

Thank you for the opportunity to make a submission to the Senate Standing Committees on Rural and Regional Affairs and Transport about the impacts of branch closures on customers.

As a citizen and taxpayer, I am concerned about the often unaccountable way that large corporations wield their power and see a growing need to balance the drive for private profit against the stronger need to protect individuals and their communities from the negative on-the-ground consequences of the 'greed is good' creed when it is practiced with either little or no restraint.

Australian taxpayers such as myself have paid a huge premium to rescue the banks and the financial sector from the consequences of their malfeasance, most famously evident in the 2008 Financial Crisis though certainly not restricted to this instance. Simply put the Banking sector owes Australian taxpayers a huge moral and financial debt and it is about time they paid up and started to rebuild themselves as trusted and respected institutions.

Ironically enough I think that this is possible if the banking sector as a whole had a public player.

Australia's health system is the envy of the world because it is comprised of a balance between a government funded public health insurance and privately funded health providers. This kind of productive tension works well in delivering to Australian citizens and I have not heard of any private health insurance CEO or private health industry CEO living below the poverty line, so I think we can agree that they are doing well enough.

I therefore suggest that Australia Post be established as a publicly funded bank, giving priority to the provision of regional banking services and to funding Australian-owned business ventures.

Obviously the four major banks may object to having another competitor in the field (even if an Australia Post Bank would be initially moving into fields they have abandoned), but I think in this instance that it is a cost-effective way of building greater honesty, accountability and credibility into the banking / financial sector as a whole. Rather than thinking in terms of the commercial priorities of the Big Four as though these objectives should be our own, we need to think about what Australia needs and that means developing a public banking option.

The banks have claimed that recent closures of branches in regional Australia are simply business decisions to protect the profitability of the banks. Yet according to Clancy Yeates (15th February 2023 Sydney Morning Herald) the Commonwealth Bank's profits jumped 9% to \$5.15 billion. This and the record profit levels across the banking sector noted by the Federal Reserve governor Philip Lowe argues against the big fours' claims. Somehow, I don't feel much sympathy for banks making such claims while they are also posting record profit levels

Similarly, the banks claim that they are closing branches in response to their customers moving away from using physical branches. Although many people are indeed migrating to online banking, many others are not able to do so because they do not have reliable access to online services and they lack confidence and skill in using online systems. This is particularly true of the elderly, the disabled and those in regional areas that are not fully and reliably serviced by the NBN.

Indeed, through their closures the Banks may be violating their obligations under Anti-Discrimination legislation since many elderly, disabled and economically disadvantaged people either cannot travel to banks in other areas or cannot do so without incurring significant costs. Given their huge and rising profit margins, the banks can hardly claim an "unjustifiable hardship" exemption under Anti-Discrimination legislation, whereas customers can certainly make such claims about the banks' actions inflicting unjustifiable hardship on them.

Furthermore, an even larger group of people (including those, such as myself, who are banking online and who are technologically literate and enabled) feel justifiably concerned about doing online transactions due to various security issues including scams, viruses, malware and data breaches. I have yet to see an effective systemic on-line solution to the current 'Wild West' scene on the internet. Presently a customer has to have the money to protect their money and personal information by buying security software that may or may not work and that may or may not have been developed by the same hackers who threaten to steal from them online.

Finally many people would much rather have easy physical access to their own money and to have the option to pay their bills in cash rather than being forced into making electronic transfers. People are rightly concerned about their privacy and their own sense of agency. Essentially forcing people online threatens both unnecessarily.

My 92-year-old mother finds the modern world of high-tech gadgets and computers to be very distressing – far too distressing for her to manage her financial affairs on-line. As she put it to me one day: "I feel as if I went to sleep in a world that made sense and now I have woken up in a world that is alien, unpredictable, venal, ruthless and frightening" My mother is very intelligent, too intelligent to trust the internet and, as a child of the Depression, far too intelligent to trust private bankers to be anything but greedy and reckless with other people's money. She has seen far too much to be impressed by the blandishments of big finance and simply wants to manage her own affairs with dignity. Westpac closed our local branch recently and so made my mother's life, already difficult enough as an aging person, even more difficult. There are many people like my mother and all of them deserve better.

As well as impacts on customer welfare, there are indirect economic impacts from regional branches closing. When people go to their local branch to withdraw money they generally spend that money in their local community. This provides stimulus to the local economy and helps regional centres remain viable. Similarly, the staff working in local branches, generally work and spend in the local community and this also benefits their town. These public goods are worth keeping as they represent ongoing investment in the vibrancy, cohesion and viability of the local community and it ensures that money does what it is meant to do – serve people.

The Big Four banks need to realise that ultimately the People through their government establish the parameters within which they must work. We sold the CBA years ago because advocates for the private sector claimed that this would improve services to all customers. Clearly this is not happening for a significant number of people and there is a high level of dissatisfaction with bank services including but not limited to long wait times in phone cues, long cues at remaining branches etc. Given the way ordinary Australian people through their government stepped up to save the banks, it is about time that the Big Four were reminded of their place in a concrete way that tips the balance of power in favour of the customer. Establishing a publicly owned Australia Post Bank would achieve this at little cost since the regional infrastructure is already in place. In this way we will help the banks to relearn that they can only make profits for their shareholders if they serve their ordinary customers, wherever they are, first.

Again, thank you for inviting submissions on this important issue. When Australians come together to pool ideas they can do anything.

Yours sincerely,

Catherine Brown