

Opening statement to the Senate Committee

Before I begin my opening statement, I wish to acknowledge the traditional owners of the land that we are meeting on and pay my respects to their Elders past and present. The Aboriginal people of Gippsland are the Gunaikurnai people. The Brayakaulung clan occupied territory around the current site of Sale. Wayput being the Gunaikurnai name of the area.

Thank you for the opportunity to appear at this important hearing. My name is Wendy Streets, and I am the Local Executive Secretary of the Queensland branch of the Finance Sector Union (FSU). The FSU has represented workers in the finance, banking, and insurance industry for over 100 years. This industry consists of approximately 4% of the workforce with women making up approximately 50.2% of the total number of workers within the sector. The majority of FSU members are women as well. The FSU has been at the forefront of the branch closure issue and has campaigned long and hard to retain banking jobs and services in regional communities.

Today you have heard from representatives of the Banking industry that regional branch closures are solely driven by customer preference. That customers are voting with their feet and crying out for digital options to do their banking instead of the traditional branch model of service. Get used to it as they will repeat this ad nauseum for the duration of this inquiry. You heard phrases such as 'we want customers to be aware of all their banking options' and heart-warming stories of the convenience of banking when you want.

These are 'weasel words' in our view. The Banks claim that the public prefer to complete their financial transactions online however it is disingenuous for the Banks to single out their customers as the reason for these closures. It is the Banks that are enforcing this change – it has long been part of their business model. The Banks have engineered the move to digital and herded their customers into these options.

Yes, we acknowledge that banking has changed and is evolving we aren't Luddites, however we want banks to ensure that the way that they deliver their services makes them accessible to all communities and provides good secure jobs for people.

One of the big 4 Banks let the cat out of the bag during the Hayne Royal Commission into the Banking and 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 to a situation where a customer will choose to remain loyal for convenience.

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 been made to participate in the demise of their own jobs. I am sure many of us have had the experience of walking into a branch and being ‘headed off at the pass’ by concierge staff gently moving you away from the counter to the ATM. And I’m sure we have all had the experience of the internet being down or access to a banking app unavailable due to tech problems?

Here are 3 verbatim examples out of hundreds from our members:

- “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”.
- “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.”
- “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.”

There are always early adopters of new technology however not everybody can move to digital banking – people with disabilities, the aged, those with low levels of digital literacy, and those with English as a second language or who have limited access to transport. Unstable internet in regional and rural areas means customers can go for hours without access to their funds. What do people who live in places like Coober Pedy, where the next bank branch is 500 miles, do when the internet is down? They don’t have a choice, they wait and wait.

As you heard from the representatives of local councils, internet connections in the local region are low and unstable despite investments by the NBN.

As the Banking Code Compliance Committee (BCCC) have noted branch closures in regional areas disproportionately affect small business customers as Australia Post outlets do not fully support the needs of small business customers. These Small business customers then have to travel further to access a branch to access the services they need. Aboriginal and Torres Strait Islander customers in regional and remote communities already face enormous challenges in accessing banking services, and these challenges are exacerbated by branch closures.

And forget about the internet in these remote areas. Tell that to the indigenous communities in Tennent Creek where WBC is closing a branch, how they can use digital channels when they don't have widespread internet. They don't even use their bank cards they often just go into branch and use their photo id to take money out. That is the value of face to face service in these regions: establishing a relationship with banking staff. How do you do that with the internet or an app?

You may also hear from the same Banking representatives that most of the profit they make is returned to shareholders, that we all have a stake in the Banks making bigger and bigger profits through our super funds, and that 'Mum and Dad' shareholders live for their dividend payouts. Please! It is no longer acceptable for the Banks and their club, the Australian Banking Association (ABA), to continue to play a dead bat every time they are asked about branch closures. They endlessly repeat their talking points without acknowledging that these are commercial decisions to boost profits and without acknowledging the harm they are doing to thousands of communities and the people who lose their jobs. They need to remember that it is the taxpayer that often comes to their rescue when the going gets tough.

And you have heard that most of the big 4 banks pay the Post Office to provide banking services in areas they no longer exist. The ANZ are not part of this deal. The banking services provided by the Post Office are extremely limited and we know whilst their staff will do their best, the Post Office is not a viable alternative to branch level service. As I have previously noted small business customers cannot access the services they need from an Australia Post access. In fact, anything more complex than simple deposit and withdrawal services are unavailable at Australia Post.

According to the statistics the Union keeps we estimate that there have been over 1300 hundred branch closures in Australia since 2016 however we believe the true number is even higher possibly at around 1600+ with approximately 500 regional closures. Over 2000 jobs have been lost in that time. The FSU is only notified by a closure when the Bank involved issues a notification of major change-an IR requirement-that involves redundancies and redeployments of our members. However, we don't always get notified especially by the smaller banks who don't think their restructuring requires a notification of change to be issued.

This notification is not a notice of a branch closure rather it is as I said a 'notification of major change' because there are implications for our members with respect to their jobs. The FSU does not claim to be the arbiter or source of the correct number of branch closure numbers, nor do we seek to leverage off these announcements with sensationalist media stories. What

we do do however is advocate and fight for our members and the communities they live in and ensure they are treated with dignity and respect throughout this process.

The FSU would obviously like to see better statistics and on the wider front it would be preferable for APRA to keep branch closure stats in real time instead of annually. It is their data base that is the official source for branch closures not the FSU. I note that APRA is going to conduct a review of the way it keeps and reports its statistics, and we look forward to that review.

The FSU is still developing our submission to this inquiry however I can mention some of the ideas that we will propose:

Banking is an essential Service

No guaranteed universal minimum standards for access to banking services exist in Australia. Banking should be declared as an essential service with a minimum set of service standards developed based on principles of accessibility, affordability, transparency, fairness, security, and responsiveness.

A new code for branch closures

There is a desperate need for a new protocol for bank branch closures that should be done in consultation with all relevant stakeholders. Based on the UK model the code should have three phases: Initial announcement, post announcement and pre-closure, and post closure. This code should be monitored and enforced by the appropriate regulator and strict penalties considered when the code is breached. The Banks too easily ignore their current voluntary code and if they breach the code, the punishment is akin to 'being flogged with a wet lettuce' as Paul Keating once said.

Community Impact Assessment

When closing a bank branch bank customers and stakeholders should have the right to transparent and accessible communication of closure information and its impact on customers and stakeholders. Banks should be required to conduct a community impact assessment to understand the potential effect of a branch closure on customers and the local community. This should consider factors such as the availability of alternative banking options, the accessibility of these options, and the potential impact on vulnerable customers.

Presently the NAB are the only major bank that attempts to conduct some sort of impact statement. We have heard from the ABA that a template is in development and our view is that this template should be put out for consultation to all stakeholders rather than just an internal consultation.

An Appeal and 'Right of Review' Mechanism

Finally, an appeal mechanism should be introduced based on providing customers and stakeholders with the right to appeal based on a fair and impartial process, clear guidelines, accessible information, opportunity to provide evidence, timely decision-making, and confidentiality. Additionally, a 'right to review' could be implemented so that anytime a regional community is suffering because whatever arrangements the banks put in place before exiting that town aren't working or have collapsed, that community can ask for a review that brings the relevant parties back for further consultation and a fix.

In conclusion, Banks are an essential part of our communities and neighbourhoods, 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 serious ramifications for the community and business in that town. 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 obtaining future work. It is not an exaggeration to say that a bank leaving is the beginning of the end for that community. We expect more from our most profitable financial institutions given their social licence or social contract is built on trust and service.