

28 July 2000

Please Quote Our Ref:  
REG005/TC absrevsub

**SUBMISSION FROM THE WESTERN AUSTRALIAN MUNICIPAL ASSOCIATION TO:**

Code of Banking Practice Review  
GPO Box 4612SS  
MELBOURNE VIC 3001

Dear Sirs,

**AUSTRALIAN BANKERS ASSOCIATION – REVIEW OF CODE OF BANKING PRACTICES**

Thank you for the opportunity of commenting on the Code of Banking Practices. The views below reflect the views of Local Governments in Western Australia, particularly those in our rural and remote areas who have been fighting bank closures for a number of years now - largely unsuccessfully. However, in the last two years, previously 'safe' branches located in the metropolitan areas of our capital city, Perth, and in some of our regional centres, have also been victims of the various efficiency reviews of our major banks, and met with closure.

Whilst escalating fees, declining service levels at branches, loss of personal service (and with it a declining knowledge of their customers) and the general shift to electronic banking are all areas of concern for bank users, closures remain the key concern of our members.

This Association has been fighting closures for a number of years now, and in recent years has reluctantly accepted that regardless of how hard we fight the banks, the closure still occurs. What we have tried to ensure happens though is that the closure is 'managed' a little better than some of them have been in the past. In other words, communities get reasonable notice of a proposed closure, banks take some responsibility for ensuring alternative services are available (eg. agency or ATM provision) and banks take on some responsibility for preparing communities for the 'electronic range of services' they now offer as alternatives.

A visit to the bank is a little like a visit to the Post Office or General Store in country towns. It is a 'normal' part of everyday life, and is a means of keeping in touch with neighbours, fellow residents of the town, paying one of two bills and so on. Removing the facility and replacing it with instructions on Internet Banking is not acceptable to most communities.

Who is responsible for teaching the elderly members of our communities how to use computers? Who is responsible for lobbying Telstra for lines that do not exist in some rural locations? Who is responsible for ensuring Internet Service Providers establish Points of Presence in our most remote locations?

There is a feeling amongst most of our members that banks do not care about the answers to any of the above. They close a branch, they leave town and they take with them their previous responsibilities to that community.

So, this Association will call for more community service obligations from the banks to the very communities you once served, and to the very communities who stayed loyal to the banks for decades and who helped to make them the very wealthy and profitable organisations they now are.

This Association calls on the Australian Bankers' Association, once again, to develop protocols for addressing bank closures which includes:

- ◆ Ensuring communities are given adequate periods of notice of the impending closure (say 3 months);
- ◆ Ensuring adequate services are still accessible in the town (eg. agency provision, ATMs, branches of other banks) to ensure essential services (eg. provision of cash) are still available to the community;
- ◆ Banks consider input to community education and training programs (human and financial resources) to help prepare communities for the electronic banking shift

The image of banks has been declining steadily in the last ten years, and is probably worse now than it has ever been. Rural communities across Western Australia, like their counterparts in other States, have suffered greatly in recent years through economic rationalisation, downsizing and computerisation. Service levels from agencies such as financial institutions have unquestionably declined. Whilst the closures are somewhat inevitable, as is the ongoing program of efficiency improvements to maximise profits, the morale ethics of the large banks has to be questioned and a sense of community obligation restored.

FOR FURTHER INFORMATION CONTACT: TREVOR CHAPMAN, REGIONAL DEVELOPMENT CONSULTANT, TEL: (08) 9213 2011