

Ensure face-to-face banking services remain available to communities through a Community Services Obligation (CSO) funded by an increase in the existing Major Bank Levy.

Overview

- Face-to-face banking is an essential part of the banking system. However, bank closures, especially in regional and rural areas, are making it difficult to provide cash and face-to-face banking.
- The shift to digital transactions for various products and services makes it challenging for banking institutions to provide face-to-face banking services.
- Banking services are increasingly being supported via [third parties](#). Bank@Post operates in 3,300 post offices, on behalf of 79 banks and authorised deposit taking institutions (ADIs), 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.”*
- Bank branches in regional and remote areas need direct support to keep services available in these areas. In other sectors of the economy, there are provisions for delivering essential services to vulnerable cohorts through Community Services Obligations (CSO). A CSO is a government-mandated requirement to provide a service that may not be commercially viable on its own, benefiting the public. 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. Hearing Australia administers a CSO program, funded by the Department of Health to provide eligible clients access to hearing services and devices.

WHAT ARE WE CALLING FOR?

- Increase the Major Bank Levy to provide a CSO to an appropriate entity to offer face-to-face banking services in areas where they are currently lacking but needed. Increase the Major Bank Levy from 0.06% to 0.065% per annum. In effect, this would be a levy on the largest banks which have closed their regional and rural bank network, as the CSO would support those banks that have retained their network.

Budget impact

- The change would have a limited cost to the Federal Budget, and would raise approximately \$150m per year as estimated by the [Parliamentary Budget Office in 2024](#).

