

# Investigation CX16004

<b>Investigation</b>	CX16004
<b>Subscriber</b>	Westpac Banking Corporation (Westpac)
<b>Code obligations</b>	2019 Banking Code of Practice, paragraphs 14 and 36
<b>Date finalised</b>	17 June 2024

## Summary

1. We found that Westpac breached its obligations in paragraphs 14 and 36 of the [Banking Code of Practice \(the Code\)](#) in a serious and systemic manner when it closed its Tennant Creek, Northern Territory branch (the branch) on 19 September 2022. We determined that:
  - a. Westpac did not comply with the requirements in the [ABA Branch Closure Protocol](#) to provide customers with information about accessing its services and to offer customers assistance to access alternative banking products and services when closing a branch, as required in paragraph 14 of the Code.
  - b. Westpac did not provide adequate support for affected customers living in the remote community of Tennant Creek to access alternative banking services following the branch closure, as required in paragraph 36 of the Code.
2. In response to these serious and systemic breaches of the Code, we have sanctioned Westpac by naming them and publishing details of their non-compliance on our website.

## Background

3. In May 2023, we investigated Westpac's compliance with the Code, in relation to the management of the Tennant Creek branch closure.
4. We were concerned that Westpac failed to provide adequate support to customers following the branch closure on 19 September 2022.
5. We assessed Westpac's compliance with paragraphs 14 and 36 of the Code:

### **Paragraph 14**

*We will comply with the ABA protocol when closing a branch. The protocol outlines our commitment to provide banking services to personal, and small business, customers in remote, rural and regional areas.*

### **Paragraph 36**

*We will also assist our customers who reside in remote communities (including remote Indigenous communities) to access and undertake their banking services.*

6. In assessing compliance with paragraph 14, we considered the [2015 version of the ABA Branch Closure Protocol \(the ABA Protocol\)](#) in force at the time of the branch closure.

## Process

7. We requested information from Westpac on:
  - a. Steps taken to inform customers of the changes.
  - b. Support provided to customers to help transition to alternative banking services following the branch closure.
  - c. Steps taken to respond to concerns raised by customers and the community.
  - d. Assistance provided to customers to facilitate access to banking services.

## Westpac's response

8. Westpac stated that it had implemented measures to support customers, including:
  - a. Displaying posters at the branch and local post office shortly before the branch was closed, to inform customers that the branch would be closed temporarily.
  - b. Issuing a range of communications, including SMS, letters, and social messaging, to customers after the branch was closed, to inform customers that the branch was closed permanently and listing the alternative banking services customers could use.
  - c. Engaging with CatholicCare Northern Territory (CatholicCare NT) to discuss concerns, including providing information to assist CatholicCare NT with supporting affected customers.
  - d. Engaging with the remaining major bank in Tennant Creek to discuss concerns and arrange for the return of customer cards taken by its ATM.
  - e. Deploying its remote service team to provide on-the-ground support to customers for four weeks from October 2022 to November 2022, and for 3 days in June 2023.
  - f. Securing a partnership to allow cardless cash and fee-free ATM services in the new Precinct ATM.
9. Westpac provided customers with access to banking services through its alternative banking services, including face-to-face services at Bank@Post, cardless cash services via the ATM, access to its Indigenous Contact Centre, as well as online banking and app options.

10. Westpac stated that it considered its implementation plan, including a desktop assessment on the use of its branch and alternative cash services to ensure customers had adequate access to banking services.
11. Westpac stated that the concerns the community raised in the first four weeks following the branch closure were primarily about technical failures with the Westpac ATM and customers not being able to use cardless cash services. It said it did not receive any concerns after this issue was rectified.
12. While recognising the steps taken, we consider them to be inadequate in supporting customer transition and addressing concerns raised by the community, as set out below.

## Findings

13. We reviewed Westpac's response and found that it had breached paragraphs 14 and 36 of the Code in a serious and systemic manner.

### A breach occurred

14. Westpac breached its obligation to comply with the requirements in the ABA Branch Closure Protocol to provide customers with information about accessing its services and to offer customers assistance to access alternative banking products and services when closing a branch.
15. Westpac's communication strategy failed to provide detailed information about transition and support arrangements directly to customers, until it issued a letter 21 days after the branch closed. This delay was unacceptable given the branch was closed with no notice, leaving customers unprepared to transition to other ways of banking.
16. Westpac also breached its obligation to adequately assist its Tennant Creek customers, who reside in a remote community, to access and undertake banking, in its implementation of transition support to alternative banking services.
17. Westpac did not adequately consider the unique context of the Tennant Creek community and potential assistance its customers may need to transition to different ways of banking.
18. The inadequacy of customer support provided to affected customers impacted local community organisation, CatholicCare NT,<sup>1</sup> who reported a significant increase in demand for services. CatholicCare NT reported affected customers included those at risk of digital and financial exclusion.

---

<sup>1</sup> In March 2023, CatholicCare Northern Territory made a submission to the Senate Inquiry into Bank Closures in Regional Australia, which highlighted impacts of the Westpac Tennant Creek branch closure.

19. Although Westpac deployed its remote services team at the end of October 2022, we do not consider the provision of one month on-the-ground assistance adequate to support customer transition. Further, and despite ongoing concerns raised by the community, this support was only provided five weeks after the branch closed – an unacceptable delay in managing the immediate impacts of the branch closing with no notice.

### **The breach was systemic**

20. The breach was systemic as it impacted all customers who normally conducted their banking at the branch. Westpac confirmed that when the branch closed, 3,398 customers were domiciled to the branch.
21. CatholicCare NT reported a significant number of customers affected by the branch closure, with up to 20 to 30 customers per day seeking CatholicCare NT's assistance to access Westpac banking services immediately following the branch closure.
22. Westpac's failure to support customers to transition persisted over an extended period of time and is evidence of systemic failings in the bank's preparedness to respond to customers, address concerns raised by the community, and comply with Code obligations.

### **The breach was serious**

23. Though Westpac took some innovative steps to help support customers, such as its arrangement with the remaining major bank to return ATM cards, we consider the breaches are very serious in nature, for the following reasons:
  - a. The breaches posed a high risk of harm to customers – the members of the community who were most affected, or at risk of being most affected, by these breaches were those potentially experiencing vulnerability and were not equipped to handle the transition with no notice or assistance.
  - b. Westpac's response was inadequate and slow, despite concerns being raised by the community and the BCCC.

## **Outcome**

### **Sanction**

24. Paragraph 214 and 215 of the Code, gives us the power to apply sanctions to a Code-subscribing bank when we find a serious or systemic breach of Code obligations.
25. In this instance, we have decided to apply a sanction to name Westpac and publish details of their non-compliance on our website and in our Annual Report.

### **Reasons for sanction**

26. We carefully considered a range of factors, including Westpac's responses and the actions it took to implement additional support for customers following its decision to

close the branch.

27. Westpac explained it acted out of concern for its staff safety when closing the branch. However, our findings are specific to Westpac's actions following the branch closure, namely significant and protracted failures to support customers and respond to community concerns.
28. We decided to name Westpac because:
  - a. There was a lack of consideration for the widespread impact and potential harm to customers following the decision to close the branch, particularly for customers that normally conduct their banking at the branch.
  - b. The delays in providing essential information to customers, and inadequate on-the-ground support from Westpac, caused significant challenges for customers. This had a flow on effect of inundating the local community group with requests for support. As a result, the community group had an unanticipated demand on their services from impacted Westpac customers that required them to divert their resources, reducing their capacity to carry out their other services and activities.
  - c. Based on the systemic and very serious nature of the breaches, it is appropriate to hold Westpac publicly accountable for its actions and the detriment caused.
  - d. It is important that the community is made aware of Westpac's failures and the protections they are owed under the Code, noting that banks have an obligation to:
    - i. Provide customers with information about accessing services and offer customers education, training and assistance to help them adjust to changes in the way they access their alternative banking products and services.
    - ii. Actively engage with customers and the community and formally respond to queries and concerns about the closure of a branch.
    - iii. Assist customers residing in remote communities to access and undertake banking.

## Good practice

29. When closing a branch, banks should carefully consider the impact and specific context of the branch being closed, including the preparedness of customers to move to new ways of banking. This should inform the bank's arrangements for supporting customer transition.
30. It is vital that banks are timely in communicating branch closures and changes to ways of banking to customers. The method of these communications must be effective in reaching the affected customers (i.e. direct communication) and contain sufficient information so that customers are adequately supported to transition to new ways of

banking.

31. Banks should closely engage with customers and the community to address concerns and ensure adequate support is provided to assist customers to undertake banking services.
32. It is also important to recognise that circumstances may continue to evolve following a branch closure. Banks must ensure it has measures in place to identify issues, and maintain ongoing engagement with customers and the community, to ensure it is promptly addressing new or emerging concerns affecting customers following the branch closure.

## Appendix

### BCCC functions and powers

33. The Banking Code Compliance Committee (BCCC) is an independent compliance monitoring body established under paragraph 207 of the [2019 Banking Code of Practice](#) (Code). Our purpose is to monitor and drive best practice Code compliance.
34. The BCCC's role, powers and functions are set out paragraph 211, and 214 and 215 of the Code and in the [BCCC Charter](#) (Charter).
35. The BCCC's [Operating Procedures](#) outline the procedure for conducting investigations, including the process for making a finding and imposing sanctions.
36. The BCCC's [Guidance Note No.1](#) outlines the factors that the BCCC will consider when determining whether a breach is 'serious' or 'systemic'.