



**ASIC**  
Australian Securities &  
Investments Commission

# **Inquiry into bank closures in regional Australia**

## **Submission by the Australian Securities and Investments Commission**

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## Executive summary

- 1 The Australian Securities and Investments Commission (ASIC) welcomes the opportunity to make a submission to the Rural and Regional Affairs and Transport References Committee (Committee) on its [inquiry](#) into bank closures in regional Australia.
- 2 We note the inquiry's terms of reference and have provided the information in this submission to inform the Committee of:
  - (a) the role and work of ASIC's Indigenous Outreach Program (IOP) team with First Nations peoples;
  - (b) the key learnings from ASIC's Indigenous Financial Services Framework;
  - (c) the IOP team's understanding of the impact that bank closures have in regional areas and the experiences of First Nations consumers with limited access to banking services; and
  - (d) opportunities to provide more accessible banking services to First Nations consumers and communities in regional and remote areas.

## A ASIC's engagement with First Nations peoples and financial and banking services

### Key points

ASIC's IOP team works with industry, service providers and government agencies to influence systemic change and drive positive financial outcomes for First Nations peoples.

The key learnings in ASIC's [Framework](#) highlight several areas that relate to the impact of bank closures on customers and regional communities.

The Financial Services Royal Commission also noted the detrimental effect of reducing bank branch networks over time.

The IOP team sees several opportunities for providing more appropriate and accessible banking services to First Nations consumers in regional and remote areas of Australia.

### The role and work of ASIC's IOP team

- 3 ASIC's IOP team is an established and specialist team working across ASIC to provide advice, insights and support to ensure ASIC's engagement with First Nations peoples is culturally appropriate and sensitive. The team also works with industry, service providers and government agencies to influence systemic change and drive positive financial outcomes for First Nations peoples. The team works across Australia, with staff located in Western Australia, Victoria, New South Wales and Queensland.
- 4 ASIC recently launched our [Indigenous Financial Services Framework](#) (Framework), which outlines key learnings developed through extensive consultations with a range of stakeholders on access to and engagement with the financial system by First Nations consumers and communities. The key learnings outlined in the Framework are directly relevant to the current inquiry by the Committee—that is, that financial inclusion and wellbeing are achieved by economic access.
- 5 ASIC's IOP team is prioritising activities focused on progressing the long-term outcomes of the Framework. These include developing and maintaining three dedicated ongoing engagement streams to facilitate and encourage all stakeholders to consider the key learnings in support of positive financial outcomes for First Nations consumers.

- 6 The three engagement streams include:
- (a) ASIC’s Indigenous Advisory Group;
  - (b) the Cross-Government Engagement Group; and
  - (c) ongoing engagement with the financial services industry, to progress opportunities identified through previous engagements.
- 7 A data strategy will also be developed to support and measure the impact of the Framework.
- 8 Another project being undertaken by ASIC’s IOP team is the ‘Better banking for Indigenous consumers’ project, as part of the external priorities in ASIC’s [Corporate Plan 2022–26](#). This project is focused on:
- (a) addressing harm experienced by First Nations consumers through fees on transaction accounts; and
  - (b) identifying consumers who are eligible for low or no fee basic transaction accounts.
- 9 The team has engaged with a selection of banks, focusing on a set of locations and consumers who receive specific support payments.
- 10 ASIC will be publishing a report highlighting the findings and impact of this project later in 2023.
- 11 The IOP team also runs an Indigenous Help Line which provides a channel for complaints, inquiries and concerns from First Nations peoples and their advocates about access to financial products and services (including banking).

## Key learnings from ASIC’s Indigenous Financial Services Framework

- 12 While there is incredible diversity across First Nations communities, including a broad spectrum of financial knowledge and understanding among individuals, there are also commonalities in how First Nations peoples engage with money and make financial decisions.
- 13 The key learnings in ASIC’s [Framework](#) highlight several areas that relate to the economic and welfare impacts of bank closures on customers and regional communities—for example, the link between financial and overall wellbeing and the shared nature of money in many First Nations cultures.
- 14 Key learning three under the Framework describes the strong interconnection between financial wellbeing and overall wellbeing. This can

be seen in housing stress, the impact on physical and emotional health, poor access to education opportunities and limited service provision.

Note: This idea of interconnection is supported by research commissioned by ASIC in collaboration with Beyond Blue in the [Money and mental health: Social research report](#) released in August 2022.

- 15 These lasting impacts are particularly significant for First Nations peoples when considering the Framework’s second key learning—that historic legislation, policies and events have prohibited and excluded First Nations peoples from effectively participating in the financial system. Engagement with and access to financial services in remote areas has been particularly inconsistent, and less embedded in day-to-day life than in metropolitan areas. This particularly applies to banking.
- 16 The Framework highlights that money is often a shared commodity within First Nations communities with specific values, priorities and responsibilities that influence how financial decisions are made. Any impact felt by an individual resonates across the household, family groups and communities. As one Framework consultation participant explained:
- Money management is a family responsibility because of the interdependencies in families. Bills can be delegated differently each month due to availability of funds to keep the house going. For example, mum pays rent, uncle buys petrol, nanna buys food. Everyone is responsible for everyone’s expenses and survival needs. ([Framework](#), p. 16)
- 17 This shared approach to money means that the impact of financial issues on individuals and communities can be complex and broad in nature.

## The impact of bank closures and limited access to banking services

- 18 We note that access to banking services for regional and remote consumers, including First Nations consumers, was examined as part of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission), which concluded in 2019.
- 19 A relevant point made in the [final report](#) by the Financial Services Royal Commission is how the reduction of bank branch networks over time can have a detrimental impact on consumers. This is even more pronounced when banks apply standard policies and procedures to all consumers, including First Nations consumers, regardless of whether they can easily attend a bank branch or access other banking channels.

Note: See Financial Services Royal Commission, Final report, vol. 1, pp. 87–88.

*Case study 1: Access to services*

An elderly Aboriginal woman in a remote community sought assistance from her local financial counselling organisation to contact her bank. She wanted to obtain bank statements to apply for a no interest loan, available to people on low incomes. The customer and the financial counsellor contacted her bank through a dedicated Indigenous services phone line.

After waiting approximately five hours to speak with a bank representative, the customer was advised that she would have to pay to receive copies of her statements from the bank, or otherwise obtain them online. The financial counsellor explained to the bank representative about the lack of banking and other services in the area, and the consumer's inability to access internet banking. The financial counsellor requested the issue be escalated and to speak with a supervisor, but was advised on multiple occasions that this was not possible.

- 20 The Financial Services Royal Commission also noted that while First Nations consumer advocates have identified that specialty phone services are helpful, they 'could only ever form part of a range of initiatives directed at improving access'.

Note: See Financial Services Royal Commission, Final report, vol. 1, p. 93.

- 21 In the [final report](#), the Financial Services Royal Commission also included recommendations aimed at improving access to banking services for First Nations consumers and consumers experiencing vulnerability through amendments to the Banking Code of Practice.

- 22 Amendments that were introduced include the current clauses 35–37 of the Banking Code of Practice. Clause 36 specifically states the following:

We will also assist our customers in remote communities (including remote Indigenous communities) to access and undertake their banking services.

- 23 From the IOP team's work assisting consumers on our Indigenous Help Line and our work with consumer advocates and financial capability workers on the ground, it is clear that First Nations peoples continue to face obstacles when accessing banking services.

- 24 When considering the needs of First Nations communities in regional and remote Australia, financial institutions must consider long-standing barriers such as the following that can impact economic and welfare outcomes:

- (a) *Geographic isolation*—Due to the distances between communities and available banking branches (including, in some instances, being cut-off entirely during the wet season), First Nations consumers can face excessive costs in order to travel to their closest bank and limited access to other banking services (e.g. internet banking, phone banking), or only have access to limited banking channels (Bank@Post agencies).
- (b) *Digital exclusion and challenges with digital accessibility and ability*—First Nations consumers may not only have limited access to reliable

internet and phone reception, but also devices, as well as limited capacity to use available digital platforms and services.

- (c) *Language barriers, in both written and verbal form, and where English is not the first language*—The use of Aboriginal-English by First Nations consumers is often not detected by service providers, resulting in inaccurate assumptions being made on English literacy levels and misunderstandings on the part of service providers.
- (d) *Challenges navigating personal identification requirements*—These challenges are often due to historic legislation, policies and practices which have caused inaccuracies and inconsistencies in personal identification records. Sometimes a lack of personal information recorded for an individual can also result in difficulty verifying records. This is further compounded by the lack of access to relevant registry offices and government service channels, which can provide alternative identification sources.
- (e) *Preference for face-to-face engagement and service delivery*—Among other factors, First Nations cultures place an importance on relationships for establishing trust and building accountability.

#### *Case study 2: Identity verification*

A community organisation was approached by several First Nations community members who could not access their bank accounts as they had been locked out by the bank. The customers could not purchase essentials like food for their families. The community organisation assisted the community members to engage with the bank by phone. The bank advised that the accounts had been locked because the customers needed to re-identify themselves.

The community organisation was required to use its limited resources to phone the bank, print identification verification documents, assist the customers with completing the documents, fax the paperwork to the bank and contact the bank again. They were required to wait on the phone again to confirm the identification and wait for the bank accounts to be unlocked. This took significant time and resources from a not-for-profit community organisation, which is not funded to provide this type of assistance. The organisation stepped in due to the serious welfare implications of customers being locked out of their accounts.

- 25 Over the years, the IOP team has also become aware of challenges experienced by First Nations consumers living in regional and remote areas when attempting to engage with banking services. The following examples show the complexities of those challenges and the impact on First Nations consumers:



*Common challenge 1: Tyranny of distance*

Regional and remote First Nations banking customers are consistently asked to attend in-person at the closest branch to resolve issues that cannot be dealt with over the phone or using internet banking. For many, their closest branch is hundreds of kilometres away. While distance is an obvious barrier, banks also often fail to consider the fact that many customers are unable to travel because they are vulnerable, elderly or seasonally isolated due to weather events, or they do not have the available funds to travel.

*Common challenge 2: ATM fees*

While there is a [fee-free ATM program](#) authorised by the Australian Consumer and Competition Commission (ACCC) with participating ATM providers and in select communities, First Nations customers continue to incur significant ATM fees, as they rely on ATM balance inquiries to know when funds are available in their account. This particularly affects First Nations consumers with limited financial means or who rely on support payments such as Centrelink. A person may make several balance inquiries before the funds are available, and then have to withdraw funds in tranches due to ATM transaction limits, incurring a fee each time they check the balance or make a withdrawal.

- 26 The barriers and challenges listed above are just some of the difficulties First Nations communities have been navigating for many years. While some progress has been made, there are issues that remain.

## Providing better banking services to First Nations communities

- 27 The IOP team sees several opportunities for stakeholders, including industry, to provide more appropriate and accessible banking services to First Nations consumers in regional and remote areas of Australia. These include:
- (a) engaging with First Nations communities on how they want banks to service their banking needs, and committing to the provision of a service led by First Nations customers that meets their needs;
  - (b) resourcing ongoing regional mobile banking and pop-up banking services in communities without access to a bank branch in response to remote communities' desire for face-to-face services;
  - (c) reviewing products and services provided to First Nations consumers to proactively identify consumer harm through inappropriate product distribution (e.g. Bank@Post fees, high-fee accounts);
  - (d) broadening the use of alternative sources of information by banks to identify their First Nations customer base and ensure appropriate and accessible banking services;
  - (e) adequately resourcing First Nations engagement channels, such as dedicated phone lines, and ensuring that staff operating those channels

have appropriate levels of cultural competency and understanding of First Nations consumers' experiences and needs;

- (f) ensuring the knowledge built through engagement with First Nations consumers is shared across the bank and embedded into all service channels (e.g. communications, campaigns, promotions, service provision);
- (g) resourcing culturally safe spaces to provide services to First Nations communities where there is no bank branch, including by up-skilling community members to assist with basic banking inquiries and engagement with banking channels (potentially as a joint initiative between several banks, rather than a branded bank service);
- (h) ensuring that where Bank@Post agency services are available, they are accessible to First Nations community members and staffed by culturally competent and sensitive workers, who are preferably members of the community; and
- (i) appropriately and broadly resourcing other bank and non-bank initiatives aimed at improving financial outcomes for First Nations consumers (e.g. the current fee-free ATM program, Commonwealth Financial Capability Services), to reduce the burden on financial counselling and other community organisations assisting First Nations consumers in regional and remote areas with basic banking inquiries.

## Key terms

Term	Meaning in this document
ACCC	Australian Consumer and Competition Commission
ASIC	Australian Securities and Investments Commission
IOP team	ASIC's Indigenous Outreach Program team
Committee	Rural and Regional Affairs and Transport References Committee
final report	The <a href="#">final report</a> released by the Financial Services Royal Commission.
Financial Services Royal Commission	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
Framework	ASIC's <a href="#">Indigenous Financial Services Framework</a>
inquiry	The Committee's <a href="#">inquiry</a> into bank closures in regional Australia