



**JOINT SUBMISSION FROM THE
FINANCIAL COUNSELLING SECTOR**

To:
Senate Standing Committee on Rural and Regional Affairs and
Transport

BANK CLOSURES IN REGIONAL AUSTRALIA

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About this submission

This is a joint submission from the peak bodies in the financial counselling sector:

- Financial Counselling Australia
- Financial Counsellors ACT
- Financial Counsellors Association of NSW
- Financial Counsellors Association of Queensland
- Financial Counsellors Association of Tasmania
- Financial Counsellors Association of Western Australia
- Financial Counselling Victoria
- South Australian Financial Counsellors Association (also covering the NT).

About Financial Counselling

Financial counsellors provide advice and support to people experiencing financial hardship. Working in community organisations, their services are free, confidential and independent.

Financial counsellors combine skills working with vulnerable people in a non-judgmental empowerment framework, with advocacy and technical skills based on an in-depth knowledge of consumer and credit law, debt related laws and practices, industry hardship processes and government supports and entitlements.

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1 Context

We are making this submission at the request of a number of financial counsellors working in regional areas. Over the past few months, they have raised concerns with us about the impact of regional bank closures on their clients and on their communities.

A large proportion of financial counsellors work in remote or regional areas. Our last workforce survey showed that 5 per cent of financial counsellors work in remote areas, 21 per cent in small regional cities or towns and 19 per cent in larger regional cities.¹ The financial counselling sector is therefore well placed to provide input to this Inquiry.

The submission is based on feedback from individual financial counsellors as well as by submissions already lodged with the Inquiry by financial counselling agencies:

- CatholicCare NT (submission 266)
- Indigenous Consumer Assistance Network (submission 475)

2 Overall Themes

Financial counsellors are very concerned about the closure of banks in regional areas. Appendix 1 includes specific comments from financial counsellors about their own experiences.

Vulnerable groups are disadvantaged

Some groups of people in regional communities are more likely to undertake their banking in a branch. These groups include older people, people with disabilities or people who may struggle with technology. When a local branch closes, these people are then forced to travel some distance to other regional centres. In some cases however, the cost or availability of transport means that even that option is not available.

Risks of financial abuse can increase

The risk of financial abuse can also increase when an older person tries to access internet banking as an alternative. This can happen because they may need to rely on someone else to help them. This is also a problem for some First Nations people in regional or remote communities who have low technological literacy.

¹ The survey was conducted in 2013 so a few years ago. However, we expect the numbers to have remained much the same since then.

There are inadequate alternatives when a branch closes

Alternatives to physical bank branches are not always viable. ATMs may also be closed or not available.

We are particularly concerned about the high cost of ATM fees in remote First Nations communities, an issue we first raised in 2010.² While the banking industry has stepped in to subsidise the cost of ATMs in some communities, there are still too many where fees remain. In some cases, First Nations people are spending a large proportion of their income on ATM fees. This is because the person will be charged for every balance enquiry and withdrawal. These are often frequent and at \$2.50 or \$2.70 each, soon add up. As well, access to the internet, or even a reliable phone, is not available in a number of remote communities meaning that other banking alternatives are not possible.

Bank@Post is a challenge for First Nations people in regional and remote communities as they often lose debit cards. At a bank branch, they can show identification in order to undertake their banking, but this is not accepted at Bank@Post. These services are limited in what they offer and are not substitutes for the services provided by a bank.

Bank services can be limited even if they remain

Even where banks remain, the range of services can be limited, for example, with less access to cash.

3 Tennant Creek – Continued Issues from the Westpac Closure

We are particularly disappointed with the **ongoing** conduct of Westpac after the closure of their branch in Tennant Creek on 13th September 2022.

We had hoped that the submission to this Inquiry from CatholicCare NT,³ which documented the extremely poor way in which the bank managed the closure of the branch⁴ and then continued to mis-manage the impacts of that closure, and a subsequent meeting organised by Financial Counselling Australia with Westpac in June 2023, would have meant they would do better. That has not been the case.

After the immediate closure, the CatholicCare Tennant Creek office was swamped by First Nations clients who could no longer undertake their banking. CatholicCare had to pull staff from other programs in order to assist. The impact on Westpac's customers:

“has left vulnerable people at risk. A high number of Westpac customers are no longer able to bank safely and independently, exposing them to financial and elder

² Australian Financial Counselling and Credit Reform Association, “ATM Fees in Indigenous Communities, November 2020, <https://www.financialcounsellingaustralia.org.au/docs/atm-fees-in-indigenous-communities/>. (FCA was then called AFCCRA.)

³ Submission 266.

⁴ Westpac did not follow the Branch Closure Protocol set out in Clause 14 of the Banking Code of Practice.

abuse, food insecurity issues and a sense of helplessness around accessing a much needed essential service.”⁵

Over the subsequent 15 months, CatholicCare has continued to experience large numbers of First Nations people who need assistance. The manager of CatholicCare Tennant Creek wrote “there were times leading up to Christmas (2023) where the whole office felt inundated with Westpac enquiries”.

The closure of the branch has also resulted in an increase in calls to Westpac’s Indigenous Connect Team (ICT). We understand there were 650 calls during December to the ICT from the Tennant Creek region, with many originating in the CatholicCare office. The community sector in other words is continuing to bear the costs of the closure.

As part of trying to address the problems they created, Westpac promised CatholicCare that they would undertake quarterly outreach visits. In fact, they have only visited once – in July 2023.

4 Suggestions for Change

Banking is an essential service and needs to be available to all Australians, regardless of where they live.

We recognise that there may be competition issues in the banks coordinating how they deliver services in regional and remote communities, but these could be addressed in the public interest. If this were to happen then solutions would include:

- banks working together to ensure that all regional areas had access to a full-service bank within a reasonable distance
- banking services being delivered from appropriately refurbished government sites, such as Centrelink offices
- for remote communities, the best solution is mobile banking where the banks bring the service to the community on a regular basis
- expanding the range of services provided under the Bank@Post option.

⁵ CatholicCare NT submission 266, p 3.

Appendix 1 - Specific Comments from Financial Counsellors

Rochester (Victoria)

The Commonwealth Bank in Rochester Victoria has closed and financial counselling clients are now having to drive Echuca, some 20 – 30 minutes away. One of the reasons for this travel is that many clients are elderly and do not use internet banking.

The reason given for the closure was an increase in rents and therefore the lease would not be renewed.

Financial counsellors also problems with ATMs in Echuca being out of order.

Morwell (Victoria)

In Morwell, the only remaining bank is the Commonwealth. Customers of other banks need to travel for 40 minutes north or south, change to the Commonwealth or use the post office.

It is difficult for people who are older or have a disability to make the trip to either Tralagon or Leongatha and both areas have limited parking.

Rural NSW

A financial counsellor in rural New South Wales noted that older clients are particularly affected by regional bank closures. They often do not have transport to a neighbouring town to do their banking and struggle with online banking.

In Canowindra, there is no longer any bank with the closest being Cowra. There is no bus service to Cowra. Canowindra does have an ATM, but that is not the same as having a bank.

When the bank was closed by NAB, the community was told it was because of issues in always having at least two staff available.

Rural WA

A financial counsellor shared a personal experience that also illustrates that even where a bank remains, the services it provides are limited and customers are unable to access cash.

I live in a small country town 85 kms north of Albany. The town is serviced by a general store with a post office.

Recently, I brought my daughter her first car, and needed to get \$3,800 in cash as the seller was elderly, and not comfortable giving bank details for electronic transactions. I made arrangements to pay and pick the car up on Saturday morning.

I contacted the local post office to let them know I was wanting to do a cash withdrawal on the Friday afternoon (so they keep some cash back and don't send it all away for security reasons).

When I went to withdraw the cash I discovered there was a \$2,000 limit on my card - which was news to me! This is a new limit imposed by the bank, even though I have a daily transaction limit of \$5,000.

The only other options were to have another account with a card attached that I could transfer to (which I didn't at the time), or go to the closest branch for an over the counter transaction. The closest branches are over 80kms away (Albany or Kojonup which is only open 3 hours per day, Tues, Wed, Thurs, so that location was out of the question). I couldn't go to one of the two ATM's in Mt Barker (24kms away) because of the cash withdrawal limit. Sometimes the machines run out of money too.

Because I had made the arrangements and expected just to do the cash transaction at my convenience, I was trying to do the transaction at 4pm – which meant a trip to Albany was pointless as the branch shuts at 4:00, and was not open again until Monday.

The elderly chap had obviously heard about scams and delay tactics, and he definitely thought I was having a lend of him, which was really embarrassing.

Our local town centre has just lost one ATM (Westpac) that didn't charge fees. The only other ATMs are Bank West and Bendigo, which both charge fees, and the withdrawal limit still applies.

In 20 years, I have seen ANZ, NAB and Westpac close in Mt Barker, and Bankwest (Commonwealth) on short hours. Bendigo has high interest rates and account keeping fees which impacts my clients.

The reasons being given for closures are the costs of running a branch in the town. That may be the case, but then to have cash limitations on transactions at the national agency is pretty frustrating.