

Bank regulator shielding Big Four from scrutiny over regional branch closures

The Australian Prudential Regulation Authority (APRA) is protecting the banks from the ire of the public by publishing false and distorted data about the scale of bank closures in regional Australia. Meticulous research by Dale Webster, former News Corp journalist and founder of a new independent online news service, *The Regional*, has exposed APRA's twenty-year failure to hold the banks to account.

Dale Webster has many family members who were bankers and describes herself as a “bank kid” of regional Victoria. She embarked on a year-long investigation to track the scale of bank branch closures in Australia since 1975, the peak of the “banking footprint” in Australia. Webster's research culminated in a 7 May 2021 article, “‘Big four’ banks casting a dangerous shadow in regional Australia”.

Regional banking inquiries of the late 1990s criticised the dearth of readily available information about banking services in the bush, leading to the 2001 establishment of APRA's “Authorised deposit-taking institutions’ points of presence” database. APRA was not eager to take on the job however; Webster reports that APRA “did not consider the collection and analysis of data on the availability of banking services as part of its functions”. After twenty years of maintaining a database which “never properly nailed the brief to hold the banks to account”, APRA's ongoing lack of interest is glaringly obvious.

The database was supposed to monitor bank locations in regional Australia, to track the scale of closures of “big four” (ANZ, CBA, NAB and Westpac) and other banks, which began thirty years ago and has only accelerated since. Initially, banks were fairly open about their decisions to close branches, but after public outcry and critical media coverage over their abandonment of regional Australia, the banks became extremely secretive.

APRA isn't helping either— unless its intention is to help the banks keep branch closures quiet. The only information APRA reveals to the general public is how many banks a town has (but not which banks own them); and how many branches a bank has in a particular “geographical remoteness category” (but doesn't specify which towns). The data is siloed and can't be cross-referenced, which Webster reports results in the “most obvious questions about a bank's regional footprint being left unanswered”.

APRA's shoddy database impacts one third of Australians

Webster's year-long investigation involved painstaking tracking of the locations of major and minor banks, mutual banks and franchises over decades, using BSB records, private research and media archives. The meticulous research revealed a litany of serious errors in APRA's database which shows it cannot be relied upon, even though it is the official source for government policy-making decisions and media reporting on the availability of financial services in regional Australia.

APRA's database of supposedly operational banks included branches which had actually been closed for years; or which did not provide sufficient cash and deposit services to fit the legislated classification of a bank branch; and banks which did not actually exist—including one supposedly located in the middle of a national park!



In addition to flawed banking data, APRA's cash management data is also unreliable. As reported by Webster, when a town loses its last bank, access to cash services is a critical factor recognised under Australia's branch closure protocol. Along with APRA's database, this protocol was one of the protections implemented in response to the 1999 Hawker Committee investigation into regional banking, to ensure that the public would retain some form of over-the-counter access to cash facilities after the closure of banks. However, Webster's research exposed systemic errors in APRA's data which means it does not reveal the true picture of cash services in regional Australia.

APRA informed Webster that it receives the data from the institutions themselves, and does not verify it before publishing it in the official database.

The Regional Australia Institute (RAI) reports that 36 per cent of the population live in regional Australia, which "makes a formidable contribution to the nation's economy ... without its contribution, Australia's economy would contract to the size it was in 1997". RAI observes regional Australia contributes one third of Australia's national output and is a "source of resilience for the economy", notably contributing half of Australia's growth after the Global Financial Crisis.

For twenty years, APRA has protected the banks from the outrage of the public by maintaining a shoddy database which does not accurately depict the availability of vital financial services in regional Australia—which impacts over a third of Australia's population!

Dale Webster's invaluable research depicts the true scale on which the banks have abandoned regional Australia. She notes: "Unfortunately, until banks are forced to start revealing branch closures to the general public it will take an enormous effort to keep the lists I have come up with updated, which is a ridiculous situation when access to cash services is considered a fundamental right under legislation and banks an essential service."

Cash a vital service in regional Australia

Webster's research reveals that during the peak of Australia's regional banking footprint in 1975, there were 2,802 banks in 1,128 regional locations. As of July 2021, only 1,107 remained open, a loss of 60 per cent of the network. Webster reports: "There are more than 500 towns across regional Australia that once had economies busy enough to warrant one, two, three or four major banks that have been left with nothing except—if they are lucky—their local post office or an agency in a shop to do their banking." Over 100 other towns are "one city boardroom decision away" from joining them.

Webster's online news service, *The Regional*, reports that since the start of 2021, regional Australia has lost another 86 "big four" bank branches. Since the beginning of the year alone, the states have experienced significant cuts to their regional banking network, with the hardest-hit including Victoria (10 per cent loss), Tasmania (9 per cent), Western Australia (8.8 per cent), New South Wales (7.9 per cent), and Queensland (4.6 per cent).

Webster's investigation included interviews with Australians in regional towns who staunchly contradicted the stigma that banks pulling out of their town meant it was economically dying anyway. In the bankless Casterton (Victoria) residents reported their town was "thriving" and "busier than ever", with businesses experiencing "huge" turnover.

The owners of Casterton's bakery received two thirds of their daily transactions in cash. When the post office doesn't have enough cash for them to do their banking, they have to travel a 140-km round trip to get to the nearest bank. On Casterton's busiest weekend, the annual Kelpie Muster, which attracts thousands of visitors and an estimated \$1.6 million into the local economy, the bakery owners have to hold \$7,000- \$8,000 worth of change for several days, until they can travel to the bank.

Webster reports that the reality of cash use in regional Australia is "in stark contrast to urban and metropolitan chatter where the term 'cashless society' is being thrown about more and more". This includes Reserve Bank Governor Philip Lowe, who claimed in 2018 that Australia was headed for a "near-cashless" future where cash would only be a "niche" payment method. This was despite the fact that there is \$90 billion of bank notes in circulation, more than any other period in history, and that one quarter of all transactions are still conducted in cash.

Webster reports the authors of the Reserve Bank's December 2018 paper "Where's the Money?" attempted to explain the whereabouts of the extraordinary amount of cash circulating in the economy. Declining Webster's request for an interview, the report's authors would only say "we do not have any data on whether removing banks from regional Australia may form part of the reason so much cash is unaccounted for".

Dale Webster's dedicated research is a great service to the Australian people. More than a third of the Australian public live in regional Australia, which contributes a third of Australia's national economic output. The banks, only interested in propping up the property bubble, are abandoning this crucial part of Australia at record rates. APRA's bank location database is shamefully inadequate, and its false and distorted data serves to protect the banks from the outrage of the public. The banks (aided and abetted by APRA) have utterly failed to serve Australian citizens—now, more than ever, we need an Australia Post "people's bank"!

Narrabri Council passes CPSB resolution

Narrabri Council in NSW has passed a resolution endorsing the Commonwealth Postal Savings Bank. In moving the motion, Councillor Maxine Booby provided the following "rationale":

"As Councillors would be aware, Wee Waa has recently lost both banks and their services.



Wee Waa Post Office, the only place in town to bank, thanks to Bank@Post.

"This has disadvantaged many people and businesses and charity groups in town. Businesses have had to allow an employee to travel to Narrabri to do business banking. This involves 1-2 hours of lost time. Businesses need to bank daily takings and/or access cash to service customers in their shopping. Not everyone uses EFTPOS cards.

"Charities do not have local access for cash for functions and these functions run on cash, i.e.: raffles, street stalls, Christmas carnival etc. A Commonwealth Postal Savings Bank would ensure these services that are so important to the smooth functioning of a community.

"The present arrangement between the National Australia Bank and Commonwealth Banks can change at the banks' whim. Already charges for transactions have increased to \$4.50.

"The situation in Wee Waa is exacerbated by the removal of the town's ATM. EFTPOS is available for limited cash at IGA, and the Bowling Club if you are a member. When the internet went down last week for three days people could not access their money and businesses could not service cards or cash outs." The rationale cited the benefits of the postal bank as detailed in the resolution. The Executive Management of Narrabri Council added the comment: "It should be noted that the above motion is a template motion drafted by the Australian Citizens Party."