

BANKING POSITION PAPER

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What will the rural, remote and regional communities look like without an essential service?

The continuing closure of banks across Western Australia's wheatbelt represents an enormous lost opportunity for the Australian banking and financial services industry.

ANZ will soon close its Beverley and Wongan Hills branches, while NAB has already closed its Three Springs and Wagin branches. It will close its Wyalkatchem branch in the coming months.

This represents a failure on the part of the big banks.

We now live in a world where technology allow us to work anywhere.

As such, rural banks with an established building and presence should provide a myriad of services to the wider Australian community. Rural branches could easily assist customers located across the country with all their banking needs. Alternatively, they could focus their expertise on certain financial services products, like home loans or business loans. Rural banking staff often have experience in a broader range of financial products because they serve an entire rural community, and they are also often keener to stay in their rural community. This is a missed opportunity for the banking sector.

People will continue to need to talk to banks if they want a home loan or a business loan, and we all want to talk to a helpful banker who can actually get the job done when we want to open a new business account.

There is no reason that a bank in a rural community can't have one staff member available to assist people from their own community with their banking needs and possibly co-locate with another business in town.

There is also career diversity for staff in rural banking. The opportunity to learn multiple facets of the financial services industry is a draw card but also to be integrated into a rural community that values the financial acumen and leadership that banking employees can provide. These skills are developed in house by the banks, not through franchise partnerships.

Unfortunately, banks that haven't closed are still reducing their hours. CBA Merredin, Northam, Katanning, Narrogin, Manjimup and Esperance will have their opening hours cut drastically from September, as part of cuts to 90 regional branches across the country. These banks will only open to the public from 9.30 am in the morning until 1 pm.

Staff at these branches will however take calls from across the country during the remainder of their work day. The inflexibility of the big banks has come into play yet again; customers must either all walk in the door, or all sit on their phone and ask a question from another part of the country.

Banks are large businesses that can find it hard to adapt. They have repeatedly closed services in both rural and metropolitan Australia and moved customer service offshore. By doing so they have increased their disconnect with the Australian market.

This truly is a significant business risk, because at the end of the day banking still has to provide a service to people, like all businesses do.

Banks also need to consider the multiplier effect of reducing or removing services in rural, remote and regional communities. When banking is reduced or removed, people travel for the service outside of the community, accessing and depositing cash becomes inconvenient and a security issue and business relationships become disjointed.

A truly successful Australian bank that is here for the long term used to have an effective presence across the country, and staff that could get the job done within the branch. In the longer term continuously removing staff that can actually help a customer with a need and deep rooted inflexibility could well be the straw that breaks the camel's back.

In relation to both the impending reduction to branch opening hours and branch closures, we ask that banks honour the below recommendations of a 2004 Federal Parliamentary Inquiry into banking in regional Australia. The inquiry, entitled "Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia," presented a number of recommendations including those listed below:

Recommendation 1

- The Committee recommends that in the event of a bank closing a branch in a non metropolitan area and where another branch is not readily accessible that the bank waive any fees or penalties incurred by a customer closing an account, including a loan account, or transferring the account to another institution as a result of the branch closing.

Recommendation 2

- During any consideration by a bank to close a branch in a rural or remote area or to significantly downgrade its services, it will consult with customers and community organisations about the future of the branch and the options being considered to substitute for the loss of services.
- Where a bank gives notice of the closure of a rural or remote branch, it will release a community impact statement. This will equip the community with vital information necessary to make informed decisions about measures that should be taken to ensure that the community has access to adequate banking and financial services.
- The bank will consult with and inform its customers about accessing alternative services.
- The bank will work with its customers and community organisations to facilitate the establishment of some form of banking service, for example through Australia Post.

Additionally, we request:

- That all existing ATMs remain in place in the communities where banks are closed.
- That banks outline how they will still have a face to face presence in each affected community for business banking and business relationships.
- That banks provide capacity building services such as online banking training sessions for the local community;

Finally, we ask that the Federal Government recognise its role and responsibilities in managing the Australian banking and financial services industry. While the above 2004 Federal Parliamentary Committee produced a number of recommendations following the inquiry into banking and financial services in regional Australia, the Federal Government went no further. No regulatory requirements were instituted for the banks and no policy changes were implemented to incentivise Australian banks to keep their staff on site and onshore into the future.

The Federal Government needs to recognise its role and responsibilities in managing Australian banking and financial services industry.

