



**Business  
Chamber**  
QUEENSLAND

# **BUSINESS CHAMBER QUEENSLAND**

Submission to:

*Rural and Regional Affairs and Transport References  
Committee*

In response to:

Inquiry into bank closures in regional Australia

March 2023

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## Introduction

Business Chamber Queensland (formerly known as CCIQ) thanks the Rural and Regional Affairs and Transport References Committee (‘the Committee’) for the opportunity to provide comment to the inquiry into bank closures in regional Australia.

Business Chamber Queensland is Queensland’s peak industry representative organisation for business. We represent over 448,000 Queensland small and medium businesses who employ 44% of Queenslanders working in the private sector. Business Chamber Queensland works with the regional and local chamber network across Queensland to develop and advocate for policies that are in the best interests of Queensland businesses, economy, and community.

Business Chamber Queensland has previously provided comment on the issue of regional bank closures in a submission to the Regional Banking Taskforce’s *Regional Banking Taskforce Issues Paper November 2021*.<sup>1</sup> Our recommendations to this inquiry are consistent with positions previously stated, and draw on both earlier and more recent consultations with our business members and regional chamber network concerning the impact of regional bank closures on businesses across Queensland.

We respond to the following areas of the inquiry:

- b. the economic and welfare impacts of bank closures on customers and regional communities;*
- c. the effect of bank closures or the removal of face-to-face cash services on access to cash;*
- e. consideration of solutions; and any other related matters.*

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<sup>1</sup> Business Chamber Queensland, 2021, *CCIQ Response to Regional Banking Taskforce Issues Paper – November 2021*, <https://businesschamberqld.com.au/assets/2021-Advocacy/Submissions/Submission-Regional-Banking-Taskforce-2021.pdf>

## Summary of Recommendations

Response to: b. the economic and welfare impacts of bank closures on customers and regional communities.

- In identifying alternative models of banking service delivery, alternatives that allow the continued development of specialised regional knowledge should be considered to best meet the needs of regional businesses.
- In assessing the impacts of bank branch closures, it is important to consider the role bank branches play in regional communities beyond providing financial services, and the void they can leave as a source of sponsorship and support.
- The impacts on regional liveability and mental wellbeing for people experiencing financial distress must be considered when considering alternative service solutions to regional bank branches.

Response to: c. the effect of bank closures or the removal of face-to-face cash services on access to cash.

- Banks should, to the best of their ability, be encouraged to maintain a regional service focus. This could be achieved through initiatives such as regional banking hotlines, outreach officers, and satellite facilities.
- Solutions that seek to keep in bank facilities in region, whilst reducing overhead costs, should also be explored.

Response to: e. consideration of solutions; and any other related matters.

- The reasonableness, long-term viability and resiliency of alternative banking solutions need to be considered in the context of the user and regional vulnerabilities.
- Broader consultation across regional Australia to identify and monitor regional banking issues and needs.

## **Response to: *b. the economic and welfare impacts of bank closures on customers and regional communities.***

### Economic Impacts

**The ability for businesses and community organisations to access banking services locally, supports the financial viability and productivity of businesses in the region.**

Business Chamber Queensland acknowledges that banks themselves, like other businesses, have ongoing operational costs, and that maintaining all branch facilities in some areas is not feasible, leading to a reduction of banking facilities or services or branch closures altogether. However, where there are banking access issues, this **impacts a business's ability to self-manage their finances, pay bills, and complete other key financial activities.**

**Poor access to cash** is an issue for some regional Queensland businesses, with ATMs and Bank@Post having limitations in the types of services available. This can result in some business owners needing to plan an entire day to organise their cash floats or to make larger cash deposits. The simple ability to providing change for larger notes can be a challenge for regional small businesses when a bank exits a region and their access to cash banking services is limited.

Bank branch closures also risk **losing specialised local knowledge** and run the **risk of adopting a one-size-fits-all approach** to servicing business clients. When a bank has a physical presence in a region, the staff and the bank can develop and maintain specialised knowledge of the needs of individuals and small businesses in that area, as well as the unique challenges associated with doing business there.

### Welfare Impacts

**Bank closures can also increase the vulnerability and liveability of regional communities.**

**Access to a reliable telecommunications connection** is a challenge that can impact the ability to use alternative modes of service delivery, such as mobile and internet banking. The ability to use EFTPOS and other electronic payment methods can also be disrupted by unreliable internet services. This often forces cash-only trading, and with access to cash also being impacted by bank closures, this ultimately negatively impacts business profitability. The University of Canberra's 2021 Regional Wellbeing Survey reported that, of the 961 regional Queenslanders surveyed, 42.4% rated their access to high speed, reliable internet as poor, with 36.0% rating their access to mobile phone reception the same way.<sup>2</sup> This is an important aspect to be aware of when considering any branch closure.

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<sup>2</sup> University of Canberra, 2023, *2021 Regional Wellbeing Survey data tables*, <https://www.regionalwellbeing.org.au/the-data-tables/>

**Not-for-profits and other community groups can be considerably impacted.** These groups are often required to go to a branch in person with the necessary documents to open accounts, or to change signatories on related accounts. If there is no local branch, an entire day may be required to achieve the task, requiring all signatories – who are often volunteers – to coordinate such a time. This can act as a barrier to achieving any outcomes of the organisation, as well as potentially affecting the willingness to take on these positions.

**Banks closures can result in a significant decrease in local sponsorships and community support services.** Banks often sponsor community organisations, clubs, and sports teams, as well as providing donations to local not-for-profits and supporting grassroots community initiatives. The absence of a physical presence in that region severely limits these benefits and makes it harder for these community organisations to operate and grow, which impacts the liveability of these regions.

**Financial vulnerabilities impact regional liveability, are often further enhanced in a crisis.** All of the above impacts can reduce the liveability appeal of our regional communities. The risk of financial impacts worsened in the event of a crisis is very real for our regional bases businesses, with events such as a natural disaster or utility disruption such as a power outage creating significant disruptions to their business. These vulnerabilities should be considered when assessing suitable banking alternatives, as to avoid a situation where alternatives put in place are insufficient to meet community and business needs in the event of such a crisis. These impacts can also compound on community and business wellbeing concerns. Alternative banking solutions should aim to build resilience in regional economies, rather than create increased vulnerability.

## Recommendations

- **In identifying alternative models of banking service delivery, alternatives that allow the continued development of specialised regional knowledge should be considered to best meet the needs of regional businesses.**
- **In assessing the impacts of bank branch closures, it is important to consider the role bank branches play in regional communities beyond providing financial services, and the void they can leave as a source of sponsorship and support.**
- **The impacts on regional liveability and mental wellbeing for people experiencing financial distress must be considered when considering alternative service solutions to regional bank branches.**

## ***Response to: c. the effect of bank closures or the removal of face-to-face cash services on access to cash.***

### Access to Cash

**The closure of banks and the removal of face-to-face cash services can have a significant impact on small businesses in regional communities that rely on cash as a form of payment.**

**The lack of access to cash can severely impact a business's ability to operate.** Although the use of digital payments and credit cards is becoming more prevalent, many small businesses still require cash to manage their daily expenses, such as floats for their tills or for paying suppliers who only accept cash. Internet and mobile services are also critically unreliable in many regional communities, resulting in lost productivity and impacted profitability.

**While ATMs and Bank@Post options are branch alternatives which allow cash withdrawals, these are not without their limitations.** Both options have withdrawal limits, which can restrict businesses' ability to access the cash they need. For many businesses, access to a bank branch is needed to access and safely deposit cash is needed.

**An over-reliance on ATMs can create vulnerability within a community.** ATMs can be complicated by technical issues and regular maintenance requirements, as significant power outages and natural disaster impacts can see ATMs inaccessible at a time when electronic payment systems may also be down, and the need for access to cash at its greatest.

### Recommendations

- **Banks should, to the best of their ability, be encouraged to maintain a regional service focus. This could be achieved through initiatives such as regional banking hotlines, outreach officers, and satellite facilities.**
- **Solutions that seek to keep in bank facilities in region, whilst reducing overhead costs, should also be explored.**

## ***Response to: e. consideration of solutions; and any other related matters.***

Many facilities, services, and products that are provided in bank branches may also be available through alternative services, but due to the accessibility issues, **the viability and reasonableness of those alternatives can vary.**

While a bank branch is one facility that can typically service all banking needs in one place, a **combination of alternatives may be required** where there is no branch readily available to meet the needs of the community. A one-size-fits-all approach to optioning alternative service delivery models will likely leave many communities increasingly isolated and vulnerable. In identifying suitable alternative models for the provision of banking services, and assessing the impacts of bank branch closures, a tailored approach to each region is needed.

Even in cases where alternatives to bank branches can sufficiently meet all services, **accessibility issues remain**, such as:

- access to high-speed and reliable internet;
- the distance in accessing services, such as the need to travel long distances to access services;
- education, such as financial and digital literacy; and
- servicing and support, particularly for vulnerable groups.

### **Support is needed to transition customers to alternative banking services where necessary.**

This could include seminars or programs aimed at addressing digital literacy or hesitancy in accessing alternative services, and transparent information around the transition process.

**Solutions that seek to keep in bank facilities in region, whilst reducing overhead costs, should also be explored.** This would allow for the bank staff and functions to maintain services in region, just in an alternate space. There could also be benefits in co-locating banking services with other government or business services. Government offices, such as Centrelink or Medicare offices, for example, could be considered. Partnerships with local government to find suitable spaces – both long-term, temporary, or as regular pop-up service centres – could also be explored. Consultation with the business community to inform these discussions is critical.

## **Recommendations**

- **The reasonableness, long-term viability and resiliency of alternative banking solutions need to be considered in the context of the user and regional vulnerabilities.**
- **Broader consultation across regional Australia to identify and monitor regional banking issues and needs.**



### **Case Study: Impact of bank closure on businesses in Tin Can Bay**

The Tin Can Bay Chamber of Commerce (the Chamber) shares that, while the full impact of a recent NAB bank branch closure in their community is yet to be felt, there are several issues already emerging:

- With the bank no longer in operation and access to cash limited, businesses in the area are **struggling to obtain change and make deposits**.
- The closure has also led to **longer wait times at the post office for banking**, which is now taking over three times longer than using the recently closed bank branch.
- **Large cash amounts are not able to be banked** at the post office, which has resulted in increased costs and security risks, as larger cash amounts cannot be deposited at the post office, requiring businesses are to hold onto large sums of cash until they can travel to the nearest branch to make deposits.
- The **additional travel to a bank branch** required owners to be away from their business for longer periods of time, in times where they are already short staffed among widespread labour shortages.
- **Cashless transactions** are becoming more widespread, which has added an **extra cost** to businesses that were previously using cash. Cashless transactions are subject to **digital connectivity issues**, which has posed significant disruption to trade and risk.
- **Not-for-profit organisations in the area have also been affected**, with longer travel times to the nearest branch and an increased workload to organise executive committee changes, resulting in additional stress to volunteers.

Overall, the Chamber shares that the closure of the NAB bank in Tin Can Bay has imposed additional costs on businesses and negatively affected social welfare, with limited access to banking services and increased travel times for those without transportation. Businesses owners and employees, who are often locally based, are under strain due to the additional costs and security risks. This has a knock-on effect community-wide, as stressed businesses can lead to increased mental health issues, affecting both the business owners and the wider community.

*“The closure of the bank has also affected social welfare, as the Cooloola Coast has a median age of approximately 60 years, and many elderly residents are finding it challenging to navigate Australia Post banking [services] plus ATM use. The elderly are also at risk of exposure to digital hacking, and there is a general concern about the vulnerability of their bank accounts. Travel to Gympie for those with no transport is limited to a daily bus, which may be inconvenient for those who need to access banking services regularly.”*

- Tin Can Bay Chamber of Commerce & Tourism Inc

## Further Enquiries

Business Chamber Queensland would like to thank the Rural and Regional Affairs and Transport References Committee for the opportunity to make a submission to this Inquiry.

If there are any further enquiries in relation to the submission, please contact:

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