

Finance Sector Union Submission to
the Regional Banking Taskforce
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**Finance
Sector Union**

Finance Sector Union

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Regional Banking Taskforce

Introduction

The Finance Sector Union

The Finance Sector Union (FSU) is a registered industrial organisation under the *Fair Work (Registered Organisations) Act 2009*. The FSU represents members in the finance, banking, and insurance industry in Australia. This industry consists of approximately 459 000 employees nationwide (approximately 3.5% of the workforce)¹ with women making up approximately 54.7% of the total number of workers within the sector. The FSU has been at the forefront of efforts to ensure face to face banking services are provided in regional and remote settings and that sustainable jobs are protected and created.

The Taskforce

We believe excluding the FSU from the taskforce was and remains an egregious mistake. We wrote to all the co-chairs of the taskforce and emphasised that the issues the taskforce are examining are above the normal day to day partisan politics and that we prepared to put aside any historical antagonisms to work proactively with the taskforce members. That it took several weeks to respond to our letter with a patronizing 'form letter' response is beneath the dignity of this taskforce in our view. We again state for the record that there is no member of the taskforce that is better equipped to provide the views of finance sector workers other than the FSU; the only representative organisation for workers in the finance sector.

This submission

The FSU will discuss the pertinent issues under the following broad headings:

- Bank branch closures
- Sustainable and secure jobs for regional workers
- The move to digital banking
- Possible Solutions.

¹ <http://lmip.gov.au/default.aspx?LMIP/GainInsights/IndustryInformation/FinancialandInsuranceServices>

Bank Branch Closures²

Once upon a time securing a role in a retail banking branch meant a worker had pretty good job security. In recent years the number of retail branches has decreased dramatically³ as companies have sought to reduce costs – retail banking is the most expensive type of banking to operate and maintain.

The banking sector has long been planning for a decrease in retail banking branches and in 2014 predicted a decrease in retail banking by 2020, of approximately 20%.⁴ The strategy to reduce retail banking branches has been accelerated by the COVID-19 related state and national lockdowns with an additional 350 retail branches closed or planning to be closed by the big 4 banks between January 2020 and the end of 2021.⁵

This comes on top of the 640 branches closed by all banks between 2017 and December 2019. Workers in retail banking are finding themselves wedged by their employment contracts and target setting regimes. For many workers in retail banking, they must meet performance targets to reduce the number of customers coming into the branches. They are trained and coached to redirect customers to ATMs and/or online banking to reduce foot traffic in branches. If they fail to meet these targets, they may be subject to performance management and in some cases termination of their employment.

If they meet the targets, then the reduction in customer numbers and branch transactions leads to their branch being slated for closure. Either way these workers face high levels of job insecurity. The majority of front-line retail banking staff are women⁶ which means that the job losses due to branch closures disproportionately impacts women who have much lower job security than their male counterparts - who are more likely to work in business banking and sales roles.

For both individuals and businesses, there are also safety and security matters arising from the lack of access to a branch; the loss of economic opportunities; limited choice in obtaining professional advice and finance, especially venture capital; and potential exclusion from the financial world. The loss of a bank branch, especially if it is the last one in town, has wide reaching implications for the economic and social life of the community. Some regard the departure of a bank as the 'beginning of the end for a small town'.⁷

² Excerpt taken from FSU Submission to Senate Inquiry into Job Security October 2021

³ <https://www.fsunion.org.au/fsu-campaigns/branch-closures/>

⁴ <https://www.pwc.com/gx/en/banking-capital-markets/banking-2020/assets/pwc-retail-banking-2020-evolution-orrevolution.pdf>

⁵ <https://www.afr.com/companies/financial-services/big-four-banks-shut-350-branches-during-virus-crisis-20210711-p58805>

⁶ <https://joboutlook.gov.au/occupations/bank-workers?occupationCode=5521>

⁷ https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/Completed_inquiries/2002-04/banking/report/b02

Case Study

January 2020-October 2021

350 branches closed 2000 job lost

Metro 219 **Regions 131**

| Bank Total | M | R |
|-------------------|----------|----------|
| ANZ 157 | 85 | 72 |
| CBA 98 | 65 | 33 |
| WBC 77 | 59 | 18 |
| NAB 18 | 10 | 8 |

Totals 350 219 131

The remainder are made up of Bank of Queensland Suncorp, Credit Union Australia, and smaller banks.

Rate of closures

The number of branch closures has risen sharply over the last 2 years. 350 branches have closed, 2000 jobs lost. And while we have seen the number of branches decline – the trend is the same for ATMs, whose numbers have begun to drop off as the banks put the cost of maintaining the networks above the local needs.

NSW and VIC have seen the biggest cuts with close to 100 branches across each state closing.

ANZ is the bank that has reduced its footprint most decisively with 130 closures

The savage cuts by the banks of a banking presence are a blow to local communities, and in particular the forgotten Australians including those with disabilities, low levels of digital literacy and those with limited access to transport and of course older Australians. When we saw a similar rate of branch closures in the early 2000's the Government took the issue seriously and held an all-Party inquiry.

Not everyone can do their banking online and this Government does not have a plan to ensure to that our most disadvantaged have access to banking services.

Banks & The COVID Pandemic

Bank workers were declared as essential in the recent pandemic however Banks are using the cover of the crisis to justify these closures. The impact on local communities that rely on this essential service will be devastating - both in terms of access to banking services and of course the impact on local jobs.

Essential services

While many businesses were forced to close during last year's national Covid lockdown, the Government declared banks as an essential service and that mean that needed to keep their branches open.

So, what's changed? These closures show that banks no longer regard their businesses to be an 'essential service' and do not care about staff or local communities.

For every worker in a retail branch, they all face a very uncertain future and for many the inevitability of job losses. These workers are shattered at the prospect of losing their jobs at such a time of uncertainty. At a time when we need more secure jobs how can our most profitable banks turn its back on the very workers that carried us through the pandemic.

Bank workers on the front line were the forgotten heroes of the Covid crisis-often missed in the public narrative about frontline and essential workers but it was these workers – some of the lowest paid across the finance sector who played a critical role in keeping the economy on track by ensuring that communities and businesses had access to banking services. It was these frontline finance workers that were dealing with more stress, anxious, vulnerable and at times aggressive customers because of the circumstances caused by Covid 19.

Who do these closures impact on the most?

FSU Survey of Regional Members

In response to the question: '**Have you noticed any particular group of people find it more difficult to move to digital banking**'? 97% of respondents mentioned the aged, the elderly, and pensioners sometimes in tandem with 'lack of access to the internet', or 'not confident using a smartphone'.

Comments:

- My husband and the elderly. My parents also needed branch assistance this year and the nearest branch where they were was over 2 hours away as smaller towns had lost their branches. Post offices limit withdrawals to \$100.00 due to lack of cash.
 - Older Australians do not always have access or the competence to deal with online banking - or using eftpos facilities - my Mother is one of these - the number of times she has been embarrassed in the local supermarket and breaks down in tears because she cannot cope is distressing
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- The older community was especially affected as they had no alternative but to visit Auspost. They found this difficult if they wanted more banking information than a basic transaction. They also were not comfortable in having a 3rd party company knowing their financial details.
 - Older customers in small regional towns. They lack the access to technologies, and they lack transport to attend access points such as the branch, or library where they could use computers etc. Small regional towns have very limited bus services, and I know firsthand at least a dozen elderly customers that rely on these, in most instances the regional bus only runs twice daily, and it's all they can afford, most could not afford to take a taxi to attend the branch, often residing more than 20 minutes away.
 - We have a large group of elderly in our community who don't even have mobile phones or computers. There has been a flow on from the fear of covid with access concerns if the bank was to close so they have set up internet banking and card access, but they are not confident in these areas and would still require assistance to use if required.
 - The older generations find digital banking difficult. These are the ones that cash cheques and pay their staff with cheques who in turn must visit a bank to either deposit or cash their cheque. Some younger farmers and those that live out of town are also not interested in digital banking because they either have no interest or lack interest reception. A lot of the elderly and those that live out of town do not have smart phones.
 - We have a lot of elderly people, over 60/70's even up to 100 years old who won't use internet, and most won't even have a debit card, they still use cheques. They would be severely impacted.
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Sustainable and secure jobs for regional workers

Banking is an essential service. In the Australian community when a local bank branch closes it has a much broader impact than simply just the removal of an essential service from the local community. The “Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia” which took place almost 20 years ago (January 2004) noted that :

“Where banks have withdrawn their branches, residents and businesses experience a number of problems such as the trouble, anxiety and costs associated with rearranging or transferring accounts, the uncertainty of having to adapt to new ways of banking and the inconvenience involved in travelling long distances to conduct face-to-face banking.

For both individuals and businesses, there are also safety and security matters arising from the lack of access to a branch; the loss of economic opportunities; limited choice in obtaining professional advice and finance, especially venture capital; and potential exclusion from the financial world.

The loss of a bank branch, especially if it is the last one in town, has wide reaching implications for the economic and social life of the community. Some regard the departure of a bank as the ‘beginning of the end for a small town’.”

In the 17 years since this Inquiry took place thousands more local bank branches have closed leaving many more communities vulnerable.

FSU Survey of Regional Members

In answer to a question on an FSU survey to regional **members ‘If your local branch closes will you find it difficult to get a new job’** 86% of respondents said ‘yes’. A selection of comments are below:

- “Absolutely, mainly because of my age. They say ageism doesn’t impact over 50’s but it does. It took me about 18 months to get my job”.
 - Yes, as the next branch is over 3 hours away and being rural there is a limited amount of jobs
 - My branch HAS closed, and I have had a hand full of interviews. Due to my 7 months of experience, it is not enough to get another job.
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- Yes. As I am on a contract and the bank has no obligation to find a position for me internally. There is also limited work with the hours and pay I need to keep up with my financial requirements. I will be forced to travel possible as far as 1.5hrs away to work.
- My local branch did close, I was told I had to get a role in the next town over as part of my contract. It's 32km away. I expect that this branch will also close soon. Then the next nearest branches will be 104 km away in one direction or 64 km in the other direction.
- Incredibly, I have no labour skills which are the main jobs going at the moment in my town. The only chance I would have would be transit to work and that won't work well with a young family. I don't want to miss my kids growing up just for the bank

A smaller number of respondents indicated that they could possibly find work in other local industries.

The Move to Digital Banking

The Australian Banking Association (ABA) like to cite research that shows more than 80 per cent of Australians preferred to check account balances, pay bills, or transfer money online.

The say the pandemic had accelerated trends in society and changed the way we live, with working from home now a permanent feature of the workforce that we, as a society, have steered away from using cash and as a result are seeing an increase in card and technology payments, and the existing trend of doing banking online instead of in a branch has only continued.

Banking has changed

Banking is evolving, but we want banks to ensure that the way that they deliver their services makes them accessible to communities and provides good secure jobs for people. The banks claim that the public prefer to complete their financial transactions online and it is easy for the blanks to blame customers for these closures. However, they are the ones enforcing this change – it has long been part of their business model and bank staff have had targets imposed on them to convert customers to digital banking.

They have had limits placed on the number of over-the-counter transactions and how many new online banking accounts they had to open – so effectively workers have participated in the demise of their own jobs. Not everybody can move to digital banking – people with disabilities, those with low levels of digital literacy, and those with English as a second language or limited access to transport.

Profits & 'Stickiness'

Banks claim that this is about customer preferences but when you stripe it right back its about money – they close branches so that they can reduce staff numbers, save money on wages and rents, increase profits, and ultimately benefit from branch closures. Bank also claim that they changed post Royal Commission, but the sales at all cost culture is alive and kicking. If your branches doesn't sell enough bank products – if you don't write enough loans, increase credit card limits then you know that the death knock is around the corner. If it was about customer needs as the banks claim, then we wouldn't see these closures – they can afford to keep every branch open, they choose not to. Why?

One of the big 4 Banks let the cat out of the bag during the Hayne Royal Commission into the Finance Sector. The Bank claimed that in spite of branch closures and on balance, customers would remain as customers because they were 'sticky'. Customer Stickiness' is a retail marketing concept that refers a situation when a customer chooses to buy a product more than once due to aspects of the value proposition, such as product quality, convenience, pricing, engagement experience and other transactional factors.

Banks are an essential part of our communities and neighborhoods, and Australians need to be able to access face-to-face banking services where they live. We know that when bank branches close there are ramifications for the community and other business in town suffer. Bank staff have told the Union they are shattered at the prospect of losing their jobs at a time of such uncertainty, with little prospect of getting more work. We expect more from our most profitable financial institutions and it's time the banks stopped slashing services and sacking staff.

FSU Survey of Regional Members

In answer to the question: **'Do you feel pressure to migrate customers to digital banking'?** 91% of survey respondents said 'Yes'.

- Yes, unable to open any account that a customer requests unless they are registered for internet banking and if we disable them due to them not wanting internet banking we are penalised as it is a target, we need to reach.
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- Every day, spun as we are educating them for a time when there will be no branches, so this is our best way to help them
 - Yep! Just the other day we were told that we're not allowed to deposit cash into customers credit cards. We have to tell them no we can't do it and take them to the atm.
 - Yes, I feel it is unfair to force customers to digital. I feel that by being unable to open an account unless registered for internet banking may be placing our customers at a greater risk of fraud.
 - Yes. We are paid a bonus for doing this. This acts in a catch 22 situation as once converted, staff are cut and then branch hours and then closures.
 - Extreme pressure. We are now unable to open a simple essential transactional account for a customer if they don't have an email address, which is extremely discriminating and potentially risky for the majority of elderly customers who have never and will never use email.
 - Every single day. Your customer interactions get converted to numbers and those numbers make you look like a failure because they should be tracking down not up!
 - All the time, I've been working in banking for 10yrs now, huge push to digital in early days, now that has been accomplished, low and behold our branch is one of those cut to 1/2 day opening. However, we still have the same amount of customers to serve in half the time.
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FSU Solutions

- The finance sector should be declared an essential service and an industry wide group should be convened to determine minimum levels of services in regional and rural areas.
- Once these minimum service standards are determined any future branch closures should be assessed against these minimum standards and if the standards are breached closures should not go ahead.
- The multi branch concept where Bank's trade for a shorter time and then bank workers do call centre work these are the types of solutions that should be considered in rural areas. The NAB did a roll out of this and then started closing branches why can't they adopt this model across the network?
- Mobile branches that rotate through key regional towns would allow the banking footprint to actually increase whilst providing a better cost base for the service.

NB: Since October another 40+ branches have closed bringing the total number to over 400 since January 2020 with scores of additional jobs lost as well.
