

20 December 2021

Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
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Via email only: regionalbanking@treasury.gov.au

Dear Secretariat

Regional Banking Taskforce

Thank you for the opportunity to comment on the [Regional Banking Taskforce Issues Paper](#) (November 2021).

The Banking Code Compliance Committee (**BCCC**) considers the ability of customers to access banks in regional areas to be an important consumer issue. However, we note that most of the issues raised in the Regional Bank Taskforce's Issues Paper are outside the scope of responsibility of the BCCC.

Chapter 7 of the Banking Code of Practice (**Code**) mandates that banks must comply with the [Australian Banking Association \(ABA\) protocol](#) when closing a branch. The protocol outlines the banks' commitment to provide banking services to personal and small business customers in remote, rural and regional areas, including providing written notice of closures of branches, where there is no access to alternative banking services.

The application of the ABA protocol adopts a relatively high threshold. It applies only to the closure of branches in the Inner regional, Outer regional, Remote, Very remote and Migratory classes and only if there is not another branch of the same brand within 20 kilometres by road.

Customers impacted by recent regional branch closures have contacted the BCCC and noted their frustration that the protocol did not apply where another branch was within 20 kilometres and raised concerns about whether banks have considered the impact of such closures on the regional community, in particular, elderly and more vulnerable customers.

The BCCC raised these issues in its [submission](#) to the [Banking Code Review](#).

The BCCC's submission also noted that branch closures in regional areas disproportionately affect small business customers. Although many banks have made arrangements with Australia Post through various Bank@Post agreements, the BCCC was informed by small business advocates that these arrangements do not fully support the needs of small business customers.

Small business customers advised that they may have to travel further to access a branch that fully supports their needs. These small businesses may need to shut during business hours so as to undertake their banking at a branch, therefore losing business. Small businesses may also have to hold large sums of cash until it can be deposited, which in turn creates security issues.

When branches are closed in regional towns, customers may also travel to access alternative branches. As a consequence, these customers do their shopping near these branches, further impacting local small businesses that miss out on their patronage.

Part 4 of the Code commits banks to provide inclusive services, in particular for Aboriginal and Torres Strait Islander customers, 'including in remote locations.' Aboriginal and Torres Strait Islander customers in regional and remote communities that are not served by a local branch face challenges in accessing banking services, and these challenges are exacerbated by branch closures. The BCCC believes banks should consider their obligations under Part 4 of the Code when making a commercial decision to close branches in remote, rural and regional areas.

The BCCC's recent report, [*Banks' compliance with Part 4 of the Banking Code: inclusivity, accessibility and vulnerability*](#), outlines that banks should consider opportunities to work together with Aboriginal and Torres Strait Islander communities to support customers with limited access to banking services.

The BCCC would also like to highlight that services provided on behalf of code-subscribing banks, such as the Bank@Post, should meet the standards set out in the Code.

Acknowledging that branch closures are a bank's commercial decision, the BCCC believes banks should consider the wider social implications of such closures in accordance with the Code's guiding principles and the spirit of the Code.

Wishing you all the best for the holiday season.

Yours sincerely



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