

**SUBMISSION FROM HON MIA DAVIES MLA**  
**LEADER OF THE NATIONALS WA**  
**MEMBER FOR CENTRAL WHEATBELT, WESTERN AUSTRALIA**

**INTRODUCTION**

I make my submission as Member for Central Wheatbelt in the Parliament of Western Australia, representing 27 Local Government Areas in regional WA as a Member of The Nationals WA.

The Nationals WA are a Party which represent the interests of regional communities, businesses, and sectors, as such, it is crucial to ensure the perspective of impacted regional West Australian's is reflected in the submissions. I am distressed and concerned to see the number of closures or reduced services offered in bank branches in regional communities. Whilst this has been a trend for 20 years or more, there has been a shift change in the past year, with banks using the cover of COVID-impact to accelerate their decisions (even in Western Australia where there has been no COVID in our community).

In the last 12 months, the Wheatbelt has seen an increasing trend of bank branches closures – on occasion resulting in no bank presence in a whole local government area, such as Wyalkatchem. This has a long-term impact upon community development, local businesses and the vitality of the region.

Although bank closures are being felt across jurisdictions, Western Australia has a particular experience of the long and short-term impacts banks closures outlined below.

***Community Impact***

Decline in foot traffic is the excuse put forward by banks in explaining the rationale for branch closures (see reference 'A'). Trends demonstrate that many people have changed the way they bank – moving to online services for daily needs and teleservices for problem resolution. However, these trends or evaluation of foot traffic fail to acknowledge there are those that are heavily reliant on the service (elderly, small businesses, those without connectivity, those with a disability that require assistance in person) and the intangible effect of removing a key service from a community.

There are still many people that either don't have access to reliable internet or technology, or are unable to use it, living in our regional towns – excluding them from using online or telephone banking services. The Community Resource Network (1) in regional Western Australia was created to reduce this gap – providing online access, along with a range of other services. The same consideration is made in the Local Government space. Although you can conduct your business as a ratepayer online, in-person services are maintained – and this reflects the broad range of people requiring access to these services. By failing to distinguish the needs of the remaining in-person clientele, the banks are

failing to consider the value of a branch to in-person customers. It perpetuates the disadvantage already experienced by some of our community's most vulnerable cohorts.

Branch closure also fail to consider the broader impact on community development by removing skilled job opportunities and pathways to employment.

It is estimated that more than 550 people across the Wheatbelt region alone are employed in financial services – 550 families who benefit directly from the existing opportunities and who's skills, investment and community input may be lost from the region if this trend of closures continues (2).

It is worth noting that by Australian Government figures, 70 percent of 'Bank Workers' nation-wide are women (3). There must be consideration given for the impact this matter has upon financial security for regional women, which has been identified as a focus for COVID-19 economic recovery by the Minister for Women, Senator the Hon Marise Payne.

### ***Business Impact***

While alternative banking services for communities may be offered by the local Post Office, this system cannot replace the full suite of functions available in a bank branch. The Australia Post website details the limited provision of services across more than 1,800 regional and remote locations – an individual may; deposit a cheque, withdraw cash and check an account balance (4). The ongoing financial support for businesses relies upon relationship building between the individual and the bank. This cannot happen via a disconnected third-party.

The ongoing and persistent weakening of financial services in our regions is also pushing regional businesses to take their banking needs to regional centres and cities which has a considerable knock-on effect of drawing spending away from the local economy.

While the Australian Banking Association protocol aims to prevent branch closure if there is not a branch of the same bank within 20 kilometres by road, this protocol is not enforced by relevant State or Federal legislation and is instead left to the decision making of individual financial institutions. The degree of corporate responsibility varies and leaves the fate of a community's banking needs in the hands of officials in far flung cities with no connection to community impact.

In the Banking Code Review, it is noted that banking services should be "inclusive, affordable, and accessible for all customers" ((5.) pg. 89). There is an evident gap in the provision for banks to be accessible during extraordinary circumstances, which is worsened by the reduction in local bank branches. A recent example is the ongoing management of financial impacts of Tropical Cyclone Seroja in WA's Mid-West region. There was a short-term effort by the Australian Banking Association to support customers through the immediate hardships (A), however, just two months later in June there was an announcement from NAB that the Three Springs Branch which was closed due to the weather event, would not reopen. The impact of this closure has been a loss of on the ground relationships for a community which continues to rectify the damages of the cyclone. The corporate knowledge of the local business and community interests of Three Springs has been lost. The

importance of long-term accessibility to local financial advice and support in this community has been deemed negligible in NAB's seemingly centralist business model.

The example of the Three Springs Branch is a unique combination of challenges (natural disaster amid a global pandemic, impacting communities of varying remoteness), though it speaks to the broader corporate mindset of the banking sector.

There is already a very high bar for those seeking to invest in regional communities to hurdle for finance – not having a bank, with staff and a presence in a community means the local corporate knowledge, risk assessment and internal advice for lending and customer management is diminished.

In short, the banks need to look beyond the black and white of the bottom line and think about their role as an essential service in our communities. Their retraction of services sends a signal to the community, investors, visitors and those that have been loyal to them for many years (in some cases generations) that they are not important and have no role to play in growing or contributing to our nation.

As the Leader of a Party that has great faith and optimism in the role and importance of our regional communities – whether it's Karratha, or Wyalkatchem – I have observed that our banking sector, much like some of our major mining and corporate players in the nation, have failed to meet the criteria of a good corporate citizen, particularly when it comes to regional Western Australia.

My criticism is not levelled at the hardworking staff who are on the ground in these communities – they have expressed their distress at no longer being able to serve their local town or district due to decisions made by the leadership of these organisations.

## **RECOMMENDATIONS**

The below recommendations aim to ensure regions have sustainable jobs and services, support and accelerate growth and further define the corporate responsibilities of banks to our regional communities.

1. Legislative reform to protect regional and remote communities from the increasing reduction of in financial service provision, including clarification of the ability to enforce the Code through legislation.
2. Robust corporate governance enforced via the Australian Banking Association protocol to ensure a whole of region assessment is made prior to the closure of any branch, including evaluation of distance between branches.
3. If face-to-face services are due to be ceased in a community, steps should be taken by the relevant financial institution to ensure there are sufficient telecommunications infrastructure in

place to ensure online services (which are generally treated as *replacement* services) can be reasonably accessed by all customers.

4. Consideration should be given to innovative service delivery solutions, such as mobile services (banking bus) or a co-location model which can be seen in the delivery of Government services in some parts of regional NSW.
5. A National Plan developed to ensure the sustainable delivery of financial services across regional and remote Australia, encompassing corporate and community needs including development of local jobs in the sector.
6. In the era of flexible working the sector needs to look at innovative solutions like mobile banking consultants and remote based staff who will better understand the issues of regional WA even if they report to a capital city head office.

## CONCLUSION

While the Federal Government continues to invest on the progression of accessibility and modernisation of technology in regional areas, the banking sector is taking a step backward. Where efforts for the sector could be made bolster the work of the Government, diversifying business models and investing in community development, there is a clear lack of corporate responsibility. While the banking sector raked in \$26.8 billion in profits during 2021 (6), benefitting from decreased expenses and increased revenue, they failed to pay the social dividend to regional communities which is far more important than any bottom line or profit margin.

## SOURCES

Data:

- 1) <https://www.wa.gov.au/organisation/department-of-primary-industries-and-regional-development/community-resource-network>
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- 3) <https://joboutlook.gov.au/occupations/bank-workers?occupationCode=5521>
- 4) <https://auspost.com.au/money-insurance/banking-and-payments/bank-at-post>
- 5) M Callaghan 2021, *Independent Review of The Banking Code of Practice*, <https://bankingcodereview.com.au/wp-content/uploads/2021/12/Final-Report-Banking-Code-of-Practice-Review-2021.pdf>
- 6) <https://home.kpmg/au/en/home/insights/2021/11/major-australian-banks-full-year-2021.html>

Articles:

- A) <https://www.countryman.com.au/countryman/nabs-decision-to-close-four-wheatbelt-and-midwest-branches-slammed-as-callous-and-out-of-step-ng-b881916068z>
- B) <https://www.ausbanking.org.au/support-available-for-customers-affected-by-tropical-cyclone-seroja/>