

Wednesday, 29 March 2023

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

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Dear Committee Secretary,

Hume Bank would like to thank the Senate Standing Committees on Rural and Regional Affairs and Transport for providing us with the opportunity to make a submission to the inquiry.

As a customer owned, purpose led bank, we believe that banking is not just a transaction, and the role of branches in communities is far greater than just face-to-face banking services.

We are actively working with our communities and local governments, to deliver a model that reflects our purpose, to always put our communities first through a reciprocal partnership.

A model, we believe, serves our community well today and into the future, because we genuinely believe banking has a greater good to provide a positive impact to both customer and community.

About Hume Bank

Hume Bank has been part of the Albury-Wodonga region for more than 68 years.

Founded as a Building Society in 1955 by residents, who were dissatisfied with the availability of credit for housing and wanted to help people in the community purchase their own homes.

By the end of that year, Hume Building Society had 58 customers with loans of \$43,164 – the equivalent to about \$3.7m today.

Hume Building Society continued to grow over the decades and in 2014 was renamed as Hume Bank after seeking approval from its customers and governing body APRA in 2013.

Hume Bank's future is where our values prime us to create lasting customer value and loyalty and position us in the community to be sustainable and trustworthy.

References

Bank Closures in regional Australia. (2023, 03 10). Retrieved from Parliament of Australia:
[https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transpo
rt/BankClosures](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/BankClosures)

Statistics, A. B. (2023, March 10). *Australian Bureau of Statistics*. Retrieved from Australian Bureau of Statistics:
<https://www.abs.gov.au/statistics/people/population/regional-population/2021#data-downloads>

After more than 68 years of operation, Hume Bank now has the largest branch network in the region with 15 branches, employs almost 160 staff and meets the needs of more than 55,000 customers with an average tenure of over 14 years.

This month, we opened our 15th branch in Holbrook, a small regional town in New South Wales which was facing the withdrawal of the last bank branch in town.

Holbrook sits 492 kilometres from Sydney, and 384 kilometres from Melbourne within the Greater Hume Council Local Government Area, which has an estimated population of 11,157.

It is a vibrant agricultural community, affectionately known as the ‘Submarine Town.’

The closure of the last bank branch (NAB) meant residents, business owners and community organisations in the town would be forced to drive 40 minutes to nearby towns to do their banking.

Greater Hume Council and Hume Bank have been partnering since 2005, when Hume Bank began offering banking services from within a council owned building in the town of Jindera.

The idea of expanding that partnership was already underway when NAB announced it would be withdrawing from Holbrook. This saw discussions accelerated and a plan developed and executed to open a branch in the town.

The Holbrook branch was officially opened on 15 March 2023 within the Greater Hume Council building. It is open three days a week, offering all banking services including lending. A 24/7 smart ATM was also installed.

We address the following terms of reference (Bank Closures in regional Australia, 2023):

b. The economic and welfare impacts of bank closures on customers and regional communities.

We understand face-to-face banking services are important. But they are not the only component that make up “essential banking services.”

The growing trend of regional branch closures is having a significant impact on communities across a wide demographic.

The lack of a physical bank branch reduces accessibility and equality, has a negative impact on jobs, leaves skilled banking staff with few options for employment, and drives down the local economy.

As branches close, there is less competition, leaving customers with less choice in financial services available to them, and we know fewer choices means lost opportunities.

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References

Bank Closures in regional Australia. (2023, 03 10). Retrieved from Parliament of Australia:

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/BankClosures

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Without a bank branch, the lack of readily available information and advice on more complex financial issues from local bank staff who understand the community can also lead to a deterioration in the quality of service.

Based on consultation, we know when it comes to banking services, there is a need for a level of access to education, expertise, and advice.

Access to in-branch banking also provides customers with a level of confidentiality and privacy, which other alternative models such as Bank@Post may lack.

We recognise that if a person must drive to another town to do their banking, they will most likely do other business, buy goods and services whilst there, which further impacts commerce in these towns.

c. The effect of bank closures or the removal of face-to-face cash services of access to cash.

When banks close their branches in regional towns, it means, for that section of society, access is gone.

Access to cash becomes problematic for groups across the community, not just businesses requiring change for customers.

It is the local school canteen and sporting clubs needing change for raffles and gate-takings, and community groups looking to hold important fundraising opportunities.

As it becomes more and more difficult to access cash and change for events, these organisations will have to look at other methods of payment, such as portable EFTPOS machines.

This will put more financial pressure on clubs and organisations, increasing the risk fundraising opportunities and positive community outcomes will be impacted.

Fewer bank branches also create safety and security issues as businesses are required to keep larger amounts of cash on their premises. Which in turn means businesses then need to increase security and insurance costs.

And the fact that community deposits that remain with banks that have withdrawn are no longer in the region means the deposits also leave the community.

Some regions in our home market also have limited access to reliable internet services, while some customers do not have the digital literacy to use online banking service.

e. Consideration of solutions; and any other related matters.

References

Bank Closures in regional Australia. (2023, 03 10). Retrieved from Parliament of Australia:
https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/BankClosures

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Our collaboration with the Greater Hume Council is a clear example of Hume Bank's proactive and flexible approach to partnering with our regional communities to ensure people have access to essential banking services.

Our Jindera branch is also the result of partnering with the Greater Hume Council, so we already have the relationship, experience, and track record to be the perfect partner.

This collaborative partnership is a demonstration of our customer-owned business model, our purpose of meeting societal needs to ensure equity and fairness, and the power of strong local connections.

Key points in summary

- Banking is not just a transaction; branches play a significant role in regional communities and closures impact accessibility and reduce equality.
- If customers are forced to travel to other towns to do their banking, there is a likelihood they will do other business, buy goods and services whilst there, which further impacts the town's economy.
- The removal of face-to-face branches raises security and safety issues for businesses, as they are forced to keep larger amounts of cash on their premises. This creates a need for increased security and insurance.
- Hume Bank is successfully collaborating with Greater Hume Council to open a branch in a town where the big four banks have pulled out.

Yours sincerely,

Stephen Capello

Chief Executive Officer

Cc:

The Hon Dr Helen Haines, Federal Independent Member for Indi

The Hon Sussan Ley, Federal Member for Farrer

The Hon Bridget McKenzie, Senator

Tony Quinn, Greater Hume Council Mayor

References

Bank Closures in regional Australia. (2023, 03 10). Retrieved from Parliament of Australia:

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