



National Australia Bank submission

Rural and Regional Affairs and Transport
References Committee inquiry into bank
closures in regional Australia

March 2023

Introduction

Further to our appearance at the first hearing in Sale, National Australia Bank (**NAB**) appreciates the opportunity to provide this submission to the Senate Rural and Regional Affairs and Transport References Committee inquiry into bank closures in regional Australia.

Since the foundation of the Commercial Banking Company of Sydney in 1834 and the National Bank of Australasia in 1858 (which merged in 1981 to become today's NAB), we have a proud history of serving customers wherever they are located across the country.

Regional Australia is and always will be a major part of what makes up our bank and its people. We are proud of our role in banking one in three farmers in Australia, providing employment to over 2,300 people in regional Australia and financing the industries that enable the Australian economy to thrive.

Today, NAB operates a network of over 500 branches and 118 business banking centres. These stretch from Byron Bay in the east, to Carnarvon in the west, Hobart in the south, and Thursday Island in the Torres Strait to the north. Over half of our branches are located in regional and rural areas. This is bolstered by the presence of over 3,500 postal outlets nationwide where NAB customers can also do their banking.

Branches continue to be a part of the way in which we serve our customers. However, over many years, we have seen a significant shift in the way that our customers – both metropolitan and regional – are banking.

Over the counter transactions in NAB branches have decreased by 70% since 2015. Significantly fewer customers are using branches for their banking needs, and in line with these changing customer preferences, we continue to adapt the way in which we serve our customers accordingly.

Any decision to close a branch, whether it is in a city, regional centre or town, is not made lightly and is the subject of extensive consideration of data, analysis of how customers are choosing to bank, and local insights.

Following the Regional Banking Taskforce in 2021-2022, NAB has implemented all recommendations in the Taskforce's final report that apply to NAB. This includes the introduction of Branch Closure Impact Assessments, which NAB has made publicly available on our website since September 2022.

This submission details the factors that guide the investments and changes we make to our branch presence, the significant investment that we have made and continue to make in regional Australia, and how we continue to support our customers and colleagues.

As a member of the Australian Banking Association, NAB has also contributed to its submission to this inquiry.

How our customers are banking

Like many organisations and services that Australians interact with every day, NAB offers a range of means by which customers can manage their money and their banking. In addition to the branch network, these include:

- The **NAB app** and **Internet Banking**, available 24 hours a day, 7 days per week for customers to manage their banking at a time and place that suits them.
- **Telephone banking**, with more than 700 colleagues across Australia helping customers with their banking needs over the phone between 8am-7pm Monday-Friday and 8am-6pm Saturday-Sunday.
- **Self-service telephone banking**, an automated service available to customers 24 hours, 7 days per week, through which they can check their account balance, transaction history, transfer funds, pay bills and more.
- **Live chat**, with over 200 colleagues helping customers with their banking and queries through messaging in the NAB app or Internet Banking.
- **Videoconferencing** with a banker, which now accounts for approximately 40% of all home lending appointments.
- A **mobile banker** visiting a personal banking customer at a time and location that suits them, to discuss their banking.
- A **business or agribusiness banker** visiting a customer at their business or on their property to discuss their banking.
- Using one of NAB's **ATMs** to make a cash or cheque deposit, cash withdrawal, credit card payment or balance enquiry.
- **Bank@Post**, which is available at over 3,500 postal outlets across Australia. For NAB customers, services available include both personal and business banking; deposits of up to \$9,999 cash or five cheques per day, cash withdrawals, account balances enquiries and bill payments (including for credit cards)
- For our First Nations customers, the **NAB Indigenous Customer Service Line** with staff who are trained to assist with unique challenges these customers may face, such as access to identification documents and remoteness.

Over several decades, we have seen customers shift away from the regular use of bank branches to more convenient and accessible ways of banking. Initially, this was towards ATMs, then telephone banking, and as technology has evolved, towards banking online and on a mobile device.

This trend and uptake of digital alternatives is not unique to NAB, nor is it unique to banking. For example, the way that many Australians shop, study and work, is fundamentally different than it was 20 years ago. This is not unique to the private sector either – the way that government entities such as Services Australia, the Australian Taxation Office and Medicare interact with their customers has drastically changed over this period as well.

Like these organisations and many others, the times, places and methods that we are available for our customers are informed by the ways that our customers are using our services, and their preferences on how they want to bank. For many years, the increasing preference from our customers – both regional and

metropolitan – has been away from bricks-and-mortar branches, and instead banking at a time and location that suits them, through Internet Banking, the NAB app, or telephone banking.

Today:

- NAB customers login to their NAB app or Internet Banking an average of 33 times each month.
- 93% of customer interactions with NAB are through digital channels.
- Banking transactions made ‘over the counter’ at NAB branches have decreased by 70% since 2015.
- Our call centre receives approximately 4 million calls per year.
- Only 3% of our personal banking customers exclusively use our branch network to conduct their banking.
- Only 8% of our business banking customers exclusively use our branch network to conduct their banking.
- Over 40% of home lending appointments are held via videoconference.
- 99.95% of all payments made by or received by NAB customers were made digitally in 2022.

Continued investment in regional Australia

In addition to the significant customer trend away from banking at branches, in regional areas, NAB has observed a consistent increase in our customers banking at larger towns or centres, where they are generally accessing other services.

In many instances, customers are travelling to these regional centres, to shop or attend appointments and at the same time, conducting their banking and other errands in these locations, rather than smaller locations that may be closer to where they live.

For many of our agribusiness customers, their agribusiness relationship banker visits them on their farm or property to understand their operations first-hand, rather than meeting with them at a branch.

Likewise, our business bankers regularly meet with our business customers at their premises, factory or office to discuss their banking needs.

Investment in regional locations

These trends guide the way that we invest in our presence in regional Australia. This has included more than \$70 million of investment in new premises, renovations, and major refurbishments at over 50 locations in regional Australia since 2020 (detailed in Appendix 1), with a further \$30 million of major investment to take place in regional locations in the remainder of 2023.

These investments include the construction of new regional banking hubs, in towns such as Tamworth (NSW), Emerald (Qld) and Albany (WA) that our customers are visiting and bring our personal and business banking teams together in one location, creating a 'one-stop-shop' for customers.

Many of these investments bring new banking technology and services to these towns, such as a full suite of self-service business banking machines, for local businesses to deposit their takings or access change outside of normal banking hours, or videoconferencing suites, for customers to meet with banking specialists that may be based in another town.

The investments that NAB has made in our regional network also extend to smaller towns across the country, where our customers regularly visit from outlying areas to access other services, such as Chinchilla (Qld), Narrabri (NSW) and Kerang (Vic).

Often, these investments also involve restoration and improvement to heritage buildings where the branch is located, in towns such as Childers (Qld), Corowa (NSW) and Benalla (Vic), to ensure that our colleagues and customers can work and bank in a modern, welcoming environment.

In each instance however, our investments and changes to our branch network are guided by the ways in which our customers in regional Australia are banking with us.



Concept images of the Ruthven Street and Little Street frontages of the NAB hub in Toowoomba, Queensland, scheduled to open in early 2024.

Case study: Toowoomba, Queensland

In 2023, NAB is investing \$10 million in the construction of a new banking hub in Toowoomba, Queensland – our largest single investment to date in our regional network.

The new hub will be home to over 100 NAB employees and will host a NAB retail branch, business banking centre and will be the home base for a significant number of agribusiness banking colleagues, who serve customers across the Darling Downs.

With Toowoomba being the key service centre for the region, we know that customers from many outlying towns regularly travel into Toowoomba and do their banking while they are there. The construction of this new hub is further to major investment in recent years in our Dalby and Clifford Gardens branches.

Case study: Parkes, New South Wales

Last year, NAB closed its branch in Forbes, New South Wales.

The branch had seen a significant decrease in customer usage over many years, while at the same time, over 75% of Forbes customers were often banking in neighbouring Parkes, rather than in Forbes.

In line with the significant number of Forbes customers regularly banking at Parkes, NAB made a major investment in the refurbishment of our Parkes branch, to better serve our customers in the location where they are banking.

The majority of NAB's customers in Forbes are agribusiness and business banking customers, rather than personal banking customers. As such, the NAB Business Banking Centre in Forbes remains open and continues to be a base for business and agribusiness colleagues in the region, and a location where customers can meet with their banker.

Personal banking customers in Forbes who wish to continue to bank in person in Forbes, are able to do so via Bank@Post.

Case study: Bunbury, Western Australia

At present, NAB has two branches located in Bunbury, Western Australia.

- Victoria Street branch, located in the Bunbury CBD
- Sandridge Road branch, located in a business precinct south of Bunbury CBD.

The Victoria Street branch has seen a significant decrease in the number of customers using the branch over several years, and is in need of modernisation.

Customer preferences and feedback in Bunbury made it clear to NAB that most shoppers in Bunbury are visiting the Bunbury Forum shopping centre.

Taking into account local feedback, low usage of the Victoria Street branch and the need to modernise the location, NAB will be relocating both existing Bunbury branches to a new hub at Bunbury Forum later this year. The new hub will be multi-million dollar investment in the Bunbury community and provide access to a range of banking technologies and services that NAB has not previously had available in Bunbury.

Banking at over 3,500 locations

To provide our customers with greater access to banking services, in October 2020, NAB signed a 10-year agreement with Australia Post. Under the agreement, NAB pays an annual fee to Australia Post to provide banking services to NAB customers (a portion of which supports the viability of local post office licensees), in addition to a transaction fee payable to Australia Post for each banking transaction made by a NAB customer.

Through this partnership, NAB's face-to-face banking reach extends well beyond our own branch network, to over 3,500 postal outlets across the country. As noted in the Regional Banking Taskforce final report¹, the Australia Post network includes 1,150 outlets in towns where there is not currently a bank branch – and in the case of many small localities, there may have never been a bank branch or access to banking services in this location, except for through Australia Post.

Often when our staff have conversations with customers about the services available through Bank@Post, customers wishing to bank face-to-face find they can do their banking at a post office closer to home, rather than travelling a potentially greater distance to a NAB branch.

NAB considers there continues to be a lack of awareness in the community on the availability of banking services through Australia Post (**Bank@Post**), and we acknowledge that there is more that we can do as a Bank@Post participant, to communicate the services available through Bank@Post to our customers and the community. Australia Post is a viable and accessible alternative to a branch, and a trusted institution through which customers can bank.

However, as Australia Post has a different commercial agreement with each participating bank, the services available and transactions limits vary considerably, which understandably is the source of some confusion to customers. Today, over 93% of transactions that are undertaken in NAB branches, can be done via Bank@Post.

Services available through Bank@Post

For the benefit of the Committee, the services available through Bank@Post to NAB customers are:

Service	Limit
Cash withdrawal (with a linked debit card)	Up to \$2,000 per day
Cash withdrawal (with a passbook)	Up to \$1,000 per 7 day period (nb: not per calendar week)
Cash deposit (with a linked debit card)	Up to \$9,999 per day
Cheque deposit	Up to \$999,999.99 per day (across a volume of up to 99 cheques per day)
Credit card payment	Payment of up to \$9,999 per day
Account balance inquiry	n/a
Provision of business change / float	Up to \$1,000 in change per day
Barcoded business cash deposit	Up to \$9,999 per day

¹ Regional Banking Taskforce. *Final Report*. (September 2022) Page 12.

We have listened to and will continue to listen to our customers, to understand the services and functionality they would like to see provided through our Bank@Post offering. For example, our business customers provided feedback that they wanted greater access to change for their float, which resulted in NAB making this available and we remain the only bank to offer this service free of charge through Bank@Post.

Similarly, NAB is one of two banks that allows its customers holding passbooks to use Bank@Post services. Following feedback from many of our customers that hold a passbook account (who previously could not access Bank@Post unless they also held a debit card), we introduced the ability for our customers to withdraw cash using their passbook at Australia Post.

Bank@Post fees

A common misconception remains that customers incur additional fees and charges, for doing their banking at the post office. For NAB customers, this is not the case.

NAB personal banking customers do not incur any additional fees for transactions made using Bank@Post. For business customers, they may be charged a fee depending on their banking contract with NAB, however these are the same fees that would be charged if they were to use a branch. The majority of business banking contracts provide a certain amount of free 'teller-assisted' transactions per month, which encompasses Bank@Post transactions. Any transaction beyond this limit would incur the same fee as if that transaction was made in a branch.

Bank@Post provides a convenient and easy way for customers to bank with NAB, and we have seen an increase in the number of Bank@Post transactions made by our customers year on year, since the announcement of our 10-year Australia Post partnership, with over 2.8 million banking transactions made at Australia Post by NAB customers in 2022.

NAB Community Banker

Since August 2021, in rural and regional locations where NAB has closed a branch, a NAB Community Banker has been provided following the closure of the branch.²

The Community Banker is a NAB employee who is based at a post office close to the closing branch, for one day per week, for a six to eight week period after the branch has closed. The Community Banker assists with any queries and ensures that customers who would like to continue banking face-to-face in that community, feel confident in using Bank@Post.

NAB has received positive feedback from local stakeholders, customers and the community in locations where a Community Banker has been present, and we will continue to provide this service where possible.

² There has been a small number of locations where NAB has been unable to provide a Community Banker, as the post office licensee has not consented to NAB providing this service at their outlet.

Employment and career development in regional Australia

NAB acknowledges that when the difficult decision is made to close a branch, there is often concern in the community for the staff employed at the branch and their future.

Our frontline bankers employed in our branch network have a vast amount of skills, experience and knowledge, that we want to continue to develop and grow. Our intention is to retain these colleagues and progress their careers with NAB.

As such, in the event of a branch closure, all impacted colleagues are offered ongoing employment with NAB. Today, 97% of colleagues that have been affected by a branch closure, remain employed in new roles with NAB. The remaining 3% have chosen to leave NAB of their own accord.

A dedicated team within our People & Culture division work closely with each colleague, to move into a new role that aligns with their career development and business objectives. For some colleagues, this may involve working at a different branch, while for others, it may include working from home.

With the advent of greater remote working functionality following the pandemic, NAB has opened up many roles that were traditionally head office based, to be able to be performed in a regional location and from home.

This has provided a wealth of new opportunity for colleagues, particularly in regional branches, given that the vast majority of these roles previously required moving to either Melbourne or Sydney.

Teams where regional colleagues have been able to transition following the closure of a branch include:

- Moving from personal banking into a business or agribusiness banking role
- NAB Assist (supporting customers facing financial difficulty)
- Fraud (investigating queries and supporting customers who may have been impacted by instances of fraud)
- Direct (call centre and live chat)
- NAB Resolve (investigating and addressing customer complaints)
- Know Your Customer (onboarding new customers to NAB)

We continue to consider new roles and opportunities that may be suitable in addition to the above list.

Case study: Sarah*

Sarah was employed at a NAB branch in southern NSW for seven years. During her time in the branch, she had dealt with customers facing financial hardship who had been in contact with NAB Assist (NAB's dedicated team that supports these customers).

Sarah had long held an interest in NAB Assist, however these roles were historically Melbourne and Sydney based. When the difficult decision was made to close the branch she worked at, NAB worked closely with Sarah to find a new role aligned to her career goals.

Following the adoption of remote working due to the pandemic, roles in NAB Assist were now able to be done remotely, and as a result, Sarah was promoted from her branch role into the NAB Assist team, where her experience from her time working in a branch is invaluable in providing support to our customers facing difficult circumstances.

While she was in training to join the NAB Assist team, Sarah also continued to support customers in a Community Banker role, based at the local post office one day per week, to answer any queries on NAB's Bank@Post offering.

*name changed to protect employee's privacy

Case study: Jane*

Jane worked in a regional NAB branch for many years, however she had a keen interest in financial crime and how we support customers that have been impacted by fraud.

When the closure of the branch she was worked at was announced, NAB worked closely with Jane to secure a role within the Fraud Operations team. The insight Jane has provided from her experience working in branch, has been invaluable and has assisted in improving the way that NAB handles fraud queries raised by customers in branch.

*name changed to protect employee's privacy

Adjusted opening hours

The advent of remote working opportunities has also provided the opportunity for NAB to adapt to the way that customers are banking with us, while also providing colleagues with opportunities to expand their skills and experience.

In 2020, we adjusted the opening hours of a cohort of smaller, regional branches. These branches had previously been open across a varying number of hours and days of the week, which was confusing for customers and colleagues alike. All of these branches had low volumes of foot traffic, however the busiest time for each branch was before 12:30pm each day.

Today, these branches are open to local customers between 9:30am-12:30pm. After 12:30pm, our colleagues in these branches have gained new skills in order serve customers right across the country in the afternoon, primarily via our call centre or live chat channels.

We currently have 97 branches that operate under this model, in locations such as Injune (Qld), Rainbow (Vic) and Corrigin (WA), allowing us to maintain a viable presence to serve local customers and provide growth opportunities for our colleagues.

Points of presence data

NAB also notes that in the terms of reference for this Inquiry, the Committee is considering the effectiveness of the Australian Prudential Regulation Authority's (APRA) points of presence data.

Inquiry into bank closures in regional Australia

Since APRA commenced collecting points of presence data, the way in which the majority of Australians are banking has drastically shifted, as outlined in this submission.

NAB considers that the points of presence data set, should be updated to reflect the channels by which most Australians are banking today. In addition to including data on bank branches and ATMs, it should be extended to include data points such as the number of unique internet banking / mobile app logins per month, the number of telephone banking queries received, and the volume of transactions made via Bank@Post.

Appendix 1: investments in regional Australia

The table below lists the locations across regional Australia where NAB has invested in the construction, renovation or refurbishment of a branch or Business Banking Centre, since 2020.³ These investments total over \$70 million.

State	Location
NSW	Albury (branch)
NSW	Albury (Business Banking Centre)
NSW	Armidale
NSW	Batemans Bay
NSW	Byron Bay
NSW	Coffs Harbour
NSW	Corowa
NSW	Inverell
NSW	Kiama
NSW	Lismore
NSW	Macksville
NSW	Mudgee
NSW	Narrabri
NSW	Nowra
NSW	Orange
NSW	Parkes
NSW	Port Macquarie
NSW	Tahmoor
NSW	Tamworth
NSW	Taree
NSW	Ulladulla
QLD	Cairns Central (branch)
QLD	Cairns (Business Banking Centre)
QLD	Childers

³ The definition of regional used here is the definition as per the Australian Bureau of Statistics remoteness structure.

Inquiry into bank closures in regional Australia

QLD	Chinchilla
QLD	Clifford Gardens
QLD	Dalby
QLD	Earlville
QLD	Emerald
QLD	Gympie
QLD	Mackay
QLD	Rockhampton North
QLD	Smithfield
QLD	Thuringowa Central
TAS	Glenorchy
TAS	Hobart (branch)
TAS	Hobart (Business Banking Centre)
TAS	Launceston
VIC	Benalla
VIC	Camperdown
VIC	Cobram
VIC	Delacombe
VIC	Echuca
VIC	Gisborne
VIC	Kerang
VIC	Kyabram
VIC	Mildura
VIC	Nagambie
VIC	Sale
VIC	Torquay
WA	Albany