



26<sup>th</sup> April 2023

Committee Chair  
Senate Standing Committee on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Via: [rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)

Dear Senator Canavan,

**Re: Bank closures in regional Australia**

This submission by Regional Development Australia Southern Inland (RDASI) is to inform the inquiry and report regarding bank closures and the effect on communities in regional Australia.

RDASI is represented by local leaders and staff who are passionate about the communities in the Southern Inland region of New South Wales (NSW). RDASI is part of a national network of 52 Regional Development Australia (RDA) Boards across Australia, and its role is to support the Local Government Areas (LGAs) in the Southern Inland region of NSW, including Wingecarribee, Goulburn Mulwaree, Upper Lachlan, Hilltops, Yass Valley, Queanbeyan-Palerang, and Snowy Monaro. RDASI works with all levels of government, business, and community groups to promote economic and social development in the region by facilitating regional projects, collaboration, communication, and advocacy.

This submission addresses the current extent of bank closures in the Southern Inland region of NSW, with reference to:

- the economic and welfare impacts of bank closures on customers and regional communities
- the effect of bank closures or the removal of face-to-face cash services on access to cash
- consideration of solutions.

## RDA Southern Inland community feedback

A survey was conducted to gather information on experience and views regarding these issues and workable solutions from RDA Southern Inland community members, 18 years and above. The survey experience-based questions included multiple predefined answers, with the option to select 'none of the above.' Respondents were also invited to contribute their own free text answers, comments and solutions to the issues discussed.

### Demographics

RDASI collected 68 responses to the survey.

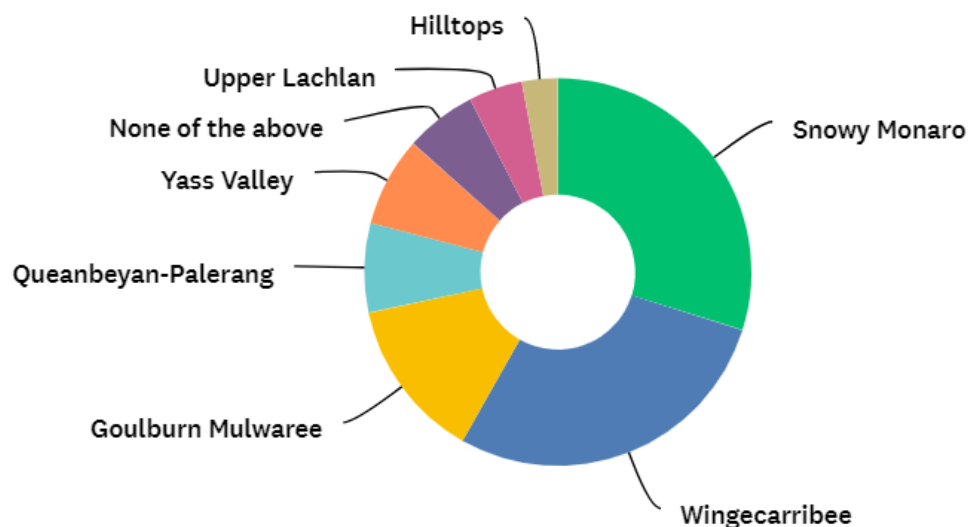
#### Age

The survey asked respondents to indicate their age group, with the following results:

- 65 year or older – 29.41%
- 55-64 years - 25%
- 45 – 54 years – 20.59%
- 35-44 years – 19.12%
- 25 – 34 years – 5.88%
- 18 – 25 years – 0%

#### RDASI Local Government Area

The following chart presents the Local Government Area within the RDASI network in which the respondent resides.



## Economic and welfare impacts of bank closures on customers and regional communities

Bank closures in regional Australia can have significant economic and welfare impacts on customers and regional communities.

### Economic impacts

The economic impacts can include loss of jobs and economic opportunities, as well as increased costs and reduced access to credit. Small businesses and community organisations in regional areas are particularly affected by bank closures, as they may rely on banks for their day-to-day operations, including processing payments, access to cash floats and managing cash flow.

Of the people who responded to the survey, 42.86% are small businesses owners and 14.29% identified as a committee member of a community organisation. Within this group of regional representatives, 84.38% have been impacted by a bank (95.45%) or ATM (36.36%) closure, expressing the following top 10 impacts:

- Difficulty depositing cash – 77.27%
- Difficulty withdrawing cash – 68.18%
- Difficulty depositing a cheque – 54.55%
- Inconvenience of traveling to another location to access banking services – 54.55%
- Increase in travel costs to access a bank branch or ATM – 54.55%
- Limited access to specialised support – 40.91%
- Difficulty opening a new account – 36.36%
- Online banking scam – 22.73%
- Reduction in business operating hours to allow travel to a bank branch or ATM – 22.73%

Many of these business and community organisations representatives also expressed concerns regarding safety and security with cash management and increased risk due to the need to withdraw larger amounts of cash. The cohort also described instances of loss of business due to customers traveling to another location to access banking services.

Some other issues / comments provided in a free text form by this group include:

*'It has made things more inconvenient for banking cash from fundraising and community activities conducted by our local Rotary Club. It also shows a lack of support for the local community.'*

*'Had to increase my withdrawal limit which couldn't be done over the phone. Visited bank and had to wait almost an hour from my time to talk to a bank manager. Because of the bank closure in my town, staff were flooded with queries from 2 towns.'*

*'As we no longer have a St George bank or Westpac, I tried to convert coins to notes at one of the remaining banks, Commonwealth, and they wanted to charge me a transaction fee of 10 percent of the total coins counted'.*

*'The more banks that close the more isolated we as a community become. ATMs were meant to be free and provide more access and yet they cost and now they close them while banks make billions in profit. How long before they close everything and charge us for online transactions. I think the lesson is that banks treat customer service as the lowest priority and community health the same. As long as they reduce costs they don't care about the cost on the community.'*

When asked **'What solutions do you think should be offered to combat bank closures in regional Australia?'** the top 5 solutions from small business owners and community organisation included:

- Banks to provide mobile branches that rotate through regional areas
- Provide essential bank services via Australia Post offices
- Bank branches to continue to operate with reduced hours, using staff for other banking services when the branch is closed
- Expand programs similar to the Regional Tech Hub to assist regional small businesses to secure safe banking services
- Allow customers affected by branch closure to move to another bank with no cost penalties

Some other solutions provided in a free text answer from this group include:

*'Federal government needs to re-establish a new commonwealth bank. Publicly owned. It will help anchor decent values and better performance from the profit driven commercial banks. This should then co-locate branches with publicly owned post offices.'*

*'Keep banks in rural areas. They make more than enough in fees and charges to pay for staff and we need to keep cash alive. We are subject to severe weather and internet can go down, making digital money useless.'*

*'Banks could share premises. Why can't Westpac, NAB, CommBank etc. all share a facility and safe to reduce their overheads and continue to provide the services a functional society needs and expects?'*

*'Stop using banks and go to other sources that are more community focused - e.g., local credit unions, P2P banking etc.'*

### **Welfare impacts**

The welfare impacts can include reduced access to financial services, increased feelings of anxiety and concerns about safety and security, and reduced access to social and community activities.

Vulnerable customers, including older Australians and those living with disabilities, are often the most affected by bank closures, as they may have limited access to, lack the skills, or not feel comfortable using alternative banking options. This can result in increased costs and inconvenience, social isolation, and difficulties in managing day-to-day finances.

According to the 2021 Census, 26% of the RDASI region population are 65 years or above and 5.9% live with a profound or severe disability and need help or assistance in core activities, (Data AU - Core Activity Need for Assistance (2021)).

### 65 years or older

Thirty percent of survey participants were 65 years or older, with 66.67% indicating that they do their banking at a bank, 50% use an ATM, and 61.11% also use online banking.

When asked **'What impact/s have you experienced due to a bank or ATM closure?'** the top impacts experienced are :

- Difficulty depositing cash – 77.78%
- Difficulty depositing a cheque – 77.78%
- Inconvenience of traveling to another location to access banking services – 66.67%
- Difficulty opening a new account – 54.56%
- Limited access to specialised support – 55.56%
- Increase in travel costs to access a bank branch or ATM – 55.56%
- Online banking scam – 44.44%

Almost 87% of this group also indicated that they are **concerned about future bank or ATM closures**, specifying the following top 5 concerns:

- Difficulty withdrawing cash – 76.92%
- Difficulty opening a new account – 69.23%
- Limited access to specialised support – 69.23%
- Online banking scam – 69.23%
- Difficulty depositing a cheque – 61.54%

Other concerns provided in a free text answer from this group include:

*'I do NOT drive. I need to get to my bank for costs (\$\$) for oncologists/chemist, specialists costs. I need to pay my rent. Without a bank, I cannot pay it--- it has to be paid into a bank account'.*

*'Many smaller communities adversely impacted, especially older people and many areas do not have adequate internet access'.*

*'Reduced staffing and competency of staff in retail banks - incorrect administrative processes, inability to handle foreign transactions'.*

When asked **'What solutions do you think should be offered to combat bank closures in regional Australia?'** the top 5 solutions are:

- Bank branches to continue to operate with reduced hours, using staff for other banking services when the branch is closed – 53.33%
- Banks to provide mobile branches that rotate through regional areas – 46.67%

- Allow customers affected by branch closure to move to another bank with no cost penalties – 40%
- Provide essential bank services via Australia Post offices – 40%
- Increase digital connectivity to provide reliable access to online banking – 26.67%

Some other solutions and comments provided in a free text answer from this group include:

*'When a branch is to close the bank should be compelled to advise all existing customers that use the branch of the availability of alternate bank branches/ facilities in the same town or local area.'*

*'We need a people's bank; we need cash to remain. And we need to stop being controlled by these big banks who put profit before people'.*

*'Leave our bank here. I'm in a rural area. I don't drive. This is a big Council area. PLEASE leave the banks in our town'.*

*'Return of full-service banking even if the branches are smaller. Australia Post banking isn't secure and certainly isn't private'.*

*'As a senior person. I do not do online. I have limited mobility. Parking at the nearest branch is a nightmare. I am lucky I have my own car. Many don't, people can't afford cars. They lose their licences because of aging medical conditions. Society as a whole do not care about the ageing population. They want everything done online and digitally. We want access to cash which we can control.'*

*'I believe if the bank you deal with closes you should be entitled to a .25% discount on any loans. Also, deposits should be entitled to a .25% addition to the deposit rate. This would make banks think twice about closing'.*

### **Vulnerable Australians**

Of the respondents, 15.87% identified as a pensioner or senior citizen, 11.11% as a low-income earner, and 4.76% indicated they live with a disability. Almost 63% of this cohort have been impacted by the closure of a bank.

When asked **'What impact/s have you experienced due to a bank or ATM closure?'** the top impacts experienced were:

- Inconvenience of traveling to another location to access banking services – 100%
- Difficulty depositing cash – 87.50%
- Increase in travel costs to access a bank branch or ATM – 87.50%
- Difficulty depositing a cheque – 75%
- Difficulty withdrawing cash – 62.50%
- Difficulty opening a new account – 62.50%
- Limited access to specialised support – 50%

When asked **'What solutions do you think should be offered to combat bank closures in regional Australia?'** the top 5 solutions were:

- Bank branches to continue to operate with reduced hours, using staff for other banking services when the branch is closed - 57.14%
- Expand programs such as the Regional Tech Hub to assist regional small businesses to secure safe banking services – 42.68%
- Provide essential bank services via Australia Post offices - 35.71%
- Allow customers affected by branch closure to move to another bank with no cost penalties – 35.71%
- Banks to provide mobile branches that rotate through regional areas – 35.71%

Other solutions and / or comments provided in a free text answer from this group include:

*'Forget digital it's open to online fraud. You can't get hacked in person. Major banks are posting record profits, look after your customers and stop forcing digital on them. We don't want it'.*

*'Bank hubs.....all big 4's in one building'.*

*'You can only move to another bank if there is one in your town. Elderly particularly find the closure difficult to manage'.*

## The effect of bank closures or the removal of face-to-face cash services on access to cash

Bank closures and the removal of face-to-face cash services can have a significant impact on access to cash.

Without access to cash, individuals may find it difficult to purchase goods and services, pay bills and manage their budgets. Businesses may experience a decrease in sales and revenue and face challenges such as depositing cash, accessing floats and managing finances. Vulnerable members of the community may find it difficult to make purchases and participate in social activities.

In addition to this, the removal of cash services in one location may force those unwilling to move to alternative banking methods to travel increased distances to access cash. Distance may decrease the regularity of access and increase the amount of cash handled per transaction, increasing security risks around cash management.

The removal of cash services can also create a dependency on digital banking, which may be challenging for those who are not digitally literate or in areas where digital infrastructure may be inadequate. This can exacerbate existing inequalities and further marginalise vulnerable individuals and communities.

Of the total survey participants, 65.08% indicated that they had been impacted by a bank (97.14%) or ATM (37.14%) closure.

Of those impacted, 68.75% indicated that the estimated distance to their bank or ATM was 10kms or less before they were impacted by a closure, and 8.57% had to travel 50kms or more. After closures, 34.29% lived with 10kms from their bank or ATM, and 37.14% of people had to travel 50kms or more to the closest bank or ATM. This includes a 14.28% increase in people who had to travel over 100kms.

The impact on access to cash among this group is significant, with the following experiences recorded:

- Inconvenience of traveling to another location to access banking services – 71.43%
- Difficulty withdrawing cash - 62.86%
- Difficulty depositing cash - 62.86%
- Increase in travel costs to access a bank branch or ATM – 60%
- Concerns around safety and security with cash management – 22.86%
- Online banking scam – 22.86%
- Difficulty paying bills – 17.14%
- Difficulty managing business cash flow 11.43%

The largest impact felt by this group was the inconvenience of traveling to another location to access banking services. This shows that people would prefer to travel inconvenient distances to access cash and banking services, as opposed to alternative options. This is despite 60% of respondents noting they had been impacted by increased travel costs.

## Cash as a form of currency

Keeping cash as a form of currency is important for many reasons, as outlined below.

Cash is a universally accepted form of payment, making it accessible to everyone regardless of their socioeconomic status or access to technology. This ensures that people can participate fully in the economy and make transactions without barriers.

Using digital currency for transactions may involve fees, such as transaction fees or processing fees, which can reduce the value of the amount being transacted. The cost of transacting digitally can impede business profitability and in turn, creates increased costs to consumers. In contrast, cash is a physical currency that can be used for transactions without any additional fees, and the value of the cash remains the same. As an example, after 50 transactions costing just \$1, the value of a digital \$50 turns to zero, whereas a \$50 cash note, remains as such over the course of 50 transactions and beyond.

Cash provides anonymity and privacy for individuals when making transactions, which can be important for reasons such as personal safety or financial security.

Additionally, it is useful for small transactions that may not be practical or cost-effective to complete electronically, such as gifts in cards, tooth fairy or pocket money, purchasing items from small-scale vendors, market stalls or providing impromptu donations.

Furthermore, cash serves as a backup form of payment in situations where electronic payments may not be possible, such as during power outages or in areas with poor internet connectivity. In emergency situations, having access to cash can be critical for survival and recovery.

Finally, cash can also serve as a store of value, allowing individuals to save for the future and providing a financial safety net for unexpected expenses or emergencies.

It is imperative that we protect our economy by maintaining cash as a form of legal tender.





I thank you for the opportunity to provide this regionally targeted submission regarding Bank closures in regional Australia and congratulate the government on recognising the need for innovative policy progression.

Kind regards,

A handwritten signature in black ink, appearing to read "Carisa Wells".

Carisa Wells  
CEO and Director of Regional Development