



**Australian
Chamber of Commerce
and Industry**

ABN 85 008 391 795

T: +61 2 6270 8000

info@australianchamber.com.au

www.australianchamber.com.au

17 December 2021

Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: regionalbanking@treasury.gov.au

Dear Sir/Madam,

RE: Regional Banking Taskforce – Issues Paper

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide input to the Treasury's Regional Banking Taskforce – Issues Paper.

ACCI is Australia's largest and most representative business association and we are the largest representative body of small business. Our members are all state and territory chambers of commerce, which in turn have regional and local chambers as members, as well as over 70 national industry associations. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

ACCI has members in regional areas across Australia who have varied and diverse banking needs from opening and operating accounts, card merchant arrangements in support of their business, negotiating loans, as well as financial and account advice. The closure of any bank branch, or any limitation on the services offered, have an impact on the community and the businesses that utilise banking services.

Even in a business environment where transactions are becoming increasingly cashless, customers still use cash particularly in regional areas, and when systems go down, businesses need to have ready access to cash as well as deposit facilities. Regardless of the frequency required for access to physical money, it should be an activity that is a quick and easy undertaking. However, we are aware that this is not always the case and there are examples of small business owners in regional Queensland that need to spend an entire day round trip in order to obtain the necessary cash.

The Issues Paper mentions as of June 2020, 95 per cent of adult Australians in regional areas had internet access at home - the same as for metropolitan areas, and up from 82 per cent in June 2017. While we agree that utilisation of digital methods of banking have

Canberra

Commerce House
Level 2
24 Brisbane Avenue
Barton ACT 2600
PO Box 6005
Kingston ACT 2604

Melbourne

Level 2
150 Collins Street
Melbourne VIC 3000

Sydney

Level 15
140 Arthur Street
North Sydney NSW 2060
Locked Bag 938
North Sydney NSW 2059



never been higher and have further evolved rapidly due to COVID19, access to these digital channels is not always reliable in regional areas due to unreliable telecommunications infrastructure both for internet and mobile phone coverage. This is of particular concern in the aftermath of a natural disaster such as bushfire, flooding or cyclones which can disrupt communication channels for weeks.

An additional concern with the reliance on digital services is the mixed levels of knowledge and digital literacy within the community. There are different issues each community faces from gaps in customers literacy skills, vision-impairment, indigenous, elderly, or those digitally marginalised through poor speeds, unreliable connections and unsatisfactory telecommunications plans. This could be partially overcome with education support on how to bank safely online, teaching digital literacy, help with identifying banking scams, continual work to remove digital blackspots and improve overall infrastructure.

ACCI acknowledges that like any other business, banks have labour costs, overheads and a requirement to operate within budgets. Unfortunately, all banks regardless of size face the same issues and sometimes the cost of having a branch open is not feasible resulting in its closure.

In this context, ACCI does not believe the government should look to intervene through a regulatory solution to see banks forced to keep a branch open or a radius requirement be introduced. This would be forcing private business to maintain an operation that is not profitable. As an alternative, the taskforce should consider a range of other options.

Australia Post may be viewed as a good solution to resolve all banking issues in regional communities, however there are limitations. For example, it is owned by the Federal Government and it often sells commerce goods that compete with other shops in the town. It is also difficult for the staff at Australia Post to provide advice and guidance to banking customers. Often the post office already carries out a wide range of services, the addition of banking services is unappealing for some customers as the staff at the post office would have an even wider range of personal knowledge. Some customers are reluctant to have one central source of all services and would prefer a diversification of services as it would provide greater privacy within the community.

An alternative to bank branch models that would maintain or improve banking services and accessibility in areas where branches have been closed could be the creation of a shared space. This could reduce the costs of operating a branch and make it economically viable to have a qualified banking staff member in the community. It could be in a facility with other government offices, for example a Centrelink and Medicare office could have a small section that is used by a local bank on a part time basis. This model could be done in partnership with local, state or federal governments using a suitable space. It would allow for the bank to continue with the provision of services within the community.

Another option could also be a banking specialist who could attend regional communities to provide advice and support, documents to set up new accounts, provide lending advice,



arrange loans and establish digital skills for internet banking. This could almost be a mobile bank like a mobile library, ATMs travel to locations for festivals, why couldn't there be one that travels to provide money to people in regional communities along with the advice and knowledge of the banking specialist. There should also be regular education programs to provide digital skills and information on banking scams to raise awareness within the community.

In addition, there should be more small business specialists that specialise in regional business available. The closure of banks has seen the loss of rural bank managers who work with rural businesses in distress. While there is still some level of agri-bankers, they are much more focussed on farm-based distress rather than other businesses in the community. Regional businesses have traditionally relied on their connection to a local and expert bank manager to support them through their financing options but, more particularly, relied on their existing knowledge of their business through a long-term relationship to garner timely and personal bank support when they need it most. It is vital that these regional specialists are still accessible via the phone and able to visit regional communities to provide advice and guidance.

ACCI believes there is opportunity to improve the services and ease of doing business in regional communities through innovative solutions. We urge the taskforce to work closely with the Government to provide a range of options that will ensure that regional businesses across Australia can operate efficiently with access to a full range of banking services.

Yours faithfully

JENNY LAMBERT
Director, Economics, Employment & Skills