

Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
Parkes ACT 2600

By email: regionalbanking@treasury.gov.au

17 December 2021

Dear Secretariat

Re: Taskforce into the impact of bank branch closures in regional and remote Australia.

Commonwealth Bank welcomes the opportunity to contribute to the Australian Government's Regional Banking Taskforce. We are a standing Taskforce member and, to-date, have participated in the Taskforce's two meetings in Sydney and Orange. We take the opportunity below to provide written feedback to the Taskforce's November 2021 Issues Paper.

Regional Australia is vast and diverse. Commonwealth Bank has the largest branch network in the country and we are proud of the role these branches play in regional communities. 35 per cent of our network is based in the regions, well above the proportion of Australians that live outside of the major cities. Additionally, as at 30 April 2021, Commonwealth Bank's non-urban workforce was 3,899 or around 9 per cent of our total workforce.

Changing customer preferences

With more touchpoints for customers to do their banking than ever before, there has been a clear shift in customer preferences towards digital and phone based banking channels over many years, driving changes to our branch network. Traditionally, while customers would visit our branches for their regular everyday banking needs, only 6 per cent of them now regularly visit us in branch for those tasks. Prior to the pandemic around two-thirds of customers were already using digital channels for these everyday banking needs, like transferring funds, making payments and checking account balances.

The pandemic has accelerated the shift towards both digital and phone based options as customers who had previously done their banking in-person, needed to find contactless alternatives. For example, digital interactions continue to grow, with millions of our customers now using the CommBank app every day - there were 6.8 million CommBank app logins per day in FY2021, peaking at 10.7 million logins on the app and NetBank portal in April 2021. Additionally our contact centres now receive over one million calls a month.

Of the services that we provide to our personal and business customers, the overwhelmingly majority can be accessed outside of a branch. The small number of interactions that currently must be completed in our branches include Anti-Money Laundering/Know Your Customer onboarding if required, safe custody, bank cheques and verification or lodgement of legal authorities such as Power of Attorney and Financial Management Orders. These are infrequent,

one-off type activities, rather than basic everyday tasks or routine interactions. Importantly, almost all cash withdrawal and deposit transactions that customers can complete at a branch or ATM can also be done via participating Bank@Post outlets through our partnership with Australia Post.

Responding to changing preferences

We are proud to have the largest branch network in Australia and continue to invest in it. In FY21, we invested \$57.8 million in new branches and refurbishments of existing sites and over the past five years that investment has totalled \$315 million.

Clearly though, the way customers are choosing to bank with us is changing and we continue to explore new and innovative ways to meet our customers' needs. For example, in July 2021, we announced a new operating model for 90 regional branches to allow us to meet the sustained increase in demand for phone and online banking services while also maintaining a strong presence in regional communities.

Under this model, staff at the 90 branches continue serving local customers in branch from 9:30am to 1pm and then shift to assisting our Australian-based contact centre teams in the afternoon. This is an example of a tailored arrangement to meet the changing preferences of our customers and also leads to positive outcomes for regional staff by giving us more opportunity to invest in their development and career opportunities.

Our 110-year Bank@Post partnership is also an important model for delivering face-to-face banking services. This ongoing and significant investment ensures that we can meet the needs of customers who prefer banking in-person, with 3,500 additional locations across the country for customers to complete face-to-face banking services. To put that in appropriate context, Commonwealth Bank (with Australia's largest branch network) has 787 branches as at 30 June 2021. Importantly, the Bank@Post model has given 1,600 communities across the country (1,145 of which are in the regions) without a bank of any brand in their town, access to face-to-face banking services.

Bank@Post is a commercial arrangement that makes face-to-face banking services viable for many of those customers who continue to prefer this way of engaging with us. This is particularly of value in regions where large distances are common between town centres.

Commonwealth Bank also has Regional Business Bankers and Mobile Banking teams who are available to visit customers at a time and place that suits their needs, including their house, workplace, over the phone and on screen.

The challenges of service delivery in regional areas are not unique to the banking sector and we acknowledge the importance of supporting our customers transition to alternate banking channels when we make the difficult decision to close a branch. We remain committed to improving our performance in this regard and taking on community feedback.

We would be pleased to provide the Taskforce with any additional information and look forward to its next meeting.

Regards



Mark Jones
Executive General Manager
Customer Service Network

