



Australian Government

Australian Government response to the
Senate Rural and Regional Affairs and Transport
Committee report:

Bank closures in regional Australia: Protecting the future
of regional banking

June 2026

Introduction

The Albanese Government recognises that access to essential banking services is vital for regional communities and is working to ensure Australians have access to fit for purpose and sustainable banking services over the long term.

The Australian Government thanks the Senate Rural and Regional Affairs and Transport Committee for its work on bank closures in regional Australia and welcomes its report.

The Government is grateful to the 609 individuals and organisations who made submissions and provided evidence over 13 public hearings, particularly those who shared their personal experiences with the Committee.

In the period since the inquiry commenced in February 2023, the Government has taken action to support access to banking services in regional Australia. This includes:

- Securing commitments from the major banks for a moratorium on regional branch closures until July 2027 as well as both new and updated Bank@Post agreements between the major banks, Macquarie Bank and Australia Post. Westpac has since extended its branch closure moratorium till July 2030.
 - Introducing the Cash Acceptance Mandate which requires fuel and grocery retailers that meet certain criteria to accept cash payments for in person transactions of \$500 or less between 7am and 9pm from 1 January 2026.
 - Releasing draft legislation for a cash distribution regulatory framework, to ensure the sector is sustainable and can continue to serve the needs of Australians.
 - Releasing the report and subsequent Government response to the Council of the Financial Regulator's (CFR) Review of Small and Medium Sized Banks in August 2025. CFR agencies and the Australian Competition and Consumer Commission (ACCC) committed to nine actions and the Government has accepted in-principle eight recommendations and is seeking feedback on a ninth recommendation.
- Responding to the ACCC's Home Loan Price Inquiry and Retail Deposit Inquiry in June 2025.
- The Behavioural Economics Team of the Australian Government (BETA) releasing its research on barriers to financial product switching in November 2025.

In addition, the Australian Banking Association has updated the Banking Code of Practice and Bank Branch Closure Protocol, which came into force on 1 July 2023 and 28 February 2025, respectively.

Response to the recommendations

Recommendation 1

The Committee recommends that the Australian Government adopt a policy recognising access to financial services as an essential service. To this end, it should commit to guaranteeing reasonable access to cash and financial services for all Australians.

Australian Government response

The Government **notes** this recommendation.

The Government recognises that access to cash and bank banking services are critical to regional Australia. As more Australians move to online banking, the Government is taking action to make sure regional communities are not left behind.

On 11 February 2025, the Treasurer announced that the Government had secured a package of commitments from the banks to ensure banking services remain available in regional Australia. The commitments include a major bank moratorium on regional branch closures until July 2027 as well as new and updated Bank@Post agreements with Australia Post. Westpac has subsequently announced an extension of its moratorium to 2030.

The Government is continuing to work with regulators, industry and communities to ensure our regions have access to fit-for purpose and sustainable banking services over the long term.

In the 2023 Strategic Plan for Australia's Payment System, the Government committed to support Australians access to cash for as long as they wish to use it. From 1 January 2026, new rules mandated by the Government require fuel and grocery retailers to accept cash in certain circumstances, with appropriate exemptions for small businesses. In addition to fuel and groceries, Australians can pay their bills in cash at their local Australia Post outlet through Post Billpay.

In April 2026, the Government released draft legislation for a cash distribution regulatory framework to support the sustainability of the sector and access to cash for Australians. The draft legislation includes powers to ensure cash distribution services are provided on fair terms, minimum service level standards for regional customers, and that regulators have appropriate powers to support continuity of critical services. The draft legislation follows recommendations from the Council of Financial Regulators.

Recommendation 2

The Committee recommends that the Australian Government commission an expert panel to investigate the feasibility of establishing a publicly owned bank. In investigating this, the panel should examine options including but not limited to a stand-alone public bank or one associated with, and using the branch network of Australia Post.

Australian Government response

The Government **does not support** this recommendation.

The Government believes a well-regulated and competitive market for banking services is the best way to achieve the goal of promoting access to value-for-money financial services that meet the needs of businesses and consumers.

The establishment of a publicly owned bank would carry significant costs and risks for government and, ultimately, taxpayers.

Bank@Post services already support the provision of banking services for over 75 banks in more than 3,300 locations, including more than 1,800 locations in regional and remote Australia.

Recommendation 3

The Committee recommends that the Australian Government urgently develop a mandatory Banking Code of Conduct or Customer Service Code (Code), incorporating a robust branch closure process, to be administered by a regulator with expertise in consumer protection. The new Code would require financial institutions to:

- undertake meaningful consultation with communities before a branch is closed;
- prepare and submit a comprehensive report on the potential impacts of the closure and identify alternative financial services in the event of closure; and
- implement and fully fund transition arrangements and ongoing support services which ensure access to cash and essential banking services following a closure.

The committee recommends that the regulator would assess compliance with the Code before any closure is agreed to.

Australian Government response

The Government **notes** this recommendation.

The Australian Banking Association's Branch Closure Support Protocol and Banking Code of Practice were both updated during the Committee's inquiry. The updated protocol came into effect on 1 July 2023 and the updated Code came into effect on 28 February 2025.

The Government has secured commitments from the major banks for a moratorium on regional branch closures until July 2027. Westpac has since extended its branch closure moratorium till July 2030.

Recommendation 4

In enforcing the mandatory Banking Code outlined in Recommendation 3, the committee recommends that the regulator be authorised to approve or defer any closure request. In deferring a closure, the regulator would be authorised to direct a bank to take certain reasonable actions, including to order further consultation or provide additional information to the regulator. The regulator should be provided with a range of penalties should a bank fail to comply with an order to defer closure, or with any other undertaking.

Australian Government response

The Government **notes** this recommendation.

See the Government response to recommendation 3.

Recommendation 5

The Committee recommends that the Australian Government commission the Australian Competition and Consumer Commission to explore the barriers to customers switching banks, with a view to allowing those that open and/or maintain branches in regional, rural and remote towns to attract more business.

Australian Government response

The Government **agrees in principle with** this recommendation.

The ACCC delivered inquiries into the Home Loan Pricing and Retail Deposit Markets in 2020 and 2023 respectively. The Government's response to these inquiries was announced on 15 June 2024. BETA has conducted research to understand barriers to Australians getting a better deal on their banking products and ways to help. Its report was released on 20 November 2025.

On 8 July 2024, the Government asked the CFR, in consultation with the ACCC to conduct a review of competition in the small and medium-sized banking sectors. The CFR Review into Small and Medium Sized Banks' examination also included an assessment of current bank switching activity, including the barriers to, and the benefits of, switching banks and noted that there are a range of reasons why consumers may not switch, including regulatory, structural and behavioural. The Government responded to the review in August 2025 welcoming nine actions from regulators, agreeing in-principle to eight recommendations and seeking feedback on a ninth recommendation.

Recommendation 6

The committee recommends the Australian Government establish the Regional Community Banking Branch Program (RCBBP). The objective of the RCBBP would be to help underwrite the establishment of 'community bank' branches providing in-person banking services in regional, rural and remote Australia. Local communities would be required to raise their own capital as well, but the government contributions could help lower the required amounts. Consideration could also be given to using this fund to help enhance financial services available at Australia Post.

To support the RCBBP, the committee recommends that the Australian Government establish a supplement to the Major Banks Levy to be levied on the major banks. Funds raised by the supplement must be hypothecated to provide funding to the RCBBP.

Australian Government response

The Government **notes** this recommendation.

On 11 February 2025, the Treasurer announced that the Government had secured a package of commitments from the banks to ensure banking services remain available in regional Australia. The commitments include a major bank moratorium on regional branch closures until July 2027 as well as new and updated Bank@Post agreements with Australia Post. Westpac has subsequently announced an extension of its moratorium to 2030.

The Government is continuing to work with regulators, industry and communities to ensure our regions have access to fit-for purpose and sustainable banking services over the long term.

Recommendation 7

The Committee recommends that the Australian Government works closely with the banks and Australia Post, to require all major banks to have agreements with Bank@Post and to harmonise the terms of Bank@Post agreements to improve fairness and sustainability. Specifically, agreements should include increased deposit limits to support small businesses, provisions to facilitate identification verification, and to handle issues around temporary account closures or multiple signatory requirements.

Major banks that do not put in place agreements with Bank@Post to deliver financial services should pay an increased supplementary levy as described in Recommendation 6.

Australian Government response

The Government **agrees in principle** with this recommendation.

The Government has secured new and updated agreements between all four major banks, Macquarie Bank and Australia Post for Bank@Post since the publication of this report. The ANZ and Macquarie Bank agreements are both new agreements.

Recommendation 8

The Committee recommends that the ACCC consider measures to protect access to personal and business banking services in regional, rural and remote locations. This may include, but not be limited to, proposing an authorisation to circumvent anti-competitive laws such that banks can cooperate for the purposes of reducing the impacts of bank branch closures on regional communities.

Australian Government response

The Government **notes** this recommendation.

On 8 July 2024, the Government asked the CFR, in consultation with the ACCC, to conduct a Review into Small and Medium Sized Banks. The Final Report of the Review, released on 6 August 2025, included an examination of lowering barriers to collaboration.

As part of the Final Report, the ACCC committed to communicating its openness to consider proposals involving collaboration between small banks including authorisations to support access to cash. The ACCC also made specific commitments to engage early in the development of proposals and provide clear guidance on options and processes, where relevant.
