

Submission to the Regional Banking Taskforce Issues Paper

December 2021

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA receives funding support from the NSW Government Departments of Communities & Justice and the Australian Government Department of Health.

Banking services are an absolutely essential service, and the closure of bank branches directly impacts people's ability to access this service. There is a cohort of people who will never be able to use internet banking services for a range of reasons, some of which will be addressed in this submission. CPSA is of the opinion that this Issues Paper does not accept that this cohort of people exists and ultimately fails to address the need for a banking services safety net that ensures every Australian, regardless of their age, technological skills, and personal banking choices, has access to banking services. A banking services safety net must include access to face-to-face services via a comprehensive Bank@Post service or a banking hub with staff on hand. Safety net services must provide all banking services with the option of face-to-face interaction so that all people may confidently carry out their banking activities.

CPSA welcomes the opportunity to comment on the Regional Banking Taskforce's Issues Paper. Not all the identified questions of the Issues Paper are relevant to CPSA's concerns; as such CPSA has provided responses to questions 1, 4, 6, 8 and 10.

**1. How are Australians changing the ways they are accessing banking services? What are driving these changes?**

CPSA has heard anecdotally from its members and constituents that older people are trying to maintain the way they have used banking services for decades, which is primarily via face-to-face services in branches. With bank branches closing, CPSA members have said they are travelling further to bank branches after their local branch has closed, changing banks to ones with branches located more locally, or using Bank@Post services where they are available. When a bank branch closes, it appears to be that a common response is to look for face-to-face alternatives. CPSA has heard from several people who have cited bad experiences with online scams and fraud, poor internet coverage in regional areas, an inability to confidently use technology or a familiarity with face-to-face banking as the key driving forces that keep older people in search of bank branches.

#### **4. What are the impacts of regional bank branch closures on the banking needs of individuals?**

The 2004 Parliamentary Inquiry into bank branch closures as is summarised within the Issues Paper outlines most of the negative impacts people experience because of regional bank branch closures. Of those impacts, the most relevant for CPISA's constituents are the inconvenience and safety implications.

In addition to these impacts, there are mobility issues related to driving that arise in later life. NSW is the only state in Australia that has introduced modified licenses. In NSW, when a person turns 85, they must pass a practical driving test every two years to maintain an unrestricted licence or opt in to have their licences modified. Restrictions on modified licences may include setting a distance a person may travel from their home, ranging from a 2km to 100km radius. Holders of distance-restricted modified licenses may not be able to drive to the next closest bank branch when their local branch closes. These mobility impacts are not only affecting those on modified licenses, but older people are also voluntarily giving up their driver licences as self confidence in their ability to drive decreases. It is also quite common for there to be one driver as part of a couple, if the driver in the relationship dies before the passenger, the non-driver is left far less mobile. Additionally, if a bank branch that is easily accessible via public transport is to close, non-drivers again will struggle to access banking services. The combination of a lack of agency, low level of digital literacy and a lack of nearby bank branches causes great difficulty for people in regional areas to access banking services.

#### **6. Are there particular issues in the provision of banking services in regional Australia for specific vulnerable groups?**

Older people and people who live alone, should be viewed as a group that is vulnerable to the closure of bank branches. Although the digitisation of banking services is being rapidly adopted by Australians, digital ability declines with age. According to the 2021 Australian Digital Inclusion Index (ADII) there is a significant drop in digital ability after the age of 55 and this ability continues to drop with age, as the 65–74-year-old age cohort recorded the worst digital ability scores in Australia.<sup>1</sup> The ADII also pointed out that the composition of the

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<sup>1</sup> Thomas, J., Barraket, J., Parkinson, S., Wilson, C., Holcombe-James, I., Kennedy, J., Mannell, K., Brydon, A. (2021). Australian Digital Inclusion Index: 2021. Melbourne: RMIT, Swinburne University

household contributes to digital ability. Australians who live alone scored lower on the Index than couples with children.<sup>2</sup> Therefore older people who live alone and do not have access to younger family members or friends, face more difficulty than any other cohort of people in utilising digital banking services.

**8. Are there facilities, services and products provided in bank branches that are not available through alternatives like ATMs, Bank@Post, phone banking, mobile banking, the telephone, and the internet?**

CPSA members expressed concern that although the Bank@Post services may offer many of the services bank branches offer, not all financial institutions allow their customers to use such services. For example, Bank@Post services are not available for ANZ customers, so they are not an alternative for ANZ customers. Additionally, people cannot open new accounts or organise loans and therefore are not accessing an equivalent banking service that is available at a bank branch. Bank@Post services or something similar that offers face-to-face services may be considered a replacement to bank branches if all financial services were required to sign up to Bank@Post services and if all banking services were available. Even if this happens, Bank@Post cannot be considered a universal solution to the widespread closure of bank branches.

**10. Are there any alternative models for the provision of banking services that could be considered for adoption by banks in Australia?**

The New Zealand banking hub that was outlined within the Issues Paper may potentially be a good alternative to bank branches. However, it appears this hub would not be able to accommodate people who only use passbooks. Including banking services that can process passbooks is significant for older people who utilise this service. CPSA understands banks do not view passbooks as a significant component of their services in the future. However, CPSA has recorded anecdotal information from its members about the safety and anti-anxiety effects passbooks provide for some older people. Australians aged over 65 are the age cohort that is the least online in Australia and are most likely to fall victim to online scams

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of Technology, and Telstra, p.13-14. [Click here to access.](#)

<sup>2</sup> Ibid, p.7.

or fraud<sup>3</sup>. The fact that a passbook cannot be hacked, offers a peace of mind component for older people that may not be realised by banks. Including passbook services in potential alternative banking services should be an important consideration.

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<sup>3</sup>Emami, C., Smith, R. G., & Jorna, P. (2019). Online fraud victimisation in Australia: Risks and protective factors (No. AIC Research report 16). Australian Institute of Criminology, p.61. Access here: [https://www.aic.gov.au/sites/default/files/2020-05/rr16\\_online\\_fraud\\_victimisation\\_in\\_australia-v3.pdf](https://www.aic.gov.au/sites/default/files/2020-05/rr16_online_fraud_victimisation_in_australia-v3.pdf)