



Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
Submitted by email to: rrat.sen@aph.gov.au

Dear Secretary

Council on the Ageing (COTA) Australia welcomes the opportunity to comment on this Inquiry. The “Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia”, also known as “Money Matters in the Bush”, was an important Inquiry conducted by the Parliamentary Joint Committee on Corporations and Financial Services in 2004. That Report, of almost twenty years ago, highlighted the issue of bank branch closures in rural and regional Australia, and the problems they cause to both residents and businesses. Further, a whole chapter was devoted to the significant effects that regional bank closures have on older Australians. Unfortunately, the Government at the time chose to not respond to the Inquiry’s Report.

Banks are in a trusted position at the core of Australian society. They are trusted with our savings, with our homes, and with our financial futures. Older people tell us that they have many decades of trusted relationships with their banking providers. However, branch closures, particularly in locations that are not serviced well by other businesses, undermines that trust.

Ageing in Australia can be made challenging, particularly for older people living in regional, rural, and remote Australia. In these areas physical infrastructure and services contribute to the life of communities and make them work. With the growth of digital services and the promise of better internet access we are seeing the removal of essential infrastructure, consolidation, and withdrawal of services in the pursuit of efficiency. Older people are uniquely disadvantaged by the rationalisation process that sees large swathes of rural and regional Australia without physical bank branches. This impact is also felt in outer urban and peri-urban areas.

Reaching more distant bank branches becomes problematic as many older people are less mobile or are required to relinquish their driver’s license. This means they have to depend more on public transport which may or may not exist, or on others for transport. The nearest branch which may only be ‘just fifteen minutes’ drive away’ but if you can’t drive there and are reliant on scarce or disjointed public/community transport it may take considerably longer or not be possible at all.

Accordingly, we feel the focus of guidance on branch closures, should relate to the driving distance and local transport accessibility to an alternative bank and not specifically to whether they are located in rural and regional areas. Such an approach would provide for outer urban areas that may require significant alternative travel to another branch.

Older people are disproportionately impacted by digitising previously physical services. Some older people have less access to digital resources due to cost and/or a lack of skills or confidence. As found in the Australian Digital Inclusion Index 2021, older Australians remain the most digitally excluded demographic, particularly away from urban centres.¹ For others, they rely on local services for social interaction depending on the simple event of talking to somebody across a counter for vital social interaction. With increasing digitisation of services this is lost.

Bank closures have been occurring since 1994. Banks are required to operate under the Banking Code of Practice (particularly Chapter 13) as members of the Australian Banking Association. This commits them to the provision of inclusive banking services, with older people highlighted as a target group for whom they will remain accessible. We need to ensure that strategies that maintain inclusive banking services are developed and implemented.

It is worth noting that, while a Protocol for branch closures exists and is included in the mandatory Banking Code of Practice by reference, that protocol is only concerned with communication, often perfunctory, of branch closures rather than the closures themselves. Until the development of effective Community Service Obligations, the decision to close a branch remains a commercial decision of the bank. It should therefore be a requirement that when banks close a branch, they include non-digital communication channels to ensure the full information is available. This may include ensuring that hard copies of documents are available in branch for customers to review.

Bank@Post facilities are regularly presented as an alternative to bank branches. While it is true that a limited set of banking transactions can be carried out at Australia Post offices, these are not broad ranging enough to support a town's business community or replace the in-depth understanding that regional Bank Managers have (or had) of the region's business characteristics and needs.

It should be made clear that, while Bank@Post is a useful facility, it is largely a transactional facility. That is, it is limited to the deposit and withdrawal of cash and cheques or monitoring account balances but broader important transactions, such as opening and closing accounts or applying for credit cards) are not available.. Even the important but limited services provided are not offered at every post office, licensed post office, or community postal agent. And it should be noted that Australia Post is currently reviewing its services and operations, which could place even these limited services under threat.

Bank@Post currently requires customers to use a card associated with their account. Only two banks retain the facility for 'passbook' holders to access their funds over the Bank@Post counter, in the same way they would have been able to over the counter at their local bank branch. This shows that Bank@Post may not be a suitable solution for customers who do not have an active card associated to their account. During the COVID-19 pandemic, the Australian Banking Association worked with their members to encourage an active card associated with each account. We understand that even after that proactive outreach many account holders still do not have a card, which may make their ability to easily access their funds via Bank@Post a challenge under the current arrangements.

Another emerging concern is the shift away from the use of cash. The ANZ Bank has announced it is moving to eliminate cash transactions across the counter in some branches. Recent media reporting highlights that other banks have not been clear on moves in that direction and that some individual Australia Post outlets were moving away from having cash onsite. If such an occurrence were to become more widespread, the suitability of Bank@Post as an over-the-counter alternative to a local branch would be further diminished. We reiterate that simple access to cash is an essential requirement for older people, particularly those who do not or cannot use cards for their services. To make access to cash conditional on having a card and being able to use complex ATMs is not delivering on the promise of inclusive banking. Australia Post recently wrote to organisations to advise "from 1 May 2023 Australia Post will no longer be accepting cheque as a method of payment for Australia Post products and services". While we understand that Bank@Post does currently include the acceptance of cheques, we would highlight the confusion

that such messages create for older people when one part of their local post office accepts your cheque, but another part does not.

COTA Australia would urge the committee to explore these issues in the current review of Australia Post services to ensure that Australia Post's alternative banking solution, maintains a guarantee of cash and cheques into the future. Without such an alternative, COTA Australia is concerned that the future suitability of Australia Post's offering may be diminished.

Bank, and potentially Australia Post, closures in favour of digitisation will leave many areas and the older people who reside there without services. For older people with limited mobility or difficulty with digital access, full-service bank branches are vital to retain independence and good health. Consequently, the closure of regional bank branches has a direct and deleterious effect on vulnerable older Australians. The 2004 Inquiry states that "Banks are not just like any other business. They are essential utilities."ⁱⁱ We concur with this statement and want banks to meet their community services obligations, entailing the maintenance of appropriate personal and commercial services throughout regional, rural, and remote Australia, through means other than digital.

Yours sincerely,



Patricia Sparrow
Chief Executive Officer

COTA Australia is the peak body representing Australians over 50. For over 65 years our systemic advocacy has been improving the diverse lives of older people in policy areas such as aged care, health, retirement incomes, and more. Our broad agenda is focused on tackling ageism, respecting diversity, and the empowerment of older people to live life to the full.

ⁱ <https://www.digitalinclusionindex.org.au/download-reports/> accessed 27 March 2023

ⁱⁱ Parliamentary Joint Committee on Corporations and Financial Services, "Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia" Final Report, January 2004