

Regional Banking Submission

Distances are vast, demand for services is commercially modest, and community capacity is low.

The Shire of Derby/West Kimberley is a remote local government in the north-west of Western Australia. It has a population of approximately 8,000 people for its 120,000 square kilometres of area and therefore a density ratio of just one person for every 67,000 square meters. Australian Aboriginals represent 45% of the district's population. Only 31% of people aged over 15 years have completed Year 12 schooling.

The Shire's role is to provide a range of local services, but also to advocate and lobby for services that the community needs, but which the Shire is not able to provide itself, like banking services.

Problem	Solution
<p>Cash – Before the COVID-19 pandemic, cash was used in 27% of all consumer payments in 2019 (down from 69% in 2007) while cards were used in 63% of payments (up from 26% in 2007). Cash is still a very important payment mechanism for the aboriginal communities of the district.</p>	<p>Require the banking industry to form a joint business unit that can develop and operate a <i>Remote Area Self Contained Banking Service Facility*</i> (“ReBankS”) suitable for remote locations. Those facilities would have highly developed technologies, including:</p> <ul style="list-style-type: none"> (1) enable a good “digital face-to-face” service within a suitably private environment through like live time video/audio; (2) bank card printing and distribution capacity; (3) have web linked “easy to use” scanning and printing facilities; (4) a cash deposit and withdrawn service; and (5) be solar powered and self contained where necessary. <p>In effect, it would provide the exact same (or even better) service that could be achieved in a fully serviced bank.</p> <p>The above could be linked to a legislative requirement on Australia Post to provide the space for such services.</p>
<p>Distance – the nearest bank branches from Fitzroy Crossing are Derby (260kms for a partial service) or</p>	<p>Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.</p>

Broome (400kms for a full banking service).	
Distance – Safety whilst transporting larger amounts of cash than normally which are required to tide community members and businesses over until the next trip to a bank branch.	Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.
Distance – Time/inconvenience and additional costs involved in travelling to the nearest branch to conduct banking.	Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.
Branches – Whilst 41% of all branches were in regional and remote areas in 2020 where 28% of the Australian population lived, there is only one bank branch in the entire district of the Shire of Derby/West Kimberly.	Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.
Branch closures – there is no ongoing locally available face-to-face banking service in Fitzroy Crossing.	Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.
Regional Banking Submission Questions	
Question	Response/Recommendation
1. How are Australians changing the ways they are accessing banking services? What are driving these changes?	In our area, where there is remoteness, poor communications and lower than average education levels, change is not easily accommodated. Residents that can't afford to travel to the nearest full-service branch for help, or can't understand how to undertake banking via a web based services, simply do without, or risk asking others to undertake their banking. Recommendation: Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns more than 100kms from a fully operational banking service.
2. What banking facilities, services and products are used in regional bank branches?	Assistance with personal banking queries, through face-to-face contact, is the service most required. Cash deposits and withdrawals are also highly utilised. Recommendation: Provide a <i>Remote Area Self Contained Banking Service Facility*</i> in all towns

	<p>more than 100kms from a fully operational banking service.</p>
<p>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?</p>	<p>Dealing with private banking queries, instances where confusion prevails or where banking understanding is low. The capacity to have the customer “100 point security check” undertaken. These are particularly relevant to low socioeconomic, remote, and disadvantaged communities like we have within the Shire of Derby/West Kimberley.</p> <p>Applications for new bank accounts, and home and business loans would also be very much benefited from face to face contact.</p> <p>Recommendation: Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>
<p>4. What are the impacts of regional bank branch closures on the banking needs of individuals?</p>	<p>Branch closures take away the customer’s ability to deal with private banking queries, instances where confusion prevails or where banking understanding is low. This problem is exacerbated in low socioeconomic, remote, and disadvantaged communities like we have within the Shire of Derby/West Kimberley.</p> <p>The introduction of web based services does not satisfy this need where internet accessibility is of poor quality, or non-existent to the customer.</p> <p>Recommendation: Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>
<p>5. What are the impacts on the banking needs of businesses, community organisations and communities?</p>	<p>Businesses deal in large amounts of cash and have more complex banking arrangements. Closed branches result in considerable health, safety, and robbery risks for businesses that must now carry more cash for longer periods of time. Also, added travel and employee costs to visit branches to deposit/withdraw cash.</p> <p>Recommendation: (1) A bank coordinated security cash transport service to remote townsites would provide a suitable cash deposit/withdrawal service for businesses, and (2) Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>

<p>6. Are there particular issues in the provision of banking services in regional Australia for specific vulnerable groups?</p>	<p>Dealing with private banking queries, instances where confusion prevails or where banking understanding is low. These are particularly relevant to low socioeconomic, remote, and disadvantaged communities like we have within the Shire of Derby/West Kimberley.</p> <p>Recommendation: Recommendation: Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service. This would be an adequate “replacement” if a branch must be closed.</p>
<p>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?</p>	<p>Banks cannot simply abandon remote communities and leave them without a banking service at all.</p> <p>Recommendation: Before a branch is closed a mutually agreed (relevant local government and Australian Banking Association) transition plan should be in place. One option might be to provide a Remote Area Self Contained Banking Service Facility*.</p>
<p>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?</p>	<p>Face-to-face discussions on private banking queries, instances where confusion prevails or where banking understanding is low. Loan and bank account applications, the availability of hard copy and easy to understand information sheets, and the capacity to have the customer “100 point security check” undertaken. These are particularly relevant to low socioeconomic, remote, and disadvantaged communities like we have within the Shire of Derby/West Kimberley.</p> <p>Recommendation: Recommendation: Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>
<p>9. What are alternatives to bank branch models that would maintain or improve banking services and accessibility in areas where branches have been closed?</p>	<p>It is not considered that services would be improved overall, by closing a branch. Notwithstanding, alternatives to a branch need to take into account the capacity of the environment and the customers to accommodate change. High speed internet is required and easy-to-use technologies are essential. These are particularly relevant to low socioeconomic, remote, and disadvantaged communities like we have within the Shire of Derby/West Kimberley.</p> <p>Recommendation: Provide a Remote Area Self Contained Banking Service Facility* in all towns</p>

	<p>more than 100kms from a fully operational banking service.</p>
<p>10. Are there any alternative models for the provision of banking services that could be considered for adoption by banks in Australia?</p>	<p>Banks are very profitable businesses and should not be permitted to operate primarily in “high-profit” areas. Their licence must include the requirement to service of the entire nation, not just hi-profit districts. That said, yes, alternatives can no doubt be found for the staffed bank type buildings/services historically provided.</p> <p>Recommendation: (1) Bank licences must include the requirement to suitably service remote communities, with auditing of that service level actively monitored by the Australian Financial Complaints Authority.</p> <p>(2) Provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>
<p>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?</p>	<p>Banking is an “essential service”, so people in remote communities need to be suitably serviced, and suitably educated to enable any change to banking provisions to successfully occur. If a suitable transition program is not implemented, community disadvantage is further compounded.</p> <p>Recommendation: The technology and the banking resource capacity is already within Australia to provide a Remote Area Self Contained Banking Service Facility* in all towns more than 100kms from a fully operational banking service.</p>