

Enquiry into the effect of bank closures

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6th December 2021

I am 70 years old and have been a resident in the Hunter Valley region of New South Wales for almost 25 years. The accelerating pace of bank branch closures and removal of ATMs in our region has been noticeable and concerning. I quote from a recent report from a task force discussion paper on the subject. "The number of branches in regional and remote Australia has fallen from around 2,500 to 1,900 in the four years to June 2021 (a decline of almost a quarter) with a 5 per cent decline in branches in the past year."

A little more investigation reveals that significant bank branch closures began much earlier. A 1999 federal inquiry chaired by Liberal MP David Hawker, *Regional Banking Services: Money Too Far Away*, claimed to have elicited commitments and promises from the banks to stop closing branches. These were never kept. A 2004 Parliamentary inquiry, *Money Matters in the Bush*, received from CBA a "watertight commitment not to reduce traditional branch numbers below a thousand". The latest APRA figures reveal that CBA now has 875 branches left. To anyone that has lived in a remote regional area it is obvious that the aged, the disabled, those who do not have a computer or phone or cannot get reliable internet or phone access will always need some form of face-to-face banking services.

How many more lies and broken promises from the banks should the Australian people have to bear? Does anyone in their right mind trust them to do anything other than maximise profits and gouge customers? The criminality exposed by the Royal Commission, even with its ridiculously constrained terms of reference, speaks for itself. All of the bank's nauseating "image make-over" advertising does nothing to compensate their victims.

I note with interest and suspicion that banks have also taken out 20 per cent of all ATMs nationwide since 2016. My suspicion is based on a strong belief that private banks are trying to drive Australia into a cashless economy and that restricting the availability of cash is just one of their moves toward achieving this.

Complaints against the big four private banks currently run into thousands. The current Federal Government and regulator's response to the plight of those who do not have an army of lawyers to help them navigate the deception and double speak of the banks is "let the buyer beware". Where will we find a government that will act on its responsibility to protect its citizens from predatory banks?

I have come to learn a lot about alternatives to the current arrangement of the Australian finance industry. Those that became aware of the appalling treatment and subsequent compensation paid to Christine Holgate, CEO of Australia Post, may also be aware that there are 1,145 post offices providing Bank@Post services to regional and rural communities with no bank branch. As a result of Ms. Holgate's vision and hard work, the banks have just committed to the current Bank@Post service for the next 10 years, which is very good news. Unfortunately, the banks do so on their own terms, which includes charging excessive transaction fees, as high as \$4. Perhaps even worse, the Bank@Post service is vulnerable to the banks' commercial decision making. As such, there may come a time when the banks decide it is no longer a commercial priority for them. Thus, Bank@Post is a patch and not a reliable, permanent solution.

Ever increasing profits will always be the reason for existence in the minds of some private bankers. If the federal government will not classify basic banking as an essential service and effectively regulate banks, then begging them to keep their regional branches open will

accomplish exactly nothing. Why not instead force them to compete with a public option, in the form of a postal bank? Postal banks are successful all over the world. The US Congress is considering a bill to re-establish postal banking through the US Postal Service. Australia's Commonwealth Bank started as a postal bank. This answers questions 9 and 11 **“What are alternatives to bank branch models that would maintain or improve banking services and accessibility in areas where branches have been closed?”** and **“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?”**

There are 1,900 post offices in regional and rural Australia - 820 more than current bank branches. A Government backed postal bank would guarantee on-going safe (from such things as bail-in and being “debanked”) banking services in perpetuity for communities large and small. If banks wished to maintain a presence in the smaller communities, they would be free to do so. That said, they would have to compete on service, rather than on the basis of who can run the most misleading and sentimental advertising campaign.

Introduction of a public government backed postal bank can be a win-win solution. A Postal Bank would: -

- Guarantee banking services to all Australians;
- Guarantee *all* savings deposits of its customers;
- Support the cash payments system, so that cash is always available in the economy. In direct comparison, it appears that the private banks are aggressively trying to phase out cash to trap people into electronic transactions that have to go through banks.
- Lend to individuals, business and industries in the local communities that the Postal Bank serves. These individuals and groups are increasingly starved of credit by the private banks. Even the threat by banks of restriction of credit can create fear in the minds of federal leaders of both major political parties. The “financial stability” argument that banks use trumps the need to protect the savings of customers every time.
- Invest surplus deposits in a national development bank, a necessary government strategy that would facilitate investment in major infrastructure and industry development in regional Australia.

A Postal Bank would also guarantee the viability of the post office network, and especially the 2,850 small business families who run licensed post offices (LPOs) that provide the majority of face-to-face postal services in Australia, but which were going bankrupt before Christine Holgate forced the banks to pay properly for LPOs serving the customers the private banks have abandoned.

Please do not let this taskforce degenerate into another talkfest ending with recommendations to ask the banks nicely or even plead with them not to close branches. Doing nothing *and* not recommending a viable alternative such as Postal Bank or some other form of national bank amounts to a betrayal of the citizens in the regions.

David Stow