

Bank closures in regional Australia

March 2023



- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Oberon
- Orange
- Parkes
- Weddin

CENTRAL NSW
JOINT ORGANISATION



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Joint Organisation

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27 March 2023

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Re: Bank closures in regional Australia

Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 177,000 people covering an area of more than 51,000sq kms comprising the eleven Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: [Strategic Plan & Regional Priorities - Central Joint Organisation \(nsw.gov.au\)](http://www.centraljo.nsw.gov.au/strategic-plan)

This response is informed by policy developed in region.

CNSWJO understands the Terms of reference for the inquiry seek to understand the current extent of bank closures in regional Australia, with reference to:

- a. *the branch closure process, including the reasons given for closures;*
- b. *the economic and welfare impacts of bank closures on customers and regional communities;*
- c. *the effect of bank closures or the removal of face-to-face cash services on access to cash;*
- d. *the effectiveness of government banking statistics capturing and reporting regional service levels, including the Australian Prudential Regulation Authority's authorised deposit-taking institutions points of presence data;*
- e. *consideration of solutions; and any other related matters.*

CNSWJO seeks to address *b. the economic and welfare impacts of bank branch closures.*

The Central NSW JO speaks for over 157,000 people covering an area of more than 47,000sq kms comprising of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Oberon, Orange, Parkes, and Weddin.

It is particularly galling for communities in the Central NSW region to see the extraordinary profits being made by the banking sector concurrent with a lower level of service to the people of Australia. Importantly, the people of regional Australia are impacted the most. Then, the more vulnerable and isolated cohorts of these communities are impacted even more.

Overlooking the profit motive, the purported theory behind branch closures is that banking can be done online and any impacts will be minimal. The impacts are not minimal and include;

1. Poor internet usage for this region where 72.45% of households in Central NSW are connected to the internet which is well below the 82.5% across NSW. ^[1] This means all these households cannot internet bank and can therefore only in person bank. Aggregated service support has been provided by Australia Post where they have branches however this does not support all banking transactions.
2. Knock on effects to the economy, community perception and livability. When customers leave the town to do their banking they also buy other goods and services which reduces the money circulating in the smaller communities' economies putting at risk other local businesses. This affects how the community perceives itself – as a dying place where services withdraw. Ultimately livability is strangled eroding locational preference factors;
3. The most vulnerable, least educated and oldest being the most impacted where each of these cohorts has a greater representation in this region than others in NSW. ^[2]
4. Cybersecurity for banking is requiring more “in person” banking activity for example in transferring large amounts of money including when buying property or undertaking the role of Power of Attorney. The use of online meetings is to some extent ameliorating this.
5. Business reporting issues with cash handling reducing their ability to trade and impacting their sustainability.
6. Other industry productivity is impacted as workers and businesses take time to travel further to do their in-person banking.
7. The associated costs of travel including taking on the road safety risk, again regional people have higher risks than their metropolitan cousins. The more remote the worse it is– the customer paying-potentially with their life.
8. The impacts of forcing community members to change banks with all its associated administration, loss of any long-term customer benefits and for the less able members of the community – confusion, hardship and associated economic suffering.

The assumption that online services are good enough to replace in person banking is flawed. Rather, it is disabling regional communities, particularly its most vulnerable. Any aspirations to close the gap, support our elderly and disabled are harpooned by bank branch closures. Impacts on regional business, aspirations for growth and community livability are profound.

^[1] <https://www.centraljo.nsw.gov.au/co-operative-projects/> - Our PlaceMat

^[2] Ibid

