

AUS Post - Banking

Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

The Secretary,

We own and operate the LPO in Port Douglas and in recent years are starting to see the Main Streets Banks (MSB's) retreat. This trend follows what has already happened in Mossman our nearest regional centre.

Banking these days in the regions has split functions –

- the first is handling the day to day administration issues with cards and accounts where the person can't complete these tasks on-line as well as providing the deposit and withdrawal of cash; and
- the second is as the instigators of loan applications HOWEVER these decisions are not longer a branch responsibility but go to state offices for risk assessment and final approval.

The second function brings the MSB's into direct confrontation with the newer 'Online Banks' who have no branch representations at all. In our opinion for the MSB's to compete they will continue to close branches and cut staff as these are the only real significant items in the P&L's that they can work on / cut to remain competitive with the newer entrants while maintaining adequate investors returns to compensate their investors for the inherent risks.

The Aus Post Network – of which we are a part – offers a wonderful opportunity to both represent some of the MSB's as well as offering competitive basic banking services to service their local areas. As well a new bank could well offer regional traders better credit card arrangements off the back of the forthcoming 5G Network and possible offering customers credit card facilities as 'more competitive' interest rates.

While we understand that an Aus Post Bank through their deposit taking would be generating liabilities - the asset generation could prosper from the Mortgage Facilitators who operate independently throughout these same regions as well as the large mortgage facilitators who currently 'feed' the MSB's.

The time to act is now so the banking service stays in front of what is happening on the ground with branch closers and with large numbers of people and businesses being disenfranchised from basic banking services.

Yours Faithfully,

Christopher R McCulloch
Licencee