



Secretariat
Regional Banking Taskforce
Financial System Division
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: Regionalbanking@treasury.gov.au

Regional Banking Taskforce Secretariat:

Impact of bank branch closures on regional communities

Thank you for the opportunity to provide feedback on the impacts of regional branch closures.

The NSW Small Business Commission (the Commission) is an independent statutory office of the NSW Government. It provides strategic advice, advocacy and affordable dispute resolution services to small businesses across NSW.

The Commission's role includes:

- encouraging government agencies and larger businesses to enter productive working relationships with small businesses
- facilitating and encouraging the fair treatment of small businesses
- promoting a fair operating environment in which small businesses can flourish.

As part of the Taskforce's consultation, the Commission would welcome a specific focus on the needs of regional small businesses given the importance of banking services to business operations and their different service needs (relative to other bank customers).

Diminished availability of banking services has the potential to impede economic development in regional communities if local businesses cannot access the services they need. Examples of issues raised with the Commission include the availability and ability of regional lending specialists to approve and support businesses applying for business loans.

The Commission's December 2021 Small Business Survey involving more than 2,000 small business participants, suggests regional small businesses are more likely to report difficulties accessing banking services. While businesses located in both regional NSW and Greater Sydney reported negative impacts associated with the closure of bank branches (39 and 37 per cent respectively), the impacts are more severely felt by small businesses operating in regional communities.



Around 9 per cent of regional businesses reported bank branch closures were having a major impact on their business. This compares with 5 per cent for their counterparts located in Greater Sydney (see **Appendix A**).

The Commission's survey also sought feedback on a range of potential tools that may help overcome service access issues (see **Appendix B**). The most popular suggestions were additional services at the ATM (34 per cent), simplification of online/mobile banking tools (33 per cent), more options for banking at the post office (32 per cent), better internet connectivity (29 per cent) and better phone banking support (24 per cent).

The perceived need for each of these tools varied considerably between regional and Greater Sydney businesses. For example, regional businesses were more likely to request more options at the post office and better internet connectivity while Greater Sydney businesses were more likely to support simplification of internet banking tools and more functions at ATMs.

Thank you again for the opportunity to make a submission. If you require further information or would like to further discuss issues related to small businesses, please contact Megan Bennett at either megan.bennett@smallbusiness.nsw.gov.au or (02) 9372 8767.

Yours sincerely

Chris Lamont
Commissioner
NSW Small Business Commission
16 December 2021

Appendix A: Survey question – To what extent, if any, has/did the closure of any physical bank branches near you affected/affect your business?

Total Responses:

Q53a. To what extent, if any, has/did the closure of any physical bank branches near you affected/affect your business?			
		Response percent	Response total
No impact – the services I need/needed are/were available to me		62.05%	1547
Minor impact – the services I need/needed are/were available but less convenient.		19.78%	493
Moderate impact – some services are/were unavailable and I (have) had to make alternative arrangements		11.55%	288
Major impact – difficulties accessing services is/was a significant challenge		6.62%	165

[Export Graph](#) Statistics based on 2,493 respondents;

Regional NSW:

Q53a. To what extent, if any, has/did the closure of any physical bank branches near you affected/affect your business?			
		Response percent	Response total
No impact – the services I need/needed are/were available to me		60.73%	566
Minor impact – the services I need/needed are/were available but less convenient.		18.78%	175
Moderate impact – some services are/were unavailable and I (have) had to make alternative arrangements		11.59%	108
Major impact – difficulties accessing services is/was a significant challenge		8.91%	83

[Export Graph](#) Statistics based on 932 respondents;



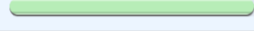

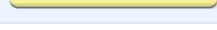


Greater Sydney Region:

Q53a. To what extent, if any, has/did the closure of any physical bank branches near you affected/affect your business?			
		Response percent	Response total
No impact – the services I need/needed are/were available to me		62.84%	981
Minor impact – the services I need/needed are/were available but less convenient.		20.37%	318
Moderate impact – some services are/were unavailable and I (have) had to make alternative arrangements		11.53%	180
Major impact – difficulties accessing services is/was a significant challenge		5.25%	82

[Export Graph](#) Statistics based on 1,561 respondents;



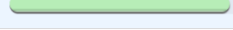

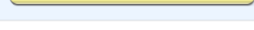

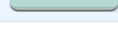
Appendix B: Survey question – Which, if any, of the following tools would (have) most reduce/reduced the impact of your local branch closing?

Total Responses:

Q53b. Which, if any, of the following tools would (have) most reduce/reduced the impact of your local branch closing?			
<i>Please select all that apply.</i>			
		Response percent	Response total
Simplification of online or mobile banking tools		32.96%	291
More options for banking at the post office		31.71%	280
Additional services available at the ATM		33.98%	300
Better phone banking support		24.01%	212
Better online connectivity in my area		28.88%	255
Training or support to use online or phone banking services		12.34%	109
Other		12.34%	109



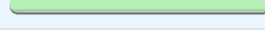

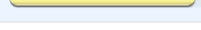


[Export Graph](#) Statistics based on 883 respondents;

Regional NSW:

Q53b. Which, if any, of the following tools would (have) most reduce/reduced the impact of your local branch closing?			
<i>Please select all that apply.</i>			
		Response percent	Response total
Simplification of online or mobile banking tools		25.44%	86
More options for banking at the post office		34.91%	118
Additional services available at the ATM		30.47%	103
Better phone banking support		19.23%	65
Better online connectivity in my area		34.02%	115
Training or support to use online or phone banking services		9.17%	31
Other		15.09%	51

[Export Graph](#) Statistics based on 338 respondents;

Greater Sydney Region:

Q53b. Which, if any, of the following tools would (have) most reduce/reduced the impact of your local branch closing?			
<i>Please select all that apply.</i>			
		Response percent	Response total
Simplification of online or mobile banking tools		37.62%	205
More options for banking at the post office		29.73%	162
Additional services available at the ATM		36.15%	197
Better phone banking support		26.97%	147
Better online connectivity in my area		25.69%	140
Training or support to use online or phone banking services		14.31%	78
Other		10.64%	58

[Export Graph](#) Statistics based on 545 respondents;