

To the Regional Banking Taskforce regionalbanking@treasury.gov.au

Submission from Oddur Tom Augustsson, living in Zillmere Queensland 4034 (the electorate of Lilley).

1. How are Australians changing the ways they are accessing banking services? What are driving these changes?

Around me and among the friends and family I know living on Brisbane north side, I see and experience people accessing banking services in the following ways

- At the front counter of supermarkets like Woolworths and Coles, using their EFTPOS machines and register cash drawer to withdraw cash from a savings account
- Using PayWave or PIN on debit cards at merchants to make cashless payments
- Using a digital version of a credit or debit card stored in a digital wallet on a smartphone to make cashless payments

What is driving these changes? There are fewer bank branches available. Many banking and lending institutions have made a pivot towards having less bricks-and-mortar branches to reduce overheads and maintain a profit / dividend distribution to shareholders. My savings bank, Bank Australia (formerly CSIRO credit union) has just one branch in Queensland, however their speed, agility and service with online and telephone are outstanding. My home loan mortgage is with a 100% online provider Nano Lending Pty Ltd, with only telephone contact and a smartphone app to interact with them – their limited methods for engage boosts their focus on a fast application and approval process and competitive lending rates.

My ease of use of these two providers hinges mostly on having fast and reliable internet access available where I live and work. For anyone who resides in an area with limited internet, such solutions are not an easy way to bank, deposit cash takings from business or make digital payments.

2. What banking facilities, services and products are used in regional bank branches?

Deposits of funds.

3. Are there particular banking products or services that need to be delivered face-to-face or have support provided face-to-face? Are any of these particularly important for regional customers?

Loan applications and refinancing.

4. What are the impacts of regional bank branch closures on the banking needs of individuals?

They limit choice and force individuals to travel further to a branch that remains open for face-to-face banking.

5. What are the impacts on the banking needs of businesses, community organisations and communities?

They limit choice and force business proprietors and community organisations to rely more on intermediaries like accountants, to travel further to a branch that remains open for face-to-face banking.

6. Are there particular issues in the provision of banking services in regional Australia for specific vulnerable groups?

Yes – very remote communities only have ATMs to withdraw from, and limited or no facility to make deposits of cash or cheques. In many instances, internet / phone data connection is poor which limits the ability for vulnerable groups to ‘self-service’ their banking needs.

7. What more could banks do to help customers transition to alternative banking services that would enable them to do their banking in a timely, efficient and cost-effective way?

Partner with other bricks-and-mortar merchants or service outlets to maintain a physical presence (examples – grocery stores, post office outlets and fuel service stations).

8. Are there facilities, services and products provided in bank branches that are not available through alternatives like ATMs, Bank@Post, phone banking, mobile banking, the telephone and the internet?

Deposits of cash or cheques.

9. What are alternatives to bank branch models that would maintain or improve banking services and accessibility in areas where branches have been closed?

Augment or improve the existing Post Office bank agent model to allow Australia Post to have a banking licence and operate as a Savings Bank.

10. Are there any alternative models for the provision of banking services that could be considered for adoption by banks in Australia?

Well, Mr Hayne in recommendations from his royal commission concluding in 2019 reinforced lots of sound principles for an alternative model. (Obey the law, Do not mislead or deceive, Act fairly, Provide services that are fit for purpose, deliver services with reasonable care and skill, when acting for another - act in the best interest of that other. Banks barred from charging dishonour fees on basic accounts.)

11. What are the lessons from Australian and international experiences that can help improve banking services and accessibility in regional communities where bank branches have been closed?

Australia’s lesson is to limit rent-seeking by big four banks distorting service delivery. Unconscionable conduct documented in the Hayne Royal Commission requires stronger governance by regulators. Other countries have operated Postal Savings Banks as a service to provide banking for small and remote communities – in the case of Japan, their Postal Savings bank provides an important social benefit through making financial services available to rural areas. In parts of Japan where the population is shrinking or has a high proportion of elderly people, Japan Post Bank operating out of a post office may be the only financial institution available. The Japan Post Bank also manages almost 30,000 ATMs across Japan. Since many transactions in Japan are still conducted with cash, Japan Post Bank also plays an important role in making ATMs available where other bank branches are encouraging cashless payment or reducing their ATM numbers. https://en.wikipedia.org/wiki/Japan_Post_Bank