	Employed	37%	10%	29%	40%	35%	15%	27%
	Not in Labour Force	56%	83%	68%	58%	61%	78%	73%

<b>SOUTHERN</b>			
<b>Geraldton/Ceduna/Warbuton ATSI regions</b>	<b>CORAL BAY WA</b>	<b>WARBURTON ABORIGINAL COMMUNITY WA</b>	<b>YALATA SA</b>
<b>Total Population</b>	<b>7189</b>	<b>468</b>	<b>16,806</b>
Indigenous Population	1113	424	532
Median Age	39	24	38
Indigenous Population	23	21	21
Non Indigenous	43	42	39
Indigenous Population < 15	37%	34%	36%
Indigenous Over 65	5%	4%	3%
Indigenous Working Age	58%	62%	62%
<b>Languages Spoken</b>			
Only English	90%	6%	56%
English & Indigenous Languages	2%	60%	34%
Indigenous Languages Only	7%	34%	10%
<b>Schooling</b>			
To Year 10	34%	61%	44%
To Year 12	13%	1%	12%
<b>Income</b>			
Median Indigenous Family	\$650	\$350	\$450
Median Indigenous Individual	\$250	\$140	\$180
Median Indigenous Household	\$550	\$750	\$550
Mean Indigenous Household Size	3.4	6.8	4.1
<b>Internet Use</b>			
Indigenous	7%	0%	7%
Non Indigenous	50%	33%	29%
<b>Employment</b>			
Unemployed	18%	6%	5%
Employed	43%	62%	54%
Not in Labour Force	52%	38%	43%

<b>BROOME</b>				
Main Towns: Broome, Derby				
Broome/Derby ATSI region				
200 kilometre radius from Broome				
	BEAGLE BAY	BIDYADANGA	LOOMA ABORIGINAL COMMUNITY	ONE ARM POINT
<b>Total Population</b>	<b>300</b>	<b>512</b>	<b>285</b>	<b>308</b>
Indigenous Population	277	483	276	295
Median Age	20	22	23	21
Indigenous Population	18	20	23	20
Non Indigenous	46	50	35	25
Indigenous Population < 15	40%	36%	35%	39%
Indigenous Over 65	3%	5%	4%	5%
Indigenous Working Age	57%	59%	61%	
<b>Languages Spoken</b>				
Only English	99%	67%	55%	90%
English & Indigenous Languages		17%		
Indigenous Languages Only		16%		
<b>Schooling</b>				
To Year 10	31%	40%	17%	39%
To Year 12	24%	13%	29%	17%
<b>Income</b>				
Median Indigenous Family	\$650	\$450	\$450	\$450
Median Indigenous Individual	\$180	\$180	\$180	\$180
Median Indigenous Household	\$750	\$750	\$550	\$550
Mean Indigenous Household Size	5.6	6	5.2	4.9
<b>Internet Use</b>				
Indigenous	3%	1%	0%	1%
Non Indigenous	38%	35%	0%	0%
<b>Employment</b>				
Unemployed	0%	6%	0%	7%
Employed	77%	50%	59%	46%
Not in Labour Force	23%	47%	41%	51%

# MATARANKA

Main Towns :Borrooloola, Katherine,  
Mataranka

Katherine ATSC region  
350 kilometre radius from Ngukurr

	NGUKURR	NUMBULWAR	UMBAKUMBA
<b>Total Population</b>	<b>1395</b>	<b>1395</b>	<b>2419</b>
Indigenous Population	1255	1255	1506
Median Age	22	22	27
Indigenous Population	20	20	23
Non Indigenous	41	41	35
Indigenous Population < 15	36%	36%	35%
Indigenous Over 65	2%	2%	2%
Indigenous Working Age	62%	62%	63%
<b>Languages Spoken</b>			
Only English	13%	13%	12%
English & Indigenous Languages	51%	51%	69%
Indigenous Languages Only	37%	37%	19%
<b>Schooling</b>			
To Year 10	39%	39%	46%
To Year 12	8%	8%	5%
<b>Income</b>			
Median Indigenous Family	\$350	\$350	\$450
Median Indigenous Individual	\$180	\$180	\$180
Median Indigenous Household	\$650	\$650	\$750
Mean Indigenous Household Size	7	7	6.3
<b>Internet Use</b>			
Indigenous	1%	1%	2%
Non Indigenous	32%	32%	48%
<b>Employment</b>			
Unemployed	5%	5%	6%
Employed	40%	40%	28%
Not in Labour Force	58%	58%	71%

<b>KUNUNNURRA</b>			
<b>Main Towns : Kununurra, Wyndham Kununurra/Katherine ATSIC region</b>			
<b>300 kilometre radius from Kununurra</b>	<b>KALKARINDJI POLICE STATION (NT)</b>	<b>KALUMBURU &amp; OOMBULGURRI COMMUNITIES</b>	<b>TURKEY CREEK</b>
<b>Total Population</b>	<b>734</b>	<b>193</b>	<b>322</b>
Indigenous Population	587	186	288
Median Age	25	17	20
Indigenous Population	23	16	19
Non Indigenous	29	34	37
Indigenous Population < 15	34%	42%	38%
Indigenous Over 65	5%	2%	8%
Indigenous Working Age	61%	56%	54%
<b>Languages Spoken</b>			
Only English	4%	98%	57%
English & Indigenous Languages	55%	2%	33%
Indigenous Languages Only	41%	0%	10%
<b>Schooling</b>			
To Year 10	48%	48%	34%
To Year 12	1%	5%	11%
<b>Income</b>			
Median Indigenous Family	\$350	\$450	\$650
Median Indigenous Individual	\$180	\$250	\$180
Median Indigenous Household	\$650	\$550	\$650
Mean Indigenous Household Size	5.6	4.4	5.8
<b>Internet Use</b>			
Indigenous	1%	13%	4%
Non Indigenous	22%	100%	23%
<b>Employment</b>			
Unemployed	2%	4%	3%
Employed	39%	62%	57%
Not in Labour Force	60%	35%	41%

<b>QUEENSLAND</b>					
<b>All ATSI regions in Queensland</b>		<b>CUNGULLA</b>	<b>HOME ISLAND</b>	<b>ST PAULS</b>	<b>WILLOWS GEMFIELDS</b>
<b>Total Population</b>		<b>8,337</b>	<b>9,117</b>	<b>18,030</b>	<b>14,161</b>
Indigenous Population		537	1,522	490	361
Median Age		38	37	36	33
Indigenous Population		18	22	21	18
Non Indigenous		39	40	37	33
Indigenous Population < 15		43%	38%	36%	44%
Indigenous Over 65		3%	4%	5%	3%
Indigenous Working Age		54%	58%	59%	53%
<b>Languages Spoken</b>					
Only English		92%	69%	95%	93%
English & Indigenous Languages		1%	8%	1%	0%
Indigenous Languages Only		7%	23%	0%	7%
<b>Schooling</b>					
To Year 10		30%	36%	39%	33%
To Year 12		18%	16%	16%	17%
<b>Income</b>					
Median Indigenous Family		\$650	\$550	\$750	\$750
Median Indigenous Individual		\$250	\$180	\$250	\$250
Median Indigenous Household		\$550	\$650	\$550	\$750
Mean Indigenous Household Size		3.5	3.8	3	3.3
<b>Internet Use</b>					
Indigenous		6%	9%	15%	13%
Non Indigenous		25%	29%	26%	31%
<b>Employment</b>					
Unemployed		3%	6%	19%	22%
Employed		38%	61%	51%	48%
Not in Labour Force		44%	36%	37%	39%

# JABIRU

Main Towns : Batchelor, Darwin, Katherine

Jabiru/Darwin ATSI region

250 kilometre radius from Jabiru

		BELYUEN	DALY RIVER	MILIKAPITI	MINJILANG	OENPELLI MISSION	WARRUWI
<b>Total Population</b>		<b>945</b>	<b>3,372</b>	<b>2,233</b>	<b>391</b>	<b>854</b>	<b>367</b>
	Indigenous Population	270	1,377	2,029	254	749	356
	Median Age	37	29	24	29	24	21
	Indigenous Population	29	15	23	22	22	20
	Non Indigenous	44	31	39	37	42	55
	Indigenous Population < 15	27%	46%	33%	36%	38%	35%
	Indigenous Over 65	1%	2%	2%	6%	2%	1%
	Indigenous Working Age	71%	52%	65%	57%	61%	64%
<b>Languages Spoken</b>							
	Only English	92%	86%	6%	12%	3%	5%
	English & Indigenous Languages	4%	5%	77%	39%	79%	82%
	Indigenous Languages Only	0%	9%	17%	49%	18%	13%
<b>Schooling</b>							
	To Year 10	49%	25%	47%	42%	50%	24%
	To Year 12	7%	19%	12%	8%	5%	5%
<b>Income</b>							
	Median Indigenous Family	\$550	\$650	\$450	\$450	\$450	\$350
	Median Indigenous Individual	\$180	\$350	\$180	\$180	\$180	\$180
	Median Indigenous Household	\$550	\$650	\$450	\$550	\$850	\$550
	Mean Indigenous Household Size	3.6	3.4	4.8	5.3	7.5	6.6
<b>Internet Use</b>							
	Indigenous	6%	23%	3%	2%	1%	3%
	Non Indigenous	27%	41%	39%	29%	51%	60%
<b>Employment</b>							
	Unemployed	12%	23%	15%	29%	0%	0%
	Employed	34%	44%	36%	26%	25%	23%
	Not in Labour Force	61%	44%	57%	64%	75%	77%



### **Attachment 3: New Technology for Mobile banking**

The Association of Bankers of South Africa (ABSA) recently announced innovative new technology to address access issues, given that there are 16.5 million people without banking in South Africa.

“ABSA is committed to the development of banking in South Africa in a safe, secure and reliable way. In such a diverse land, people of all walks of life are scattered all over the country, many of them with no access to Banks, There are over 16.5 million un-banked people in South Africa, and as part of ABSA’s commitment to building our nation, two State of the Art Mobile ATMs were developed. For over a year now, ABSA has been bringing banking to more people of South Africa.

The first of a kind in Africa, these Mobile ATMs have changed the world of banking for many South Africans. They are manned by a “Mobile ATM Custodian” who is committed to delivering professional and efficient service to all people he meets. This highly trained individual not only drives the ATM to various destinations, some of which are somewhat off the beaten track, but is also responsible for all the technical support, the Communication link-up upon arrival, and manning the Administration desk when the ATM is up and running.

ABSA puts the safety and security of its employees and its customers first, and the Mobile ATMs are no exception. A State of the Art tracking system means the ATM is never out of reach, and that a network of Security companies as well as the South African Police Service can track the ATM via a Global Positioning System. In Addition to this, the ATM makes use of GSM (Global Cellular Mobile Network) technology, whereby SMS’s real-time reporting the exact position, the speed, the time, the date and a great deal more data, are sent to a centralised Control Centre with reaction units all around the country.

Such a close eye is kept on the ATM, that a sudden increase in speed, or a sharp breaking action, will alert the Control Centre immediately. A security call will be made to the driver, who needs to know a series of passwords to be cleared of the security alert.

The ATM Custodian's safety is of utmost importance to ABSA. The driver has access to a panic button, as well as a peephole that gives him a 180 ° view out of his driver's compartment. This enables him to be sure there are no opportunities for would be robbers to sneak up on him.

The safety and security of all ABSA's customers is of the highest priority. The very design of the ATM ensures complete safety for the ABSA customers who make use of the facilities. The ATM has full functionality:

- Cash withdrawal
- Bill payments
- Transfer funds between accounts
- Balance /Mini Statements
- Prepaid Airtime top ups (Cell C, MTN and Vodago)
- ATM PIN change
- E PIN register/cancel
- ATM Deposits

It is built in such a way that only one person can use the ATM at a time, ensuring complete privacy whilst transacting. There is also CCTV that monitors the ATM the entire time it is up and running. The Mobile ATM Custodian monitors the CCTV from his position at the Administration counter, and can take the necessary action should any theft take place. These CCTV disks are currently stored on the Mobile ATM, and will soon be accessible by remote from a central control office. ABSA customers can rest assured that everything possible is done to ensure their banking experience is not only professional and friendly, but safe and secure too.

The Counter Service (Administration desk) on the Mobile ATM means that customers can accomplish non-cash transaction they could in a branch/Self Service Centre, with friendly and efficient face-to-face service:

- Opening Savings Accounts
- Issuing debit cards

- Account maintenance
- Funeral policies
- Enquiries

ABSA is in negotiations with other African countries to import this technology into Africa, where similar problems are faced in terms of inaccessibility. The Mobile ATM has already made banking a reality to the previously un-banked population of South Africa, which makes up 37% of our population. The opportunities within South Africa, as well as the African Continent are tremendous, and ABSA is proud to be contributing to the banking industry in Africa. “



## Attachment 4: Code of Operation with Centrelink

### CODE OF OPERATION CENTRELINK DIRECT CREDIT PAYMENTS

This Code, which was first developed as the Department of Social Security Code of Operation, supersedes all previous versions of the Code.

The *Commonwealth Services Delivery Agency Act 1997* came into effect on 1 July 1997. It established 'Centrelink' as the operating name of the Commonwealth Services Delivery Agency. Centrelink's primary role is to deliver services and programs for policy departments, such as the former Department of Social Security (now known as the Department of Family and Community Services), under contractual arrangements.

The Code is an agreement between Centrelink and representative bodies of financial institutions on recovery procedures and arrangements to apply when Centrelink customers' accounts are overdrawn.

In accordance with the *Social Security (Administration) Act 1999* Centrelink payments are to be paid to the credit of an account maintained by the Centrelink customer with a financial institution.

Should a customer discover that their account has been overdrawn they should immediately contact their financial institution. These overdrawn amounts may be caused by miscalculation or by not allowing for the financial institution fees and charges, which may apply to some accounts from time to time. However, this Code does not extend to cover any unauthorised debt.

Financial institutions occasionally make mistakes and if this has caused a customers account to be overdrawn then the customer should refer the matter to the financial institution for correction. All costs and charges associated with such mistakes will be refunded by the financial institution.

Provided there is no unauthorised debt of a customer, the following procedures will apply:

- (a) consultation with the customer on the debt and, where necessary, the level of repayments over a period. Customers can be assured that they will at least be able to retain 90% of their Centrelink payments in any fortnightly period. The procedure is outlined in more detail in the principal document under the heading of Scope;
- (b) a customer will be able to request their financial institution to review the debt should the customers circumstances change; and
- (c) the appointment of a liaison officer within Centrelink to deal with any customer or financial institution difficulties.

All parties to the Code recognise the subsistence nature of Centrelink payments and the need for recipients of income support payments to have access to a reasonable amount of money to live on. Participating financial institutions have agreed that they will take this into account when considering the actual amount they should recover each fortnight (the Code only specifies a minimum amount customers can retain, not a standard amount).

All parties to the Code recognise that this Code does not endorse unauthorised debt to be incurred with a financial institution, nor will the Code Limit the action a financial institution may take to recover such debt.

The Code does not override the EFT (electronic funds transfer) code of conduct. The Code is to be reviewed from time to time. All Parties to the Code will be consulted during the course of any review.

The arrangements which have been agreed will be publicised by Centrelink. Financial institutions will ensure that their customers also are given information on the Code.

March 2002

## CODE OF OPERATION FOR CENTRELINK DIRECT CREDIT PAYMENTS

### 1. Introduction

This Code has been developed by the:

- Australian Bankers Association (ABA) for member banks;
- Credit Union Services Corporation (Australia) Limited (CLJSCAL) for member credit unions;
- Creditlink Services Limited (Creditlink);
- Australian Association of Permanent Building Societies (AAPBS) for member institutions; and
- Centrelink.

### 2. Definitions

**Customer** - means a person receiving a social security pension, benefit or allowance.

**Financial institution** - means any financial institution which is a member of the ABA or CUSCAL or the AAPBS or Creditlink.

**Unauthorised debt** - means a debt that is incurred when a customer knowingly transacts on their account in order to gain funds from a financial institution that they are otherwise not entitled to and have no other sources of funds to cover the overdraw.

### 3. Scope

The Code identifies the principles and procedural arrangements for the administration of the direct crediting of income Support payments identified in the accompanying Payment Schedule into accounts held with financial institutions by customers.

The aim of the Code is to ensure that recipients of income support payments have sufficient income to maintain adequate living standards.

This Code does not override or replace procedures established in legislation (such as bankruptcy legislation) or the Electronic Funds Transfer (EFT) Code of Conduct.

The Code does not extend to cover unauthorised debt. Nor does the Code extend to cover the situation where a financial institution makes a payment in advance at the request of a customer.

The financial institution may report an overdrawn amount to a credit reporting agency where this is allowed under the credit reporting provisions of the *Privacy Act 1988*. If this action is taken it may affect the credit rating of the customer.

The financial institution may also take legal action against the customer to recover the outstanding amount. In the case of fraud, the financial institution may also refer the matter to a law enforcement agency for criminal charges to be laid.

#### **4. Payment Types**

The payment types to which this Code applies are listed in the Payment Schedule that accompanies this Code.

#### **5. Points of Contact**

Where a customer has been receiving regular payments into their account for some time and a due payment is not received and they know of no dealings with Centrelink which might have delayed it, they should first contact their financial institution to ensure that there has not been any processing problems. Once it is established that the financial institution has not received the payment the customer should contact Centrelink to resolve the matter.

Where there has been a change of any kind or it is the first payment and it has not been received, the customer should first contact Centrelink to determine that the payment has actually been sent.

Should a customer feel that their financial institution is not fully complying with the Code they should first contact the financial institution and try to resolve the matter. Where they are not satisfied, they should raise their concerns with Centrelink

#### **6. Crediting an Account**

In accordance with the *Social Security (Administration) Act 1999* income security payments made by Centrelink are to be paid to the credit of an account maintained by the Centrelink customer with a financial institution. Accordingly, to enable Centrelink to process the payment, the customer must provide to Centrelink the name of the financial institution, the type of account (cheque/savings), the Branch where the account is held, the Branch (BSB) number, the account number and the name(s) in which the account is held.

A customer who is already receiving a payment in one account can request Centrelink to arrange for it to be transferred to another specified account with the same financial institution or another financial institution. However, a customer should not request Centrelink to transfer payments to any other specified account in order to avoid repayment of a debt.

## 7. Delay in Availability of Funds

If a financial institution is contacted by a customer about a payment not being available because the institution has made a processing error, it should advise the customer accordingly and resolve the problem immediately.

If a financial institution is contacted by a customer about a payment not being available and no processing error has occurred it should advise the customer to contact Centrelink.

If customers' payments generally are likely to be affected as a result of processing problems or other circumstances within the financial institution that will result in a delay of customers' payments, the financial institution should immediately advise Centrelink's user financial institution. Centrelink's user financial institution will immediately liaise with Centrelink regarding the situation.

A financial institution is not responsible for the effects of late delivery of data by Centrelink or its agents to the institution.

## 8. Charges on Customers' Accounts

Financial institutions may impose charges against a customers account only if they are consistent with normal financial institution practices, ie.

- government charges and taxes where applicable;
- charges and fees applicable to the type of account operated by the customer; and
- penalty and/or interest charges for debts accepted by the customer for which the customer is legally responsible.

No penalty, interest or other charges will be imposed on a customers account(s) if discrepancies occur as a result of an error by an institution.

Charges imposed on a customers account(s) will not exceed the normal rates of the institution concerned at the time the charges are imposed.

## 9. Debit Accounts

A major aim of the legislation providing for income support payments as identified in the Payment Schedule (namely, the *Social Security Act 1991*, the *Student Assistance Act 1973*, the *Farm Household Support Act 1992* and the *Family Assistance Act 1999*) is to ensure that all payments made under the legislation are available for the recipients use before other claims on the payment are considered.

Subject to the exception specified in this document under the heading '*Item 3 - Scope*', where an account of a recipient is credited with an income support payment and that recipient has a debt to the financial institution for which he or she is legally responsible,



the financial institution Will allow income support recipients to withdraw an amount equivalent to a minimum of 90 per cent of that payment irrespective of the balance of the account at the time of withdrawal or of any other rights the financial institution may have in relation to that payment, unless the recipient agrees in writing to a lesser percentage. This will apply in respect of each income support payment until the debt is repaid in full.

In all debt recovery situations, the percentage of income support payment that can be withdrawn will have regard to a case by case assessment of such factors as:

- the customer's needs, taking into account the subsistence nature of income support payments;
- any actions by the financial institution which may have contributed to the fact that the customer is not legally entitled to the full amount of the payment;
- where the unauthorised debt exceeds the usual Centrelink payment being credited to the customer's account, should this be the case, the financial institution will consider, in accordance With this Code, future Centrelink payments as recovery of the debt; and
- any other special circumstances.

An account may only be frozen' if reasonable efforts have been taken to contact the customer and the customer has not contacted the financial institution. A 'frozen' account must be reinstated as soon as the customer makes contact. Any supposed debt must be discussed according to the procedures set out in this Code.

Arrangements between financial institutions and recipients of income support payments will be recorded in a written form held by the financial institutions. The written record will also include details of any disagreement between the customer and the financial institution and the advice given to the customer on his or her rights and further avenues for resolution of the disagreement

## **10. Enquiries and Disputes**

In the event of uncertainty or a dispute arising about the handling of social security payments by Centrelink or a financial institution, a customer should raise the matter directly with the Centrelink liaison officer and/or with the financial institution. Centrelink's liaison officer and the institution will co-operate in investigating these issues. Each financial institution will have its own dispute resolution process. Customers will be notified of these rights.

The institution's decision in relation to a dispute is to be made on the basis of all established relevant facts and not on the basis of inferences unsupported by evidence.

## **11. Overdrawn Accounts**

A customer can limit the possibility of unintentionally overdrawing their account by keeping their account transaction receipts/records and checking the available balance to ensure that the transaction amount has been deducted from their account balance.

## **12. Dissemination and Publicity**

All Centrelink offices and branches and offices of all financial institutions that are member organisations and that have dealings with Centrelink customers are to be made aware of this Code and its provisions.

The nature and existence of the Code should be publicised to customers. Centrelink will make available a suitable pamphlet for distribution. The pamphlet may summarise the Code but will mirror its content.

Copies of the Code will be available to customers on request through Centrelink offices.

## **13. Review of the Code**

This Code and the attached Schedule will be reviewed when changes are required but must be reviewed every two years.

The Code remains in force until changes are ratified by all parties concerned (ie those listed at Item 1 of this Code).

## Payment Schedule

The payment types listed hereunder are covered by the 'Code of Operation for Centrelink Direct Credit Payments':

- Age Pension
- Disability Support Pension
- Wife Pension
- Carer Payment
- Widow B Pension
- Parenting Payment
- Youth Allowance
- Austudy Payment
- Newstart Allowance
- Mature Age Allowance
- Sickness Allowance
- Special Benefit
- Partner Allowance
- Carer Allowance
- Crisis Payment
- Disaster Relief Payment
- Dairy Exit Program
- Sugar Industry Assistance
- Abstudy
- Farm Help
- Farm Household Support
- Exceptional Circumstances Relief Payment
- Drought Relief

The following payments are also covered by the Code where the customer is also in receipt of one of the above payments types:

- Family Tax Benefit - Part A
- Family Tax Benefit - Part B
- Double Orphan Pension

**CODE OF OPERATION FOR CENTRELINK  
DIRECT CREDIT PAYMENTS  
ACCEPTANCE AND AGREEMENT**

I *David Bell*

For and on behalf of the members of the Australian Bankers' Association (ABA) named in the Bank Subscribers Schedule, hereby accept the attached Code of Operation for Centrelink Direct Credit Payments dated March 2002 and agree that those members of the ABA will be bound by the terms as set out in the Code.

Date the <i>18<sup>th</sup></i> day of	<i>December</i> 2002
	<p style="text-align: center;">.....</p> <p style="text-align: center;"><b>Signature</b></p>
	<p style="text-align: center;">.....</p> <p style="text-align: center;"><b>Witness</b></p>
Accepted by me	<p style="text-align: center;">.....</p> <p style="text-align: center;"><b>SUE VARDON</b> <b>Chief Executive Officer, Centrelink</b></p>
	<p style="text-align: center;">.....</p> <p style="text-align: center;"><b>Witness</b></p>

**BANK SUBSCRIBERS SCHEDULE**

Adelaide Bank Ltd

AMP Banking Ltd

Arab Bank Australia Ltd

Australia and New Zealand Banking Group Ltd

Bank of Cyprus (Australia) Ltd

Bank of Queensland Ltd

Bank of Western Australia Ltd

Bendigo Bank Ltd

Commonwealth Bank of Australia

HSBC Bank (Australia) Ltd

Laiki Bank (Australia) Ltd

National Australia Bank Ltd

Primary Industry Bank of Australia

St George Bank Ltd

Suncorp Metway Bank

Westpac Banking Corporation

## **Attachment 5: The Transaction Services and Branch Closure Protocol**

The protocol has been adopted, committing the industry to providing rural and remote areas ongoing face-to-face banking services for personal and small business customers after branch closure.

After a branch closes, banks are committing to maintain face-to-face services through an existing outlet, franchising arrangements with the community, agency arrangements with local businesses and Australia Post, and including in-store facilities.

This protocol is consistent with the view from the Hawker Regional Services Parliamentary Inquiry that the industry should develop a minimum standard of service delivery as a guideline for banks in the event of closing rural and remote branches.

The Transaction Services and Branch Closure Protocol for Rural and Remote Australia includes:

### **1. Level of services available after branch closes.**

(a) Where it is commercially viable to do so, a bank closing rural or remote branch will ensure that ongoing face to face access is locally available to its services, which provide cash deposit and cash withdrawal facilities for personal and small business customers.

(b) Where it is not commercially viable for a bank closing a rural or remote branch to provide local ongoing face to face services, which provide cash deposit and cash withdrawal facilities for personal and small business customers, the bank will inform its customers about accessing its alternative services.

### **2. Assistance available in the transition period to help customers adjust to the change in accessing services.**

Where a bank gives notice of the closure of a rural or remote branch, it will offer customers face to face education training and assistance to help them adjust to changes in the way they access their banking service.

### **3. Notice given to customers and the community.**

Where a bank intends to close a rural and remote branch, the bank will give a minimum 12 weeks written notice prior to the closure, to customers of the branch and relevant community organisations, including local government.

## **Attachment 6: Frequently Asked Questions about the Code of Banking Practice**

### ***What is the Code?***

The Code establishes the banking industry's key commitments and obligations to customers on standards of practice, disclosure and principles of conduct for their banking services. When your bank adopts the Code, it will become a binding agreement between you and your bank.

### ***Is the Code law?***

The Code is not legislation; however, banks that adopt the Code are contractually bound by their obligations under the Code.

### ***What rights does the Code give me?***

The Code gives you important rights and confirms existing rights about matters such as:

- disclosure of fees and charges and other terms and conditions;
- changes to terms and conditions and fees and charges;
- disclosure of general information about banking services;
- privacy and confidentiality;
- statements of account;
- copies of documents;
- direct debits;
- chargebacks on credit cards;
- debt collection;
- complaints handling.

Also, the Code gives guarantors important disclosure and other rights.

### ***How can I enforce my rights under the Code?***

You must first wait until your bank announces that it has adopted the Code. Then, if you think your bank has breached the Code, there are a number of steps you can take. A good first step is to raise the issue with your bank. Your bank has an internal complaint handling service to assist you. If your complaint is not immediately resolved and the

internal complaint handling service cannot resolve it, the Australian Banking Industry Ombudsman (ABIO) may be able to help. In this case, the ABIO can be contacted on: - Toll Free 1300 780 808 or (03) 9613 7333 - Melbourne Metropolitan or visit the website: [www.abio.org.au](http://www.abio.org.au).

A Code Compliance Monitoring Committee (CCMC) is being set up to investigate possible breaches of the Code. Anyone can refer a possible breach of the Code to this committee.

***What key commitments does my bank give me?***

On adopting the Code, your bank will:

- continuously work towards improving its standards of practice and service;
- promote better informed decisions about its banking services, for example, helping you with advice about its banking services;
- provide general information about rights and obligations under the banker/customer relationship;
- provide information in plain language;
- act fairly and reasonably towards you in a consistent and ethical manner – your conduct, the bank's conduct and the banking services contract will be taken into account.

***Where can I get a copy of the Code?***

You can obtain a copy by contacting the Australian Bankers' Association on (02) 8298 0417 or by downloading a copy of the new Code from the website: [www.bankers.asn.au](http://www.bankers.asn.au). But bear in mind that you may not be able to get a copy of the Code from your bank until it announces it has adopted the Code.

***How has the Code been developed?***

An independent and extensive review of the original 1993 Code was conducted. The Australian Bankers' Association (ABA) then set about drawing up the new Code in a consultative framework. The ABA is the national organisation of licensed banks in Australia. The ABA's mission is to "Improve the economic wellbeing of Australians by fostering a banking system recognised as one of the safest, dynamic and most efficient in the world." Any bank is free to adopt the Code, not just ABA member banks.



***How do I know if my bank has adopted the Code?***

From August 2003, the ABA will maintain and publish a list of the banks that have adopted the Code. Of course, you can always ask your bank.

***What types of banking services are covered in the Code?***

The banking transactions that are covered by the Code are banking products and services provided to individuals and small business customers.

Examples of banking products and services covered are:

- deposit and transaction accounts;
- personal and home loans;
- credit cards;
- debit cards;
- safe custody facilities;
- small business loans;
- investment loans;
- lease financing.

***Who is covered by the Code?***

An individual or small business that is an actual or prospective customer involved in retail banking transactions. Any small business that has less than 20 (full time or equivalent) people is covered, as well as a goods manufacturing business that has less than 100 (full time or equivalent) people.

***When will this Code take effect?***

The Code will take effect and apply to your bank when your bank adopts the Code.

***Will this Code be reviewed and updated?***

Yes, in August 2006 or sooner if appropriate and it will be reviewed independently.

***How will I find out about the terms and conditions of my banking service?***

Your bank will give them to you either before, or as soon as practicable after, you take up an ongoing banking service. You can also ask for a copy of the terms and conditions at any time.

You will also be notified about changes to the terms and conditions of the banking service and the terms and conditions will explain how the bank will tell you about any changes.

***What will my bank tell me about fees and charges on my banking services?***

These will be included in or with the terms and conditions given to you and you will also be notified about any changes to fees and charges or any new fees and charges.

***Can I ask my bank to give me copies of my documents?***

Yes, in particular, you can request a copy of any contract between you and your bank relating to a banking service you have or had with the bank, which will include applicable terms and conditions and standard fees and charges.

You can also obtain a copy of any related mortgage or security document, statement of account and any notice given to you about the bank exercising its rights.

***How does my bank decide if I can get credit?***

Your bank has to form its own opinion about your ability to repay a loan and it has credit assessment tools to help with this decision.

The Code says that during this assessment and decision process, the bank must exercise the care and skill of a diligent and prudent banker.

What happens if I am in financial difficulty with my loan?

If you agree, your bank will try to help you overcome your difficulties and could, for example, work with you to develop a repayment plan. This may include extending the term of the loan or changing your repayment schedule, if that is suitable.

The Consumer Credit Code allows for variations to loan contracts where the borrower is suffering hardship. If your bank thinks that these provisions apply to your circumstances, it will inform you.

***How can I find out what account is best for me if I am on a low income or otherwise disadvantaged?***

If you tell the bank that you are a low income earner or disadvantaged person or if when dealing with you, bank staff become aware you are receiving Centrelink or similar payments, they will give you information about accounts that might be suitable for you. You can also ask for this information. This does not apply to small businesses.

***What will my bank tell me about its banking services?***

The bank is committed to help you with an explanation or advice about its banking services if you ask for it. A properly trained staff member can do this or he or she will refer you to the appropriate adviser, or recommend you seek or use your own adviser.

Also you can ask the bank for information about:

- account opening procedures;
- the bank's obligations regarding the confidentiality of your information;
- complaint handling procedures;
- the nature of bank cheques and a bank's right to dishonour a bank cheque;
- whether and when to inform the bank if you are in financial difficulty;
- account identification requirements;
- tax file number legislation.

***If I open an account with cheque access, will the bank help me with information about cheques?***

You will be given information on:

- cheque clearing;
- the effect of crossing a cheque;
- the meaning of "not negotiable" and "account payee only";
- the significance of deleting the words "or bearer";
- stopping a cheque;
- hints on how to reduce the risk of someone altering your cheque;

- cheque dishonours.

***What information will I be given about application fees?***

Your bank must tell you about the existence of any application fee or charge, and tell you in advance whether the fee or charge is refundable, if your application is declined or not pursued.

***Can the bank use funds from my other accounts at the bank to repay my overdrawn account?***

The law gives a bank the general right to combine your account with another account you have with the bank which is in credit, unless there is agreement to keep those accounts separate. Your bank must tell you when you open an account whether the new account can be combined with your existing account and the consequences. Your bank will tell you if it has combined your accounts.

***How often should the bank send me a statement of account?***

For a deposit account, at least every six months unless your account is a passbook account – in which case your passbook is your statement record.

You may ask for more frequent statements on a deposit account.

For a loan or other credit account, you will be given a statement at least either:

- every 40 days;
- every three months; or
- every six months;

depending on the type of credit account you have.

In cases of default, if practicable, you will get a statement of your loan account or your bank will tell you that statements of account are available and how to obtain them.

In some circumstances, your bank will not give you a statement of account, for example, if it has tried unsuccessfully to locate you or you have not conducted any activity on your account.

***Will my bank help me if I have a problem with a direct debit on my transaction account?***

Yes - You can ask your bank to help you if you want to cancel a direct debit request that you have given to a supplier, like a retailer, from whom you are purchasing goods or

services. Your bank will promptly process your instruction to cancel the direct debit request.

If you want to lodge a complaint about an unauthorised or irregular direct debit, your bank will promptly process your complaint.

In the case of a cancellation or a complaint, you will not be asked to first sort out the matter with the supplier concerned.

This only applies to transaction accounts, not credit cards. For credit cards, there is a different system of charging disputed transactions back to the supplier.

***Will my bank help me with a credit card transaction that I dispute?***

Yes, under credit card scheme rules, your bank can reverse a disputed transaction if the rules permit and the claim is made within time limits under the scheme rules. This process is called a 'chargeback.'

The Code provides that your bank will claim a chargeback right where one exists and you have told your bank about the dispute in time.

It is important if you dispute a credit card transaction to let your bank know as soon as possible to make sure your claim is not made too late.

You will also be given general information about chargeback rights in or with the credit card terms and conditions. This general information will also be included with credit card statements at least once every twelve months.

***What information can I expect to be given about a foreign exchange service (eg. If I want to change currency or send money overseas)?***

The information you can expect to be given is:

- if known, the exchange rates and commission charges that will apply;
- otherwise, details of the basis on which the transaction will be completed;
- an indication of when money sent overseas would normally arrive.

Credit and debit cards and travellers' cheques are not covered by the above.

***What will the bank tell me if I want to take a loan in foreign currency?***

You will be given:

- a general warning in writing of the risks arising from exchange rate movements;
- information about how you might be able to limit these risks.

***What will the bank tell me about how I should protect my credit and debit cards, cheques and passbooks?***

Your bank will give you information (usually safeguarding tips) on the advisability of safeguarding your credit and debit cards, cheques and passbooks that could include:

- how to notify the bank of the loss, theft or misuse of these payment instruments;
- please note, banks usually require you to notify them, as soon as possible, of the loss, theft or misuse of your credit and debit cards, cheques, passbooks, Personal Identification Numbers (PINs) and passwords;
- consequences of not notifying the bank as soon as possible of the loss, theft or misuse of your payment instruments.

If your bank has given you this information on a previous occasion, it does not have to do this again.

***Do I receive any special rights if I go into a loan with another person?***

Before the bank allows you to become a co-borrower, your bank has to take all reasonable steps to ensure that you understand you may be liable for the full debt and how you can stop your liability for further debt building up on the account.

However, a bank must not allow you to become a co-borrower if it is clear to it that you will derive no direct benefit from the loan.

***What should the bank tell me about having a joint account with another person?***

You should receive information on:

- how funds can be withdrawn;
- how to vary your instructions to the bank;
- how you might be liable for a debt on the joint account.

***Can I protect myself against someone continuing to use a subsidiary card on my account?***

Yes, you can. You tell your bank that you want the subsidiary card cancelled. But before cancelling the card, you will have to show your bank you have taken all reasonable steps to have the subsidiary card returned.

***Can I expect the bank to provide me with any important information about becoming a guarantor for a loan?***

Before taking a guarantee from you, your bank must provide a prominent notice to you:

- to seek independent legal and financial advice on the effect of the guarantee;
- that you have the right to refuse to enter into the guarantee;
- that there are financial risks involved;
- that you have a right to limit your liability;
- that you have a right to request additional information about the facility you are being asked to guarantee.

***What if I am a sole director of a company guaranteeing the loan for my company?***

When a borrowing company has only one director, some pre-contractual disclosure provisions of the Code will not apply to that sole director's guarantee of the company's loan. This recognises the responsibility of the sole director, who is operating a corporate business, to be duly cognisant of his or her company's financial performance.

***Will the bank give me information about the debtor that helps me understand the risk I may be taking on as a guarantor?***

Yes. For example, from June 1 2004, a bank must tell a prospective guarantor whether there have been excesses on the debtor's credit facilities or over drawings on the debtor's accounts within the previous six months. After February 1 2005, the bank will provide a list of excesses and over drawings for the prospective guarantor. Progression to a list delivers more useful information from what would have been made available under the August 2002 launch publication of the Code of Banking Practice.

For commercial asset financing facilities, the bank does not have to tell you about these things in some circumstances if you are a director of the debtor company and for other credit facilities if you are the sole director of the debtor company.

Also from June 1, 2004, a bank will tell a prospective guarantor about notices of demand and dishonours on the debtor's accounts within the last 12 months. By June 1, 2005, this will cover a two-year period.

***What other information will I receive from the bank before I guarantee a loan?***

If you are entitled to receive the information in the preceding question:

- a) the bank will give you a copy of:
- any related credit contract or security contract;
  - any related credit report from a credit reporting agency;
  - the final letter of offer provided to the debtor by the bank and, if earlier letters of offer have contained conditions which have since been satisfied, details of those satisfied conditions;
  - any current related credit insurance contract held by the bank;
  - financial information about the loan you are to guarantee, given to the bank by the debtor in the prior two years;
  - the latest statement of account for the loan you are to guarantee;
  - any statement of account covering the relevant period where notice of demand has been given to the debtor or where there has been any dishonour on a facility the debtor has or has had with the bank;
  - any unsatisfied notice of demand within the past two years in relation to the loan to be guaranteed;
  - any other information about the loan you reasonably request.
- b) you will be allowed until at least the next day to consider this information before the bank asks you to sign the guarantee. If you have received independent legal advice beforehand, the bank is allowed to request that you sign the guarantee on the same day you receive the information.

Despite (a) and (b), the Code contains additional protection for guarantors including limiting your liability to a set amount and allowing you to withdraw from the guarantee before funds are advanced or if the terms of the loan change materially between the time the loan contract was first shown to you and when you sign the guarantee.



***Will this information always be provided to a prospective guarantor?***

No, to maintain competitive neutrality, in some circumstances company directors who guarantee commercial asset financing facilities such as commercial leasing and hire purchase facilities will not receive some pre-contractual disclosure that would normally apply to a prospective guarantor. This exemption is strictly limited and recognises the dynamic features of this type of financing. Banks would not be able to compete with finance companies etc which do not have to comply with a code such as the Code of Banking Practice.

When a borrowing company has only one director, most of the pre-contractual disclosure provisions of the Code will not apply to that sole director's guarantee of the company's loan. This recognises the sole director who, in operating a corporate business, is responsible for the company's financial performance.

***What commitment will the bank give if it plans to close one of its branches?***

The Transaction Services and Branch Closure Protocol has been adopted, committing the industry to providing rural and remote areas with ongoing face-to-face banking services for personal and small business customers after branch closure.

After a branch closes, banks are committed to maintain face-to-face services through an existing outlet, franchising arrangements with the community, agency arrangements with local businesses and Australia Post, and including in-store facilities.

This protocol is consistent with the view from the Hawker Regional Services Parliamentary Inquiry that the industry should develop a minimum standard of service delivery as a guideline for banks in the event of closing rural and remote branches.

***If I prefer, can the bank send me electronically information required under this Code?***

Yes, if you agree and the law doesn't prohibit it.

***How will the bank's compliance with the Code be monitored?***

Banks have agreed to have their compliance with this Code independently monitored by a three-member panel to be called the Code Compliance Monitoring Committee (CCMC). CCMC is being set up as an independent body with consumer, small business and banking industry representatives.

CCMC will be able to receive complaints from anyone who thinks that a bank has breached the Code. CCMC will have power to investigate that complaint and decide whether a breach has occurred. If the breach is serious or systemic, the CCMC can publicly name the bank in its annual report. CCMC can also name a bank that fails to

comply with a request from CCMC to remedy a breach, or has breached an undertaking given to CCMC, or has taken insufficient steps to prevent the recurrence of a breach.

Each bank will lodge an annual report with CCMC on its compliance with the Code.

Naming a bank means that the members of the public and regulators will know about the breach with resulting damage to the bank's reputation. A regulator might even consider action of its own.

***If I have a dispute with my bank, how should the bank handle my dispute?***

If your complaint is not immediately resolved, the bank must handle the dispute through its free internal dispute resolution process. You'll be given the name and contact number of the person investigating your dispute and within 21 days you'll be told of the outcome. If more time is needed to complete the investigation, you will be told, but the bank has to complete investigation within a further 24 days (total time from receipt of complaint 45 days), unless there are exceptional circumstances.

If the bank is unable to resolve the dispute within 45 days, unless the bank is waiting for you to reply to a request, it will tell you why and when a decision can be reasonably expected. In the meantime, the bank will give you monthly updates.

***If my complaint is not resolved at my bank, is there any other help I can seek?***

Yes. The bank will have an external impartial process for resolving disputes - the Australian Banking Industry Ombudsman (ABIO). If you would like to know more call the ABIO: Toll Free 1300 780 808 or (03) 9613 7333 - Melbourne Metropolitan or visit the website - [www.abio.org.au](http://www.abio.org.au).

***How will I find out about my bank's dispute resolution processes?***

You can telephone the bank to enquire or information will be available in branches, on internet sites, and through telephone-based banking services. The bank will also tell you about its internal and the external dispute resolution processes if it is unable to immediately resolve your complaint. If you are not wholly satisfied with the internal dispute resolution process outcome, your bank must again provide you with information about the external dispute resolution process.

***How does this Code protect my privacy?***

It requires your bank to comply with all privacy laws, as well as its general duty to you to keep your banking relationship confidential.