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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
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Canberra ACT 2600

By email: rrat.sen@aph.gov.au

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Dear Secretariat,

Re: Submission to Senate Inquiry into *'Bank closures in regional Australia'*

The Commonwealth Bank of Australia (CBA) welcomes the opportunity to contribute to the Senate Standing Committee on Rural and Regional Affairs and Transport References Committee inquiry into *'bank closures in regional Australia'*.

CBA operates the largest branch network in the country and we are proud of the role our branches play in regional communities. Our regional branches play an important role for our customers now and into the future. 39 per cent of CBA branches are based in regional Australia, supporting the 28 per cent of Australians who live outside capital cities.

When considering a change to our services, we take a range of factors into account. Central to this is ensuring our customers continue to have access to a range of suitable banking services, including through our own channels, or via Bank@Post. This submission outlines those factors and options available to our customers as we continue to respond to the digitisation of the economy and banking services.

Technological progress over recent decades has influenced how Australians choose to access services, like banking. We recognise that some Australians prefer to use a bank branch in their local area, and so understandably have concerns about any change in these services. In the case where a branch closes, we closely support these customers to help them with the transition to other local physical services and banking channels.

Following consideration of a request from the Senate Committee, CBA will not close any regional branches while the Senate Inquiry is underway in 2023.

1. Changing customer preferences

CBA has observed a clear shift in customer preferences towards digital and phone-based banking channels over many years. As has occurred in other industries, many customers and businesses have adopted the benefits offered by digitisation. This is true for banking and financial services, as much as it is for media and streaming services, telehealth, and ride-sharing.

We have seen a sustained increase in demand from our customers preferring to complete their banking over the phone and online. Digital service delivery has resulted in expanded service for CBA customers, with online and phone banking available 24/7, compared to traditional branch opening hours. All our phone-based specialists, who are located in Australia, now receive more than a million calls a month and we have more than 8 million customers who use our digital platforms.

Prior to the pandemic, around two-thirds of customers were already using digital channels for their everyday banking needs, like transferring funds, making payments and checking account balances. Customers have increasingly been using branches for more infrequent activities, like setting up a home loan, rather than accessing everyday banking services. This preference for digital banking has resulted in a significant decline of customers who choose to make everyday banking transactions over-the-counter, which has been felt nationwide in both regional and metropolitan areas. For example, over a five-year period to 2019, over-the-counter transactions in metropolitan branches experienced an average decline of 46 per cent, while regional and remote branches experienced a 42 per cent average decline in transactions. These trends have only accelerated as we continue to come out of the pandemic.

2. Responding to changing preferences

As customer preferences continue to evolve, we regularly review our services across Australia to help inform decisions on where to open, renovate or upgrade branches, or in some instances where to close branches.

We have implemented a suite of initiatives to assist customers as part of the wider, long-term shift to alternative banking services, both to deliver global best experiences online, over the phone and through our app, as well as maintaining face-to-face services through our branch network including our multi-channel branches and Australia Post's Bank@Post service.

2.1 Commitment to Australia's largest branch and ATM network

Our branches in regional Australia continue to play an important role in delivering great service to our customers and we are committed to ensuring we maintain the largest branch and ATM network in the country. As of 1 March 2023, we have 744 branches and 1,984 ATMs across the CBA Group. 39 per cent of our branches are based in regional Australia, and to complement this reach, we also have over 700 agribusiness and small business bankers across 70 regional locations to support our regional business customers, as well as 52 regionally-based mobile home loan bankers who can visit customers across a number of communities at a time and place that suits them. Customers can also access business bankers and home loan bankers via phone and our online channels.

When considering any change to our branch network, we assess evidence which shows when, how often, and what type of transactions customers make in our branches. This assessment helps us gauge how customers are accessing local banking services and whether any longer-term changes to demand require a change to our branch network.

In communicating a branch closure, our employees are always the first to know. We are proud to have retained 91 percent of our people impacted by a branch closure in 2022, and work closely with them to secure appropriate comparable roles suitable to their needs. This is often through redeployment to other areas of our business or by relocating to nearby branches. We have a significant workforce in regional Australia, with close to 4,000 employees outside of major cities who play a vital role in the communities they serve.

Like face-to-face banking services, we are seeing sustained declines in ATM withdrawals volumes as more people adopt digital and card payment options. That said, we continue to ensure our customers have suitable access to cash options in communities across Australia. CBA continues to operate the largest bank ATM network for our customers,



the majority of which are available 24/7 and we continue to review our off-premise ATMs in line with changing customer demand and preferences.

Over time, we will make changes to our ATM network to reflect customer preferences. Customers have access to cash through EFTPOS, which allows customers to withdraw cash at participating supermarkets and service centres, and complete transactions such as cash withdrawals and deposits (including passbooks) during normal business hours at their Bank@Post outlets.

Our nationwide branch and ATM network, combined with our online and phone service offerings, allow us to provide comprehensive service to our most vulnerable customers where and when they need it the most. For example:

- We activate specialist emergency assistance in time of emergencies (flood, fire and drought) for our customers including customised payment arrangements, waived fees and charges, temporary overdrafts, additional loans or emergency credit limit increases (subject to credit approval), early access to term deposits, emergency accommodation assistance for Residential Home Insurance customers, whose homes have been damaged by bushfire, flood or storms. We have deployed emergency 'pop-up' branches in areas where a branch has been impacted by fire or flood to assist regional communities get back on their feet.
- In January 2022, we provided a \$500,000 donation to Rural Aid to expand their network of experienced counsellors based in rural towns across the country. This comes following the increase in demand for mental health and wellbeing services in regional areas in the wake of the pandemic, natural disasters and the pressure on rural health care provision in recent years.
- Since 2012, we have participated in an ABA administered arrangement to ensure that customers of banks who live in certain very remote Indigenous communities are able to access an ATM for cash withdrawals and balance inquiries without incurring a fee. CBA became the first bank to have established a dedicated service for remote Indigenous customers – the Indigenous Customer Assistance Line (ICAL) in 2009.
- Through our Next Chapter program, CBA is committed to help end financial abuse suffered by those impacted by domestic and family violence. We have partnered with community service providers to ensure those affected by financial abuse can access the right support, developed leading technology to block and enable the self-reporting of abusive transaction descriptions, and established the Financial Independence Hub in collaboration with Good Shepherd to help those impacted by financial abuse regain their confidence and move towards long-term financial independence.

In some circumstances, labour shortages in regional Australia present a challenge in maintaining a sustainable branch network. For example, this has been particularly challenging for our Bankwest network operating in regional Western Australia as several branches are currently unable to open due to sustained staff shortages.

2.2 Bank@Post

In areas where we've closed a branch, customers who prefer over-the-counter service continue to have nearby access to face-to-face banking services via their local Australia Post Bank@Post outlet. Our 110-year partnership on commercial terms with Australia Post was recently extended to 2032 and gives our customers more choice to access their cash and bank at over 3,500 Bank@Post outlets, including 1,800 rural and remote locations across Australia. Additionally, Bank@Post is available in 1,150 locations without a bank branch of any brand and provides those communities with local access to safe and secure physical banking services.

Through Bank@Post, our customers can complete approximately 98 per cent of cash transactions at a participating Post Office. This includes passbook transactions, personal cheque deposits, cash deposits and withdrawals, account balance enquiries and credit card repayments. For small business customers, this includes cash, cheque and coin deposits.



Our commitment to Bank@Post is a significant ongoing investment supporting the sustainability of Australia Post. In 2018, as noted by Australia Post's then-CEO, the investment into Bank@Post demonstrated a real commitment to ensuring the prosperity of communities that rely on local post offices.¹ More recently, the 2022 Regional Banking Taskforce recognised the importance of Bank@Post service and concluded it was a good service that may be underutilised in regional communities.²

Customers can have confidence that all Post Office staff conducting banking services must undertake mandatory and regular training to perform Bank@Post transactions and adhere to strict security and cash management practices, which are regularly reviewed in line with community needs. More generally, Australia Post is bound by the *Privacy Act 1988* requiring employees to protect sensitive and personal information that can identify an individual.

CBA and Australia Post are committed to improving the Bank@Post service and ensuring its promotion. This formed part of our agreement when we re-signed in 2021 and was included in recommendation 3 of the Regional Banking Taskforce to promote Bank@Post services more widely and help customers utilise the banking services available to them. This also includes working together to formalise and expand programs to support transition to Bank@Post when branches close.

2.3 Multi-channel branches

To ensure we continue supporting our regional communities, in October 2021 we adopted a multi-channel branch operating model in 90 regional branches across the country. This flexible model of service delivery see CBA staff serve local customers in branch from 9.30am to 1.00pm and then close to assist customers using our CBA contact centres.

This model has been implemented to meet the demand we continue to see from customers via our phone and online channels, and to ensure the model runs effectively at a national scale, with a geographic spread of branches around the country.

The multi-channel branch model, which maintains our strong footprint in regional Australia, enables us to adapt to meet the changing customers' needs, upskills our staff with new skills to provide new opportunities for progression, and ensures the right mix of jobs stay in regional communities.

3. Progress of Regional Banking Taskforce recommendations

As part of our participation in the 2022 Regional Banking Taskforce, we appreciated the opportunity to work with the Government, local communities and other stakeholders to develop joint solutions that continue supporting the needs of regional customers.

CBA supported the final Taskforce recommendations, and we are pleased to have introduced a number of service uplifts to support customers through the closure process. For example, we expanded our community banker pilot in regional Australia Post outlets to help customers better transition to Bank@Post. We're also providing more support for customers with in-branch information sessions on topics like staying safe online and banking digitally, and we're communicating with an even wider group of customers when a closure occurs.

We will implement the recommendations from the Regional Banking Taskforce and continue working with the Australian Banking Association to uplift the Regional Branch Closure Protocol, with inclusion of a customer care standard that aligns to the Banking Code of Practice.

We would be pleased to provide the Senate Committee with any additional information.

¹ Australia Post media release, *Commonwealth Bank of Australia confirms landmark agreement with Australia Post*, 8 October 2018

² Regional Banking Taskforce, Final Report (September 2022), page 12



Regards

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