

Mike Elliott,

## Regional BANKING Taskforce submission

I was a resident of a small town in the Pilbara Region of Western Australia for 22 years. During my residency the local bank branch was shut down and we were advised that an ATM was available to service our needs in a town that was 80 kilometres away from our location. This was unworkable and at the time very few people had access to fast internet for internet banking. My wife had a local business, and I was employed by a large mining company. The closure had a negative effect for the bank's customers and local businesses. Until you have lived in a remote area with no access to banking services you do not understand how the current set of rules devised by banks negatively impact local people and their commercial activities. I have also lived and worked in remote areas of Egypt and Myanmar and tried to bank through Australian banks overseas. There are times when the banks require people to attend a branch with documents. This can be very difficult or impossible.

I have an MBA from the University of Western Australia and I am a member of the Australian Institute of Company Directors and the Australian Institute of Mines and Metallurgy.

I am not going to address all eleven focusing questions on the taskforce website. I want to focus on the last three questions.

### **What are alternatives to bank branch models that would maintain or improve banking services and accessibility in areas where branches have been closed?**

Most small towns still have a Post Office or Postal Agency. The Post Office needs to have a system like the old Commonwealth bank where I could transact my banking in any Post Office. This makes the local Post Office viable by expanding the revenue base and if the model is based on a Postal Savings Bank provides an alternative to the major commercial banks that previously provided a service.

The Postal Savings Bank could also reinvest locally when good opportunities were available.

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

My experience with the Major Australian Banks is that they are not interested in lending into rural areas and the focus is on big-city mortgage lending. They have shut down country branches because they have modelled service delivery through the internet that provides them big savings. I have no problem with the banks saving money, but they need to adjust their internal systems and policies to make it easier for customers who are remote from their branches. I experienced great difficulty in phone banking when I was asked to provide my Driver's Licence number as proof of Identity. The bank had incorrectly entered one digit.

It took a return to Australia and a presentation to a branch with my Driver's Licence to get that resolved. Meantime no phone banking was possible.

**What are the lessons from Australian and international experiences that can help improve banking services and accessibility in regional communities where bank branches have been closed?**

The lesson is that if you do not provide a good service then competitors will come in and provide substitutes to customers who have needs. Create an Australian Postal Savings Bank that cannot be manipulated or emasculated by the big four Australian banks and allow country people to access an alternative. Banking Licences have been tightly controlled by the Commonwealth and this is supposed to be to protect the public from shonky operators. The recent royal commission into Financial Services demonstrated that the major banks have problems that are endemic and culturally based.

Since Australia Post is a government-owned business it should be allowed to provide the banking services to rural areas that have been removed by the banks. Australia Post already provides services into rural areas and has infrastructure in place that cannot be readily duplicated. The current remit for Australia Post requires cross-subsidisation between profitable sections of the business and service provision into remote and rural areas. It seems unlikely that any of the big four Australian banks will re-open closed services to rural and remote areas of Australia and their obligation to shareholders make cross-subsidies untenable.

The Regional Banking Taskforce should note what the people are saying and come up with recommendations that meet the needs expressed by country people. The taskforce should also note that the royal commission into financial services came up with a list of recommendations that have yet to be fully put into legislation by the current government. The government is ultimately held responsible for outcomes by the people of Australia. The Regional Banking Taskforce should investigate and honestly report the opinions submitted and present useful and viable alternatives to the federal government for review and action.

Yours Sincerely,

Mike Elliott MAICD, MAusIMM, MBA