

Use the proposed bank levy to assist Australia Post to obtain an authorised deposit-taking institution (ADI) licence to provide essential banking services in areas where these do not exist.

Overview

- Face-to-face banking is an essential part of the banking system. However, bank closures, especially in regional and rural areas, are making the provision of face-to-face banking and cash difficult.
- The shift to online banking and the exit of banks from alternatives, will have the greatest impact on those who are digitally illiterate, vulnerable or simply need face-to-face support for complex banking issues (e.g., deceased estates).
- The wider shift to digital transactions for a range of products and services makes the provision of face-to-face banking difficult for banking institutions.
- In other sectors of the economy, there are provisions in place for the retention of infrastructure to support vulnerable cohorts. For example, in the telecommunications sector, a levy has been used to deliver infrastructure, such as fixed lines and payphones, in the transition to mobile technology.
- Banking services are increasingly being supported via third parties. Around 1,150 post offices are providing the only banking services in rural towns after banks closed 800 branches in regional Australia since 2017. Bank@Post is available in 3,500 post offices, on behalf of 81 banks and ADIs, and is managing \$10 billion in deposits and withdrawals each year. However, the services provided are limited and the financial viability of this model is questionable. According to the Senate Inquiry into Banking Closures in Regional Australia:

“While the Bank@Post service has been largely useful for basic, small transactions it is not an adequate substitute for full bank branches.”

WHAT ARE WE CALLING FOR?

- The Federal Government to use its proposed banking levy to support Australia Post to obtain an authorised deposit-taking institution (ADI) licence to provide banking services. Australia Post will be able to leverage its existing branch network (one of the largest retail footprints in Australia) to provide face-to-face banking services and access to cash in regional, rural and remote areas of Australia.

Budget impact

- The proposed levy would mean limited cost to Federal Budget.
- As Australia Post is government owned, any innovations that improve its financial viability will benefit the Federal Budget.

