
Joint consumer submission to the Regional Banking Taskforce

Issues Paper

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Victorian Aboriginal
Legal Service

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About Us

CHOICE

CHOICE is the largest consumer advocacy group in Australia. CHOICE is independent, not-for-profit and member-funded. Our mission is simple: we work for fair, just and safe markets that meet the needs of Australian consumers. We do that through our independent testing, advocacy and journalism.

Consumer Action Law Centre

Consumer Action is an independent, not-for-profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians

Financial Counselling Australia

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. Financial counsellors work in community organisations and provide advice and support to people experiencing financial hardship.

Financial Rights Legal Centre

The Financial Rights Legal Centre is a community legal centre that specialises in helping consumers understand and enforce their financial rights, especially low income and otherwise marginalised or vulnerable consumers. We provide free and independent financial counselling, legal advice and representation to individuals about a broad range of financial issues. Financial Rights operates the National Debt Helpline, which helps NSW consumers experiencing financial difficulties. We also operate the Insurance Law Service which provides advice nationally to consumers about insurance claims and debts to insurance companies, and the Mob Strong Debt Help services which assist

Aboriginal and Torres Strait Islander Peoples with credit, debt and insurance matters. Financial Rights took over 21,000 calls for advice or assistance during the 2019/2020 financial year.

Indigenous Consumer Assistance Network

The Indigenous Consumer Assistance Network (ICAN) provides consumer education, advocacy and financial counselling services to Indigenous consumers across North and Far North Queensland.

Super Consumers Australia

Super Consumers Australia (Super Consumers), formerly known as the Superannuation Consumers' Centre, is an independent, not-for-profit consumer organisation formed in 2013. Super Consumers was first funded in 2018. We work to advance and protect the interests of low and middle income people in the Australian superannuation system.

During its start up phase Super Consumers has partnered with CHOICE to deliver support services. CHOICE is the leading consumer advocate in Australia, established over 60 years ago, it is an independent voice, ensuring consumers get a fair go

Uniting Communities Consumer Credit Law Centre SA

The CCLCSA was established in 2014 to provide free legal advice, representation, legal education, advocacy, and financial counselling to consumers in South Australia in the areas of credit, banking, and finance. The CCLCSA is managed by Uniting Communities who also provide general community legal services, as well as a range of services to low income and disadvantaged people including mental health, drug and alcohol, and disability services.

Victorian Aboriginal Legal Service

The Victorian Aboriginal Legal Service Co-operative Limited (VALS) was established as an Aboriginal Community Controlled Co-operative Society in 1973. VALS is the only dedicated, multidisciplinary legal and support service for Aboriginal and Torres Strait Islander peoples in the State of Victoria. VALS plays a vital role in supporting Aboriginal people in custody and providing referrals, advice/information, duty work and case work assistance across criminal, family, civil and strategic litigation matters.

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INTRODUCTION

Banking is an essential service that is critical to the wellbeing of consumers, small businesses and community organisations in regional Australia. However, accelerating branch closures are creating vast 'banking deserts' in regional Australia. These closures have resulted in an increasing number of people being excluded from accessing banking services.

Consumer groups, financial counsellors, and community legal centres welcome the Regional Banking Taskforce (**'the Taskforce'**) examining access to banking services in regional Australia. Australia's banks and financial institutions have been cutting services to regional Australia at an alarming rate. Between June 2017 and June 2021, there have been 575 bank branch closures in regional Australia.¹

In November 2021, CHOICE surveyed over 6300 supporters including farmers, small business owners, financial counsellors and older Australians about their experiences with regional banking closures.² 98.8% of survey respondents said that Australian banks should ensure that people in regional Australia have fair access to banking services.

Many people shared personal stories of being negatively impacted by regional branch closures. From farmers being forced to drive a five-hour round trip to access face-to-face banking services to older Australians having to pay a \$3 fee every time they need to withdraw money, people have been considerably affected by the decline in mainstream banking services. These stories outline the additional time, cost and challenge that people living in remote and regional Australia incur simply to access money and perform simple banking tasks.

We recommend several policy solutions to assist people in regional Australia. First, while the Taskforce conducts its inquiry, we recommend Australia's banks commit to a moratorium on regional bank branch closures. This will allow the Taskforce time to consider effective policy responses without ongoing branch closures worsening access to banking services. Second, in regional towns with limited or no banking services, we recommend Australian banks make a commitment to expand mobile banking services. Mobile banking is when banks visit certain remote locations on set days to allow local customers to conduct their regular banking services. Third, we recommend that each regional Australian town has at least one accessible, fee-free option to withdraw cash. This could be a fee-free ATM or fee-free withdrawal from an Australian Post outlet. For larger Australian regional towns, we recommend more than one fee-free option available to the community. Fourth, the Taskforce should meet with and learn from First Nations communities to ensure that banking services are accessible and fair for First Nations people.

¹Australian Prudential Regulation Authority, 2021, Authorised deposit-taking institutions' points of presence statistics, <https://www.apra.gov.au/authorised-deposit-taking-institutions-points-of-presence-statistics>

²On 23 November 2021, CHOICE surveyed 6378 supporters on their experience with regional banking closures

Recommendations

Recommendation 1

Australian banks should immediately commit to a moratorium on regional bank branch closures until the recommendations of the Taskforce are known.

Recommendation 2

Australian banks should commit to expanding mobile banking services to remote Australian communities. Each remote community should have access to at least one regular mobile banking service.

Recommendation 3

Every regional Australian community should have at least one accessible fee-free cash withdrawal and deposit option, such as an ATM.

Recommendation 4

The Regional Banking Taskforce should engage with, and learn from, First Nations communities about their needs for banking services in regional Australia.

Recommendation 5

Banks must embed cultural competency and safety into their practices and training, and work in partnership to ensure First Nations communities have their voices heard, are aware of their rights and are aware of culturally appropriate services in all areas of banking.

Recommendation 6

Specialist First Nations assistance, including phone lines should be:

- visible and well promoted to the target community;
- include identified Aboriginal and Torres Strait Islander people in all levels of staffing, with extensive cultural training and experience in urban, regional and remote communities for all team members;
- regularly tested to ensure that they are working and the intended processes are fully embedded in the business;
- empowered to solve real problems in real time; and
- extended to be available to First Nations customers from all parts of the country.

1. The impact of branch closures on regional communities

Bank branch closures have created banking deserts in regional Australia

Bank branch closures have created vast areas of regional Australia that have no access to in-person banking services. This has created 'banking deserts' across the nation. Consumers, small business, and community organisations are unable to conduct basic banking services in person, including establishing accounts, paying bills, depositing money or cashing cheques. Research in the United States has found that banking deserts risk exacerbating financial exclusion and entrenching social disadvantage.³

The use of cash is still very important in regional Australia. Cash is a means to an end. It enables people to pay for food on the table, to pay bills, to go to the pub or school fete and to donate to charity. It is still used in regional Australia to pay tradespeople, to maintain a float for small businesses, and for the operation of churches and local community groups. Cash is also especially important in regional communities with poor internet reception. Some remote communities are still entirely cash-based due to poor internet coverage.

People in regional Australia have to pay a premium for basic financial inclusion. Regional Australians incur greater costs and have to travel long distances to access banking services. Some examples from the survey are below::

"The town I grew up in no longer has any bank branches. There were five branches in that town when I was growing up. People living in that town have to travel at least 30 km to access an agency - not a branch. Otherwise it is a 65 km one way trip to access a branch. Public transport is very limited with many hours waiting for a return service."

VIC

"I have to do a 150km round trip to get to a bank or an ATM machine that doesn't charge a fee."

NSW

"I now need to travel 119 km to receive a personalised banking service."

NSW

³ Federal Reserve Bank of St Louis, 2017, "Banking Deserts" Become a Concern as Branches Dry Up, <https://www.stlouisfed.org/publications/regional-economist/second-quarter-2017/banking-deserts-become-a-concern-as-branches-dry-up>

Local branch closures have resulted in people having to travel long distances to access in-person banking services. For many older Australians or people without access to a car, it is very difficult to access a physical bank branch. People without a car are often forced to pay for a taxi, take public transport, or forgo visiting a branch altogether. Survey respondents shared:

“I live in a regional area. There is/was only 1 bank. I don’t drive and my husband has dementia. When I need to go to a physical bank I have to rely on public transport, which is not easy for my husband, or get a taxi which is quite expensive.”

QLD

“I have to get a taxi to get to and from my bank which used to have a branch here. I sometimes wait for 2-3 hours before the taxi turns up. Not acceptable at all.”

QLD

The impact of bank closures is exacerbated by limited or infrequent public transport services in regional Australia. Public transport options are infrequent and some people have to wait many hours for a return bus to town. A visit to a neighbouring town’s bank can take an entire day. Many people needing to access bank services are forced to pay for a taxi, with some people reporting that a round-trip in a taxi costs over \$100.

For some people it can also lead to loss of income, since they are required to take time off during work hours to conduct their banking.

Things are made worse for those in remote communities subject to wet season conditions. These communities can be cut off for long periods of time without any access to physical cash.

In response to bank branch closures, banks are shifting people to online banking. However, survey respondents reported that internet reception is often poor or non-existent in many remote communities. Entire communities risk being excluded from banking services without internet access or physical bank branches. One survey respondent shared:

“We have no mobile phone reception and need to travel 70kms to access a physical bank branch. Also being older we often need customer service to do what we need to do because we don’t understand.”

QLD

Poor access to physical bank services is made worse by the poor quality customer service many people face when dealing with banks over the phone. Survey respondents have also reported that wait times for telephone banking can be excessively long. One respondent shared:

“I have been a client of Westpac for about 50 years. I spent hours on the phone to report a credit card scam to Westpac, and finally when you talk to an agent he tells me that they cannot do anything when the payment is pending even when I reported it minutes after it appeared as such. Finally when the payment has been made I spent another few hours to report it again but still I haven’t heard of any progress. I was scammed twice on two consecutive days and while temporarily stopped payments I noticed the (funds were) deducted from my account months later without any further notification from Westpac.”

VIC

Many banks have significantly reduced opening hours for existing branches in regional Australia. This has made accessing branches a challenge, especially for farmers and people who work full-time. Survey respondents shared:

“I am a farmer and I need to sometimes go into the branch for transactions. My local branch has reduced its hours to AM only, which is better than nothing, but if they close it completely it is a one hour round trip driving.”

VIC

“Our local Bankwest branch is only 50km away from our farming enterprise. With the limited days and hours open we have to travel 162km to the nearest bank when our local one is closed.”

WA

Keeping branches open with limited trading hours is preferable to the branch closing entirely. However, restricted opening hours impacts people in regional Australia.

Regional bank closures significantly impact on people experiencing vulnerability

Bank branch closures affect people experiencing vulnerability, including older Australians and people with disabilities. There are many in society who require face-to-face banking services. For example, survey respondents shared:

“As I am deaf and don’t sign, or use a phone. I need to speak with someone directly so that they can write down for me any queries I may have or at times may be able to read their lips. Sometimes dealing with the bank via email is not successful. Next location would be 30 kms away. Cost of travelling that far would be an extra expense for me as I am a pensioner with no assets.”

NSW

“My daughter has an intellectual disability. Having the bank nearby with actual staff to help her navigate the myriad of security layers, rules and other complexity is the reason we have chosen our bank. For older people, and those who choose not to be digital, I think this essential service must be maintained. We don’t have a choice where government benefits are paid, we are tied to banks, so governments should support proper service levels for this vital aspect of consumer life.”

NSW

“We have to travel approximately 100km to a branch if we need to personally discuss or arrange financial matters. It’s really made it very difficult for us as my husband is also visually impaired, unable to drive and, should anything happen to me, we would have to rely on others to drive him that distance. Many elderly people have been disadvantaged because of this, not being able to use or have access to the internet and travelling the distances required. Getting older is always a great challenge, more for some than others, mainly due to health issues, so why do banks want to make it even more difficult for the elderly?”

QLD

It is concerning that major banks are “placing performance targets on the number of customers set up with digital banking by branch staff.”⁴ Banks should be supporting vulnerable customers with the best service options that meet their needs, not trying to shift them to platforms that may exclude them.

Further, many survey respondents report they prefer face-to-face interactions with bank staff as there is a fear of being scammed online or on the phone. One respondent shared:

“Speaking as a psychologist with 35 years experience, a lot of people are elderly or have mental health issues - and are therefore not familiar or comfortable with online banking - and given their constant exposure to many frequently occurring scams, who could blame them! They therefore rely on trusted services at an actual bank office - this is basic access and equity for vulnerable members of society.”

NSW

Many in the community are afraid that calls or emails from their banks are scams and prefer the peace of mind of dealing with local branch staff members directly. The Australian Consumer and Competition Commission reported that Australians lost over \$851 million in scams in 2020.⁵

⁴Stephanie Chalmers, 2021, Banks say branch closures no longer a sign of a town in decline as online shift accelerates, but locals still worried, ABC

<https://www.abc.net.au/news/2021-04-30/branches-shut-as-online-banking-rises-but-small-towns-worried/100103484>

⁵Australian Consumer and Competition Commission, 2021, Scammers capitalise on pandemic as Australians lose record \$851 million to scams,

<https://www.accc.gov.au/media-release/scammers-capitalise-on-pandemic-as-australians-lose-record-851-million-to-scams>

There is a deep sense of worry and fear in the community about conducting banking online, especially with older Australians. With the rise in financial scams, consumers are looking to help their banks protect them from harm. Instead, banks are closing bank branches and directing people to platforms with greater risks.

Regional Australians have to pay high fees to access cash

“Our local bank was removed and replaced with an ATM which we pay \$2.80 for a withdrawal.”

NSW

“Quite a number of fee-free ATMs have been taken out of our area and replaced with those charging fees up to \$3 per transaction.”

QLD

“Our only local bank branch closed a couple of years ago and now it's an hour and a half round trip to the nearest branch if we need to cash a cheque or take forms in person. The only ATMs in town cost \$2.00 per withdrawal and will only dispense \$200 at a time, so \$400 costs \$4 to withdraw, \$600 costs \$6 etc.”

NSW

There has been a significant decline in fee-free and accessible ATMs in regional Australia. According to the Australian Prudential Regulation Authority, between June 2017 and June 2021 there has been a 34% decline in the number of ATMs in regional Australia.⁶ This has impacted the ability of people in regional Australia to access cash.

When Australia's major banks close a branch in a regional town, they regularly close the fee-free ATMs attached to the branch. People are then faced with no ATMs in town or have to use a privately owned ATM that charges expensive fees. Privately owned ATMs can charge fees of over \$3 for a balance enquiry or to withdraw funds. If an individual has to withdraw money on multiple occasions, this can have an impact on people's financial wellbeing. For an individual on government support such as JobSeeker, \$10-\$20 in fees for accessing their money is a significant proportion of their total income.

Financial counsellors report that residents living in remote Aboriginal and Torres Strait Islander communities spend a significant proportion of their incomes on ATM fees. In 2010, Financial Counselling Australia reported that losses of up to 20% of a person's income in ATM fees each fortnight is not uncommon.⁷

⁶Australian Prudential Regulation Authority, 2021, Authorised deposit-taking institutions' points of presence statistics, <https://www.apra.gov.au/authorised-deposit-taking-institutions-points-of-presence-statistics>

⁷Financial Counselling Australia, 2010, ATM Fees in Remote ATSI Communities Interim submission, <https://www.financialcounsellingaustralia.org.au/docs/atm-fees-in-remote-atsi-communities-interim-submission/>

People also reported that privately owned ATMs are often found in inaccessible or inappropriate locations. For example, survey participants and financial counsellors report that often the only ATM available in town is found at a pub or RSL club. This was especially challenging for people who may have alcohol or gambling addictions.

When there are no ATMs in a regional town, people have to withdraw money at an Australia Post outlet or take money out at a supermarket. However, many survey respondents were concerned about the prohibitive cost of withdrawing money from Australia Post Bank@Post outlets:

"I have to travel a long way to access a bank branch otherwise I have to pay \$4 to withdraw money from a Post Office."

QLD

"It costs \$4.50 to do a transaction at the P.O. here which is a ridiculous fee. I have to drive 25kms to a bank."

SA

Some survey respondents report fees up to \$4.50 for withdrawing or depositing money at an Australian Post outlet. This highlights that while Bank@Post has increased accessibility, the fees for accessing banking services disadvantage regional consumers who practically have few alternative options.

Further, people have expressed concerns about the limitations of withdrawing money from retailers, such as local supermarkets. People shared:

"We have to withdraw money from the supermarket and a majority of the time they say no because they don't have enough cash! It is very annoying."

VIC

"My local branch recently closed and the atm was also removed so the only way I can take cash out is via the supermarket or pay a fee to use a privately owned atm. It's ludicrous!"

VIC

Bank closures impact the local community

Survey respondents shared the harmful impact that regional bank closures have on the local community. Community sector organisations are the fabric of regional communities and many rely on physical banking services. Survey respondents shared:

“Losing banks has an impact on community groups. Community groups usually collect cash that is then banked. As a volunteer you really don’t want to drive to another town or suburb kilometres away. The impact on school groups, sporting, social & small businesses is huge. Time costs money.”

NSW

“We live 70km out of town and therefore do not go to town regularly. There are limited banks in St George Qld, which now close at lunch time. This means we are unable to access banking facilities after that time, which makes it difficult for us as both my husband and I are volunteers for local service clubs, and we are both Treasurers of those clubs. Farm life dictates when we can go to town so limited banking hours is making it very difficult for us both in our volunteer roles. An example is that the President of our branch also lives out of town, and for us both to be in town in the morning to cosign banking transactions (eg Term Deposit renewals) takes much coordination. Internet banking is not so good either - it has taken 5 months for the Commonwealth Bank to sort out my authority to pay invoices for QCWA since I took over as Treasurer, and because the banking is through Commbiz, even the local branch can’t apparently talk to another department in the Bank to sort this out. Considering we are all volunteers and running farms (which have been in drought for some time), we don’t easily have the time to sort these messes out.”

QLD

Many community sector organisations are reliant on cash and physical banking services to operate. Organisations including the local churches, Lions Club, Rotary Club and Probus have all been affected by the closure of bank branches in regional communities.

Bank branch closures impact First Nations communities

Financial counsellors and community sector organisations have reported the challenges that bank closures have placed on First Nations communities. Banks need to ensure that First Nations communities have tailored responses to ensure they have access to banking services.

For many remote First Nations communities, there has never been a bank branch in town, so policy solutions need to be targeted to introduce a greater banking presence.

Identification issues

Financial counsellors frequently see issues with identification requirements to establish a bank account. Many First Nations people are required to visit a bank branch in person to establish a bank account or to update a card. A financial counsellor from Centacare Catholic Country SA shared this example:

“An Elder from Yalata Aboriginal community came into our office wanting help with accessing his bank account as he had lost his card. We assisted the Elder by calling the bank on his behalf and was told that he needed to present at the local branch to confirm his identity. The nearest branch is 550kms away and the Elder had no money for fuel to get there as he could not access his funds due to losing his card.

Luckily we had support from our ER service where we were able to help with fuel as well as linking him to transitional accommodation in the area. Without that support it would have been very hard for the gentleman to attend the bank in person.”

Bank branch closures have exacerbated this issue in remote Indigenous communities. No one should be required to travel 1100km to verify a new bank card. Financial Counselling Australia wrote in a submission to the Royal Commission into the Banking, Superannuation and Financial Services Industry:

“Banks have limited understanding of the challenges faced by Aboriginal and Torres Strait Islander people in rural and remote communities around identification and the difficulty faced due to incorrect spelling of a person’s name or difference in skin names to names at birth.

Many Aboriginal and Torres Strait Islander people in these communities do not carry identification with them and sometimes birth certificates for family members are kept by either a mother or grandmother and are not necessarily in the same community.”⁸

While we acknowledge the positive steps of Australia’s banks to date, more work needs to be done to ensure that First Nations communities have access to fair banking services.

Creation of special First Nations support services including phonedlines or email accounts supplementing or replacing face to face services

In recent years, many major financial services companies have started to offer special First Nations support services including dedicated phone lines or email accounts.

⁸ Financial Counselling Australia, 2018, Submission re Round 4 Hearings - Interactions of Aboriginal and Torres Strait Islander Australians in regional and remote communities with financial services entities
<https://www.financialcounsellingaustralia.org.au/fca-content/uploads/2019/10/Royal-Commission-Round-4-Indigenous-issues.pdf>

We welcome these developments. It is a sign that companies are acknowledging that their First Nations customers might have unique vulnerabilities or need priority access to dispute or hardship teams.

However, moving away from face to face communication with remote and regional banks to more telephone and online services can create barriers to access for First Nations people. Given English is the second or third language of many Aboriginal and Torres Strait Islander people, reliance on communication techniques involving pictures and expressions to communicate is lost when not done face to face.

Unfortunately however, many of these special access points lack effectiveness in a number of key respects. Problems include:

- insufficient visibility and promotion;
- inappropriate or inadequate staffing;
- lack of access to interpreters in language;
- limited access to phones and internet for many people;
- technical or process deficiencies;
- inadequate cultural training;
- limited coverage (they are only available for a sub-set of First Nations people or for a limited range of issues); and
- staff lack sufficient authority or expertise to address issues raised by callers.

Poor visibility of specialist customer contact line

Financial Rights Legal Centre recently learned that ANZ had an Aboriginal and Torres Strait Islander customer phone line, but when we had an ANZ client in distress we were unable to locate this number despite extensive searches on their website. We called the financial counselling phone line, which provided the ANZ Aboriginal and Torres Strait Islander Hotline 1800 037 366. Even reverse searching the ANZ website, we could not locate information on the phone line. When we called the number we were told that it is not a team, but a line that people across the company are trained to answer, but they don't get many calls. We explained to the staff member that this may be because no-one can find the number. We asked to speak to the manager who was not available. We sent an e-mail to an address provided by ANZ but we received no reply.

Source: Financial Rights Legal Centre

In some cases the First Nations contact points have a limited mandate and are not available to Aboriginal and Torres Strait Islander communities in general.

We note while we have not had the opportunity to discuss the scope of the First Nations contact points or helplines at the other major banks, the list of issues they can assist with on their websites is also somewhat limited.

Example: NAB - Improving Banking Access For Our Customers⁹

People in remote communities may face the following challenges with banking due to:

- Remote location
- Limited access to fee-free ATMs
- Limited internet access
- Access to ID
- Cultural aspects of financial obligations to kin and community

How we can help

- Balance enquiries
- Internet banking password resets
- Internet and telephone banking
- Lost and stolen cards
- Cancelling direct debits
- Identification and authentication
- Opening accounts

Example: Westpac - Indigenous Call Centre¹⁰

No matter how remote your location in Australia, our Indigenous Call Centre Team (Indigenous Connection) can help you with:

- Basic everyday banking enquiries such as balance enquiries and card replacements.
- Access to translation services including Indigenous languages.
- Determining which products and services may be suitable for you.

Call us on 1800 230 144. This service is available Monday to Friday 9am – 6:30pm CST

The services described do not represent the full range of issues experienced by Aboriginal and Torres Strait Islander customers. For example, they do not include financial hardship in repaying loans, reporting unauthorised transactions and scams, financial abuse related issues and general complaints in relation to banking services.

There are many reasons why it is difficult for Aboriginal and Torres Strait Islander people to make a call to a large corporation, and failure to address an issue in that one call can be a significant lost opportunity. For example:

⁹ National Australia Bank, 2021, Indigenous Customer Services Line, <https://www.nab.com.au/contact-us/personal/indigenous-customer-service>

¹⁰Westpac, 2021, Westpac Indigenous and Remote Banking, <https://www.westpac.com.au/about-westpac/sustainability/initiatives-for-you/indigenous-banking/>

- First Nations households may be sharing one device, meaning the customer has limited opportunities to make calls.
- There may be problems with connectivity. While this is most pronounced in very remote communities we are aware of many regional areas where this is also a problem.
- An issue related to connectivity is that some people may have one place where they get phone coverage that is on the top of a hill, or in the middle of a paddock, making it difficult to receive return phone calls.
- Paying for call credit or being disconnected due to non-payment of ongoing plan costs may be an issue. The latter may be exacerbated where customers have been sold inappropriate and unaffordable plans by telcos in the first instance.
- There are significant levels of disempowerment due to intergenerational trauma and discrimination which can affect people's willingness to call, their ability to express their issue and needs during that call, and their threshold for coping with barriers that are thrown up during the call process.

Extensive delays caused by having to go away and check with broader credit and hardship teams often increase the already present financial harm. Often the staff operating these special First Nations access points are not empowered to resolve disputes on the spot. They are simply a surface level point of contact. Banks need to empower their First Nations staff to effectively solve problems for their customers and to act as advocates within the organisation to create better all-round customer experiences for First Nations People.

Finally the move to rely on digital solutions to address banking needs in First Nations communities is far from a complete solution. In addition to the fact that reliability of the internet in remote and regional Australia is varied at best, Aboriginal and Torres Strait Islander people face further barriers with respect to endemic low financial literacy rates compounded by low digital literacy rates made worse through the pace of change.

2. Policy solutions to assist regional Australians

We encourage the Taskforce to engage with consumer groups, financial counsellors and First Nations-led communities to implement policy responses that will help regional Australia communities access banking services.

Moratorium on regional bank branch closures

While the Regional Banking Taskforce is examining this issue and considering lasting policy solutions, we recommend a moratorium on bank branch closures. A moratorium will allow the Taskforce to implement policy solutions without creating further financial disadvantage for people in regional Australia.

Australia's banks have shown a willingness to commit to moratoriums on bank branch closures in regional Australia. In the late 1990s the ANZ committed to a moratorium on regional bank closures.¹¹ In 2019, during Australia's widespread drought, the National Australia Bank also committed to a two-year moratorium on regional bank branch closures.¹²

It is concerning that Australia's banks are continuing to close regional banking branches despite being members of the Taskforce. For example in November 2021 after the Taskforce was initiated the Commonwealth Bank announced they were closing its Rockhampton and Pittsworth branches in regional Queensland.¹³ A moratorium will provide at least short-term certainty to regional communities and will allow the Taskforce time to implement lasting solutions.

The Australian Banking Association has a Branch Closure Protocol that has applied to its member banks since 2015, and is enforceable via the Banking Code of Practice. There is an independent review of the Banking Code of Practice currently underway, and the Final Report of that review recognised that an update to the Protocol is long overdue. The rate at which branches have closed since 2015 and the level of inconvenience caused by their closure for regional residents clearly indicates the Protocol is not sufficient to ensure that people living in regional Australia have accessible and affordable banking options. The fact that this issue has been on the radar of the banks for years helps justify prohibiting further closures while problems are explored by the Taskforce.

¹¹ Parliamentary Joint Committee on Corporations and Financial Services. 2004, Money Matters in the Bush Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/Completed_inquiries/2002-04/banking/report/c04

¹² Anthony Colangelo, 2019, 'NAB commits to keep rural branches open to 2021', Sydney Morning Herald, <https://www.smh.com.au/business/banking-and-finance/nab-commits-to-keep-rural-branches-open-to-2021-20190320-p515r8.html>

¹³ Central Queensland Today, 2021, 'Bank defends closure' <https://cqtoday.com.au/news/2021/11/13/bank-defends-closure/>

Recommendation 1

Australian banks should immediately commit to a moratorium on regional bank branch closures until the recommendations of the Taskforce are known.

Expand mobile banking services in remote Australian communities

Remote towns need access to banking services. People living in remote communities risk financial exclusion if they are denied access to banking services. We recommend the expansion of mobile banking services to remote Australian communities. A mobile bank would visit remote communities on specific days of the month to allow the local community to conduct basic banking services. This mobile service could help people open a bank account, cash a cheque or apply for a debit card.

Mobile banking services need to be tailored to the local community's needs. For remote First Nations communities, mobile banking services could be combined with the Services Australia bus that regularly visits local communities. We encourage the Taskforce to meet with financial counsellors and First Nations-led organisations to understand more about mobile banking and the needs of people living in remote communities. We also acknowledge the Australian Banking Association's Consumer Outcomes Group is considering choosing mobile banking as a priority issue for 2022. We hope that this process will also provide assistance to people in remote communities.

Recommendation 2

Australian banks should commit to expanding mobile banking services to remote Australian communities. Each remote community should have access to at least one regular mobile banking service.

Every regional community should have a fee-free and accessible option to withdraw and deposit cash

Cash is still important in remote communities and is regularly used by consumers, small businesses and local community sector organisations. As this submission has identified, people are often forced to pay expensive fees to access money in regional Australia. We recommend that every regional community in Australia should have at least one fee-free option for people to withdraw and deposit money. This could either be a fee-free smart ATM or a post office that offers fee-free transactions. This should be scalable depending on the size of the community. For larger regional towns, we recommend more than one outlet available for the community.

We acknowledge the Australian Banking Association provides a limited number of fee-free ATMs in remote Indigenous communities in Northern Territory, Queensland, Western Australia and South Australia.¹⁴ We also acknowledge the plan for the four major banks to expand this scheme from 85 to up to 100 machines conditional upon enhancements to deployer contracts and an analysis of community benefits and on the ground analysis.

The catalyst of the Australian Banking Association's original proposal in 2012 was a report by the Financial Counselling Australia in 2010. The report found that:

- ATM fees are unavoidable in remote communities with privately owned ATMs;
- there are generally no other ways to access the banking system. Internet and phone banking are generally not available and stores also charge for EFT transactions;
- residents living in remote Aboriginal and Torres Strait Islander communities spend a significant proportion of their incomes on ATM fees. Estimates provided by financial counsellors and money management workers suggest that a loss of up to 20% of a person's income in ATM fees each fortnight is not uncommon; and
- this high pattern of usage occurs because Aboriginal and Torres Strait Islander people check their account balances frequently. This is often because they are waiting for a Centrelink payment to arrive. They also tend to withdraw smaller amounts of cash more frequently. This is for budgeting reasons or because of the need to buy food more often due to a lack of refrigeration or for cultural reasons.¹⁵

One of the key issues with the current rollout of fee free ATMs is the lack of fee-free signage on these ATMs and subsequent inability to identify which ATMs are in fact fee-free. While the ABA has agreed to promote fee free ATMs on its website and include an idle machine loop identifying an ATM as fee-free, these measures are not enough. We understand that the current deployer contract does not allow exterior branding of the machines. This hurdle needs to be addressed to ensure that regional Australians are able to identify a fee free ATM.

Where they have been installed and awareness of them has been raised, fee-free ATMs have granted First Nations people and others living in remote communities the same opportunities to access their funds as people in cities, who can generally find an ATM owned by their bank that does not charge a fee. We encourage the Taskforce to consider replicating this fee-free model to all regional communities.

We also encourage the Taskforce to look into ways to address the exploitatively high fees charged by privately owned ATMs themselves.

¹⁴Australian Banking Association, 2017, 'Fee-free ATMs to continue in remote communities'
<https://www.ausbanking.org.au/fee-free-atms-to-continue-in-remote-communities/>

¹⁵Financial Counselling Australia, 2010, ATM Fees in Remote ATSI Communities Interim submission,
<https://www.financialcounsellingaustralia.org.au/docs/atm-fees-in-remote-atsi-communities-interim-submission/>

Recommendation 3

Every regional Australian community should have at least one accessible fee-free cash withdrawal and deposit option, such as an ATM.

First Nations communities need tailored responses to improve financial inclusion

We encourage the Taskforce to engage with First Nations-led communities and financial counsellors to propose and implement tailored responses to the needs of communities.

For example, we encourage the Taskforce to meet and engage with Financial Counselling Australia's Aboriginal and Torres Strait Islander Network. This is a national network that includes Aboriginal and Torres Strait Islander financial counsellors and financial capability workers who are actively involved in delivering financial literacy and financial counselling services within Indigenous communities. The network has first-hand experience about access to remote banking services for First Nations communities.

Cultural competency and training

Improved training and cultural competency of banking staff at all levels in their interaction with First Nations people is required to better identify individual and systemic issues and improve outcomes. For example, bank staff should know to check the location of the customer before suggesting they travel to the nearest branch and improve identification processes.

Banks should adopt a strengths-based approach in working with First Nations communities and enter into partnerships with respect for, and trust in, the leadership, knowledge and services of the community, as recommended by the Close The Gap Campaign Report 2021.¹⁶ This includes building steps into key decision-making processes in banks to consider community perspectives on how bank processes and policy positions may impact First Nations peoples.

Specialist Indigenous alternatives and engaging First Nations people

Commissioner Hayne stated in the Final Report of the Financial Service Royal Commission:

“A telephone service, no matter its efficacy, is not capable of solving all of the issues impeding access to banking services, whether by Aboriginal and Torres Strait Islander people or by others living in remote areas. It could only ever form part of a range of initiatives directed towards improving access. But the provision of this service has been

¹⁶ Australian Human Rights Committee, 2021, Close the Gap 2021, <https://humanrights.gov.au/our-work/aboriginal-and-torres-strait-islander-social-justice/publications/close-gap-2021>

identified as helpful by those working with Aboriginal and Torres Strait Islander communities, and I strongly encourage the development of such services.”¹⁷

We recognise that the major banks, and many other corporations, are creating and fostering valuable programs and initiatives for First Nations people, employees, business and communities. We do not wish to dismiss the importance of those activities. Such measures can, however, ring hollow when these institutions fail to address the needs of their own Aboriginal and Torres Strait Islander customers.

If a bank is going to have a specialist phone line or email or assistance team for First Nations customers:

- it needs to work,
- it needs to be answered, and
- it must be culturally appropriate to meet community needs.

These teams must seek to train and employ Aboriginal and Torres Strait Islander leaders in them. If a company cannot employ Aboriginal and Torres Strait Islander people, they should not be able to advertise that they have this specialist service. The managers of these teams ideally need to be Aboriginal or Torres Strait Islander people or at least have had extensive cultural safety training and have spent some time working with First Nations communities, ideally urban, regional and remote communities in order to understand the daily realities of the customers they are trying to assist. Phone numbers should be easy to find, and email accounts should work. Companies should use a periodic shadow shopping exercise to ensure their promises have been embedded in the day to day services.

Specialist First Nations assistance teams need to be empowered to solve problems for customers and resolve disputes on the spot as often as possible.

Recommendation 4 - 6

4. The Regional Banking Taskforce should engage with, and learn from, First Nations communities about their needs for banking services in regional Australia.
5. Banks must embed cultural competency and safety into their practices and training, and work in partnership to ensure First Nations communities have their voices heard, are aware of their rights and are aware of culturally appropriate services in all areas of banking.
6. Specialist First Nations assistance, including phone lines should be:
 - visible and well promoted to the target community;

¹⁷ Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, 2021, Final Report, p.93

- include identified Aboriginal and Torres Strait Islander people in all levels of staffing, with extensive cultural training and experience in urban, regional and remote communities for all team members;
- regularly tested to ensure that they are working and the intended processes are fully embedded in the business;
- empowered to solve real problems in real time; and
- extended to be available to First Nations customers from all parts of the country.