



*Economic and Social Impacts of the
Closure of the Only Bank Branch in
Rural Communities*

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Table of Contents

Economic and Social Impacts of the Closure of the Only Bank Branch in Rural Communities

EXECUTIVE SUMMARY	1
1. INTRODUCTION	4
2. RESEARCH METHOD	7
2.1 Locations	7
2.2 Survey Procedures	9
2.3 Response Rates	10
2.4 Statistical Reliability of the Response	11
3. RESULTS	12
3.1 Impact on Individuals	12
3.2 Impact on Business	16
3.3 Impact on the Community	20
4. CONCLUSIONS	25
APPENDIX I	31
BIOGRAPHICAL DETAILS OF RESEARCHERS	35
REFERENCES	36

EXECUTIVE SUMMARY

This Report examines the impact of bank branch closure on rural communities.

- Over recent years the number of bank branches in rural communities has declined significantly, and figures suggest that perhaps as many as one in three major bank branches in rural communities were closed over the period 1993 to 1996.
- Towns included in the survey sample are Ashford, Bundarra, Mungindi, Urana and Oaklands in NSW and Jandowae, and Wandoan in Queensland. All towns have lost their last bank branch with the exception of Jandowae which still has one bank branch located in the town.
- Data for the report were gathered by way of a mail survey delivered to householders in each of the sample towns. Response rates varied from 16% to 26%, with an average response rate of 21%.

Impact on Individuals

For individuals the major impact of the bank branch closure was in the areas of:

- reduced savings;
- increased size of cash withdrawals;
- reduced investment income;
- reduced access to and increased cost of finance; and,
- reduced access to financial planning advice.
- 65% of respondents who had previously used the bank branch for the purpose of saving found this now to be more difficult and indicated an average savings difference of \$400 per month.
- Between 57% and 82% of respondents in each community indicated that they had increased the size of their cash withdrawals following the bank closure.
- Respondents indicated a loss in investment income of from \$100 to \$2,000 per annum due to the withdrawal of banking services.
- Almost 50% of respondents reported that credit now costs them more, and 70% indicated that obtaining credit had become more difficult.

- Approximately 60% of credit-seeking respondents reported that they now sought credit on occasion from local shopkeepers.
- Approximately 75% have found getting financial planning advice harder since the closure of their local branches.

Impact on Businesses

For business the impact of the bank branch closure was felt in terms of:

- increase in cheque cashing;
- loss of cash sales;
- accumulation of excess cash;
- delay in deposit of cheques; and,
- increase in bad debts.
- The high cash handling (HCH) businesses reported an average monthly increase in cheque cashings of \$12,100, the low cash handling (LCH) businesses, \$4,750 per month, the community and professional service businesses, \$500 per month and the government and semi-government businesses reported an average monthly increase of \$2,000.
- Business unable to meet the cash needs of customers reported an average of \$4,475 per month of lost sales by HCH businesses and an average of \$675 per month in lost sales by LCH businesses.
- Respondents in HCH businesses reported excess cash accumulated to the extent of an average of \$4,100 per month, whilst LCH businesses reported an average of \$1,000 'unwanted' cash per month, with primary producers accumulating an average of \$850 per month in unwanted cash.
- The delayed deposit of cheques ranged from a low average of \$700 for eight days by community service businesses to a high of \$7,500 for six days by LCH businesses. Delayed deposits by primary producers averaged \$6,600 for eight days, whilst HCH businesses reported delays of an average \$6,800 for five days.
- Professional services businesses reported the highest incidence of increased bad debts since the closure of the local bank branch with an average increase of \$2,000

in bad debts per annum. While HCH businesses indicated no change in the size of bad debts, LCH businesses reported an average increase annually of \$1,000.

Impact on the Community

The closure of the bank branch has impacted on the community in three main respects:

- financial drain from the community;
 - loss of financial investment; and,
 - loss of confidence in the community.
- About 53% of respondents indicated that their shopping habits had changed. Of those respondents, 12% reported that they had *increased* their expenditure in their local town whilst 88% reported that their expenditure locally had *decreased*. The reported increase averaged \$180 per month, whilst the decrease averaged \$320 per month. The net result of this change in shopping habits on rural communities is a cash drain of as much as \$800,000 in Jandowae.
 - Formation of capital suffers and there is a direct link between formation of capital and economic activity. About 30% of respondents indicated that the new financial environment after the closure of the bank branches had persuaded them **not** to proceed with undertaking a loan. Of these respondents, 39% reported that their projected loans would have been for business purposes and another 27% indicated their loans would have been for housing purposes. The potential business loans averaged \$12,000 and the housing loans averaged \$48,000. A further 34% of respondents did not proceed with personal loans averaging \$10,000 each. The total cost of this reduction in financial investment amounts to between \$800,000 in Oaklands and \$3.1m in Jandowae.
 - Approximately 90% of respondents indicated that that were now more pessimistic about the future of their community. As a follow-up to this question, people were asked if they would leave the town if the opportunity arose, and thus transpose their negative feelings into action. 39% of those respondents reported that they would if they could.

1. INTRODUCTION

The rapid development of information transfer technology and its penetration into many facets of modern life are surely some of the most significant societal changes in the closing decade of the twentieth century. Coupled with the challenges of increasing deregulation and loss of regulated preference in the financial services markets, the growth of information transfer technology has presented a significant opportunity for the banks to reshape their distribution and service delivery networks.

Whilst opening and closure of bank branches have reflected changes in community populations over the years, the closure of bank branches has accelerated world-wide and is a discernible trend in recent years. Sraeel (1995) and Denny (1995) predicted half the retail bank branches in the US and the UK respectively would be closed in the next 5-10 years. Australian banks are following a similar trend, and indeed on a population basis Australian banks have been among the most heavily over-branched in the world with an average of 372 branches per million population compared with 210 in the US, 229 in the UK and 282 in Canada (McIntosh Baring, 1996).

Australian bank branches reached a peak of 7,064 in 1993, and have since declined to 6,507 in June 1996, a fall of 7.8% (Reserve Bank Bulletin, 1996). Perhaps a more indicative set of data to examine with regard to the provision of banking services are the number of branches owned by the four major banks which account for around 65% of all deposits and loans on a national basis and which have traditionally serviced rural communities (McIntosh Baring, 1996). As Table 1 demonstrates the number of major bank branches declined by 12.5% in the period 1993 to 1996.

Table 1:

Number of Major Bank Branches in Australia as at June 1993 and 1996

	1993	1996	% Change
Metropolitan	3,153	2,790	-11.5%
Non- Metropolitan	2,315	1,993	-13.9%
	5,468	4,783	-12.5%

Source: RBA unpublished data

While branches in metropolitan areas fell by 11.5%, in non-metropolitan areas the decline was 13.9%. Unfortunately, the term non-metropolitan includes both rural and coastal areas and therefore masks the underlying dynamics in the bank distribution system and the actual reduction in branches in rural and remote communities. In Queensland, for example, the number of major bank branches in non-metropolitan areas increased by 1.5%, reflecting growth in towns along the eastern seaboard. Whilst there have been branch openings in new and developing areas such as this, there have also been many closures in rural, remote and more slowly growing economic regions. The distribution of non-metropolitan major bank branches is given on a state by state basis as in Table 2.

Table 2:

Major Bank Branches in Non-metropolitan areas by State 1993-1996

Bank	NSW		VIC		QLD		SA		WA		TAS		NT	
	1993	1996	1993	1996	1993	1996	1993	1996	1993	1996	1993	1996	1993	1996
ANZ	135	152	113	129	99	128	64	45	32	35	19	20	6	18
CBA	220	196	248	153	124	118	21	19	30	27	13	12	2	2
NAB	210	143	149	115	119	118	41	28	38	35	4	4	1	1
WBC	249	194	121	86	129	115	39	27	61	49	22	19	5	5
Total	814	685	631	483	471	479	165	119	161	146	58	55	14	26
% +/-	-15.8%		-23.5%		+1.7%		-27.8%		-9.3%		-5.2%		+85.7	

Source: RBA unpublished data

States which saw significant reductions in the number of major bank branches in non-metropolitan areas were Victoria (23.5%), South Australia (27.8%), and New South Wales (15.8%) (RBA, 1997). These figures suggest that perhaps as many as one in three major bank branches in rural communities have been closed over the past three years.

Bank managements in a free society have a right to manage the affairs of their corporations as they see fit within the confines of relevant legislation. Indeed, directors have an obligation to act in the best interests of shareholders whilst maintaining some degree of regard for other stakeholders. Deregulation in the banking sector in Australia during the last decade has seen major changes and shifts in emphasis in the provision of banking services. Cross-subsidisation, whereby revenue earned by one segment of a bank's services was used to fund the provision of other services for which costs were not recovered in full but which provided benefits to a group of customers, has been decreased.

Nevertheless, the banking sector still plays a social role in providing banking services to communities. In addition, banks play an economic role in that the provision of regional financial services are thought to have a significant effect on the establishment and growth of production activity (Dow, 1987). Amos and Wingender (1993) concluded that the availability of credit is a significant determinant of regional growth.

Whilst there is ample anecdotal evidence of the detrimental effects of closures of bank branches in rural towns and the costs that these closures impose on rural communities, there appears to have been little formal economic and social research undertaken to measure these effects. This research project was thus planned and carried out to assist in remedying that situation.

2. RESEARCH METHOD

2.1 Locations

Seven towns in rural Australia were selected as locations for the research. Two of the towns, Jandowae and Wandoan, are situated in Queensland, and five, Mungindi, Ashford, Bundarra, Urana and Oaklands, are located in New South Wales. Mungindi is sited on the Weir River, which forms part of the Queensland-New South Wales border; parts of the town are located in each state, but the majority of the town including the business centre lies in New South Wales.

All of the towns with the exception of Jandowae have had their last remaining bank branch close, either in the recent or more distant past. Jandowae was selected for study, even though a bank branch remained open at the time of the research. Banking business in the town had been divided between two banking institutions, with the bank that closed anecdotally being the dominant firm in the market. Customers of this bank, when closure of the branch was announced, were faced with the uncertainty of transfer within the town to the other institution, which might follow suit and close soon after, transfer to another branch of the closed bank in another town, or transfer to another banking company in another town.

Urana and Oaklands in the Riverina of New South Wales are another special case in that these towns are the only towns in the Shire of Urana. Both towns have had their only banks close. Hence, the Shire has no banking services provided within shire boundaries.

People are adaptable and learn to adjust over time to changes in their economic and social environment. Hence, in order to examine the adjustment process, necessarily superficially, the survey towns were selected so that there was a range of periods since the respective bank branches had closed. The banks in Ashford and Bundarra, for example, had been closed for about 5 years, whilst the banks in Mungindi and Jandowae had been closed for only a few months. The closures at Wandoan and Urana

occurred about 2 years ago. Additionally, some towns had since had a credit union open an office (e.g. Ashford) or had been promised such a service (e.g. Mungindi).

The following table, Table 3, summarises the availability of banking services in each surveyed town and district. Australia Post provides bill paying services for some utilities, insurance premia and selected taxes. Additionally, cash withdrawals up to \$800 per day are available through the giroPost service at post offices. GiroPost offers access to accounts held with the Commonwealth Bank and about six of the second-tier banks. These are essentially transaction services for consumers. EFTPOS (electronic funds transfer point of sale) outlets add to the range of consumer services by allowing people to charge goods to credit/debit card accounts and to withdraw, usually small, amounts of extra cash.

Whilst these services help consumers manage their daily cash requirements, they do not provide the full range of services that the bank branches formerly provided in the towns. Business customers of banks understandably require a different range of banking services, consumer cash management services being totally inadequate for their needs. Business customers are forced to access banking services at the nearest larger centre which still enjoys full banking services. This can be as much as 120 km distant.

Table 3:
Banking Services in Town and at Regional Centre

Town/district	Banking services in town	Nearest centre with full banking services	Distance from that centre (km)
Ashford	credit union agency, giroPost, EFTPOS	Inverell	60
Bundarra	giroPost	Inverell	50
Jandowae	bank, giroPost, EFTPOS	Dalby	50
Mungindi	giroPost, EFTPOS	Moree, St. George	120, 120
Oaklands	giroPost	Berrigan, Corowa	40, 55
Urana	giroPost, EFTPOS	Lockhart	45
Wandoan	building society agency, giroPost, EFTPOS	Miles	70

2.2 Survey Procedures

A survey instrument (copy attached as Appendix I) incorporating questions on the demography of the surveyed households and on the costs and effects of the loss of banking services was developed, field tested and amended as necessary. The questionnaire comprised 25 questions in total. Some related to personal saving, investing, financing, use of safe deposit facilities, transaction services and financial planning as well as business banking services. Additional questions explored social impacts and costs. The instrument was developed so the same form could be used for each location, even though there were differences in individual situations.

Each town was personally visited by members of the research team during late October-November 1996, so that members could familiarise themselves with the towns and their banking arrangements. Additionally, at least one (and mostly more than one) informed person of each town or district was interviewed to add to the team's understanding of the communities. Press releases were given to district media and posters placed in town shop windows and noticeboards to raise awareness among the community of the survey, to try to increase the response rate so that the survey results would be representative of the whole community.

The survey instruments were posted by means of Australia Post's *householder delivery service* to all households on selected mail runs covering both town areas and outlying districts. These mail run areas are designated by Australia Post by postcode.

Many reasons suggested that this method of distribution would be appropriate. The research involved the people of the whole community, both previous customers of the closed branches and other non-customer members of the community who may have been consequentially affected by the closure of the bank branch. Mail runs generally emanate from centres which are the focal points for commerce and services in a district, and reflect a multitude of local factors, not the least of which is the condition and all-weather trafficability of the roads. Hence, it is logical to assume that

households on the majority of mail runs tend to use the centre from which the runs originate for some or most of their purchases of goods and services, including banking.

Additionally, statistical data are available from the Australian Bureau of Statistics (ABS) on the basis of census-collector district-adapted postcodes. Thus, statistical data are available for the areas served by the mail runs, as amended slightly by the boundaries of census collectors' districts. The availability of these data allow appraisal of sample demographic data to ascertain the general applicability of results.

Survey instruments were delivered together with an explanatory letter during the last two weeks in November. Householders were asked to complete the questionnaire and return it in a 'freepost' envelope within a reasonably short period, the latest return date being at the start of the second week in December. The short period was set in the hope that people would undertake the task almost immediately, rather than leave it for a while and then perhaps forget to do so. Late returns continued to be received and were accepted until the end of December.

A single mailing only was used. Whilst double-mailing, a procedure sometimes used to explore the attitudes and characteristics of non-respondents, was included in the initial research plan, it was not possible to complete it for all the selected towns, because Australia Post could not guarantee householder delivery before Christmas in all centres. Hence, the procedure was dropped from the research methodology and not attempted for any centre.

2.3 Response Rates

Approximately 2300 survey instruments were delivered to post offices in the selected communities. The overall response rate appears to be about 21%, which is consistent with generally achieved rates for this type of postal survey. The response rates from the communities where bank branch closures have been more recent are higher, as

expected, than those from communities which have had more time to accept the situation and adjust their activities.

Because of the nature of the householder delivery service, members of the research team can not be sure whether delivery was effected to all relevant members of each community, nor whether delivery was consistent between centres. For example, delivery of questionnaires may have been effected to service centres such as hospitals, homes for the aged, golf and bowls clubs, show societies, etc in some areas, but not in others. Similarly, some offices at police stations, schools and churches may have received a copy and others not. The following response data in Table 4 are likely to understate the true response rates.

2.4 Statistical Reliability of the Response

Extensive information is available from the ABS on the characteristics and attributes of the population of the survey areas. Thus, the age and sex distribution, industry of employment, occupations by age and sex, annual individual income, annual household income and much more is available at the required micro-level of census-derived postcode areas. However, the latest available information comes from the 1991 census. Data from the 1996 census are not yet released.

Table 4:
Apparent Survey Response Rates by Town

Town	No. survey instruments delivered	No. survey responses received	Response rate (%)
Ashford	340	60	18
Bundarra	300	49	16
Jandowae	530	138	26
Mungindi	340	73	21
Oaklands	140	23	16
Urana	250	55	22
Wandoan	390	88	23

Given the quite extensive changes in rural communities over the 1991-1996 period, statistical comparison of the demographic data has not been possible. Visual inspection, however, indicates general comparability. Responses regarding household income, for example, give frequency distributions of incomes which show general alignment with official figures. Even so, when compared with 1991 data, responses from households with incomes in the \$20,000 - \$30,000 range appear to be over-represented at the expense of responses from households with incomes in the \$12,000 - \$20,000 range. However, since there has been an approximate 15% increase in earnings since 1991, drift towards higher income classes is to be expected.

3. RESULTS

Closure of the last remaining bank branch in a town or community imposes both economic and social costs on individuals, businesses and the community as a whole. These impacts are explored sequentially in this section.

3.1 Impact on Individuals

Individuals use banks to save, to invest surplus funds, to arrange loans for consumption, housing and investment, for safe deposit services and for financial planning. The implications and costs of the withdrawal of these services locally from a community are discussed.

When the last bank branch closes in a town, individuals often experience difficulty with managing their requirements for cash. To some extent, the lack of a bank branch can be overcome locally by the use of credit/debit cards or by 'booking up' purchases on monthly accounts which are paid by cheque.

More recent electronic solutions to the lack of ready cash for purchases include EFTPOS, ATMs and 'smartcards'. To date, EFTPOS is really the only one of these

three technologies which is being used to any extent in rural and remote areas¹. Nevertheless, there have been considerable difficulties experienced with the use of EFTPOS, especially where customers expect businesses to have an unlimited supply of cash to allow large withdrawals of cash to accompany purchases. Many business managers mentioned that customers now seemed to assume that their businesses could equal the capacity of a bank to supply cash. 'With EFTPOS at BP sometimes you are only allowed \$50 at a time and for some that is just not enough at all' (survey response, 1996). One business in Ashford reported that customers became abusive when the store could not accommodate cash withdrawal requests of up to \$1,000 with the purchase of a can of Coke.

It would appear that in general electronic innovations such as giroPost and EFTPOS are not seen as an adequate substitute for branch financial services. In the towns surveyed only about 12% of individuals on average elected to switch to these methods exclusively. In towns where there are alternative face-to-face financial services, such as Ashford, Wandoan, and Jandowae, 53-55% of respondents still relocated their financial services to another branch of their bank, either to maintain continuity of service or because of the cost of switching.

A change in the location of banking imposes significant costs on the individual. 69% of respondents indicated that the closure of the bank branch required at least one additional trip per month, and 17% reported making an additional trip for banking at least four times per month. Given that a round trip for these purposes would involve between 90 to 240 kms this is a significant additional cost.

Individuals may solve their cash problems by drawing funds from their accounts at branches in 'service' towns, and bringing these funds home with them to spend in their local towns. Because the number of trips made to these central places tends to be limited, individuals tend to make larger cash withdrawals than was their previous habit so that they will have sufficient cash until the next trip. This indicates that

¹ Free standing (i.e. located away from a bank branch) ATMs are a recent phenomenon of the cities, and smartcards have yet to be introduced widely.

individuals in these communities are travelling long distances with extra cash on their persons and indeed are keeping extra cash in their homes. Members of these communities thus incur costs and potential costs through the danger of robbery and perhaps accompanying violence, the loss of cash through mischance or perhaps fire in houses, and through mental stress in worrying about the situation. With the exception of respondents at Jandowae (who have access still to a full branch of a bank), a majority of respondents who had banked at the closed branch in each of the surveyed towns indicated they have now increased the average amount of cash at each withdrawal².

Even more important in the long run is the effect on spending patterns. Where people have to travel outside their local community to withdraw cash, the pattern of their expenditure tends to change. Shops in larger towns with their higher turnover than their competitors in small communities are noted for their greater range of stock, fresher stock and lower prices. Unless people are committed to supporting their local businesses and make a definite point of shopping locally for as much of their requirements as possible, there is a strong tendency that they will make purchases whilst in the larger centre to the detriment of turnover by their local businesses. (This issue will be discussed in more depth in the Section 3.3.) Suffice to note, at this point, that businesses need turnover to survive. Without that support, eventually they close and local consumers suffer the inconvenience of the lack of local services. 'People go to other towns to bank. Do their general shopping whilst there. A town without a bank must eventually close and become a ghost town' (survey response, 1996).

A majority of respondents (84%) used the closed bank branch as a vehicle for saving and investing. Saving can be viewed as just another 'use' of disposable funds. Advertising and a ready mechanism to facilitate saving such as a local bank can be expected to affect savings levels. Approximately 65% of these respondents who had saved with the closed branches indicated that they had since found saving harder. Few

² From 57% to 82% of respondents who had banked at the closed branch have increased the size of their cash withdrawals.

(less than 2%) respondents reported saving to be now easier. In an attempt to quantify the loss in savings, respondents were asked by roughly how much had their monthly savings changed. The average of the responses indicated a savings difference of approximately \$400 per month. If this figure is a true value for the effect on personal savings, then the closure of community bank branches will have significant ramifications for aggregate savings, retirement incomes and ultimately national investment.

Additionally, respondents indicated that the closure of the bank branch led to a loss of investment income. This could occur through not being able to deposit funds in a timely manner, not gaining timely investment advice about, and access to, best rates of return, or spending (consuming) rather than saving surplus funds. Whilst there may have been some strategic behaviour in the reporting of these amounts, the indicated lost returns ranged from \$100 to \$2,000 per annum.

People get loans from banks to finance consumption, housing and business activities. Whilst many people have retained their accounts with the banking corporations which closed the local branches and have elected to adjust their activities to cope with the change, approximately 80% of respondents indicated they have sought credit at other banks or financial institutions. Almost 50% of these respondents reported credit now costs them more and 70% indicated that obtaining credit had been harder. Of these respondents, 20% thought obtaining credit had been harder because of the lack of a previous business relationship with staff and 26% thought there were different credit rules in the new institutions. About 80% found the additional distance to travel a deterrent. To balance this effect, 17% of credit-seeking respondents found obtaining credit easier at their new institutions, mostly because of different credit rules.

Apart from the difficulty (or otherwise) of obtaining credit, there is the issue of not proceeding with a planned loan. This has business and community implications, as well as personal effects, and will be dealt with in Section 3.3.

A further issue involves the seeking of credit with local businesses, for example, booking up purchases on a monthly account, where previously cash was paid. Approximately 60% of credit-seeking respondents reported that they now sought credit on occasion from local shopkeepers. Whilst this might cause the credit-seekers a degree of embarrassment, more likely there are costs incurred by the storekeepers in the form of additional interest on their own overdrafts, additional bad debts and additional personal stress. In many cases, the shopkeepers are forced into an invidious position, in that they must give credit to enhance turnover. The cost of additional bad debts is explored in the next section.

Other services which banks provide are safe deposit and financial planning advice. Only about 30% of respondents used their local bank branch for safe deposit services. A bare majority of these people moved their valuables to their new bank branch, the rest lodged papers with their solicitors or made other arrangements. Whilst the safe storage of valuable papers appears a minor issue to confident people aware of the various deposit options, this issue tends to loom large for the elderly. Moreover, the elderly are more likely to have to store deeds for unencumbered property than people earlier in their life cycles. The researchers found whilst talking informally to members of the surveyed communities that there appeared to be significant awareness of this issue and that it exerted a social cost.

A similar proportion consulted the officers of the bank for financial planning advice, about 60% of these wanting personal financial advice and 70% seeking business financial advice. Approximately 75% have found getting financial planning advice harder since the closure of their respective local branches. Whether that inconvenience transposes into costs is difficult to quantify, except on a case-by-case basis, which is beyond the scope of this investigation.

3.2 Impact on Business

Businesses require a range of banking services similar to the needs of private individuals, but the requirements are usually highly magnified. Both high cash-

handling (HCH) and low cash-handling (LCH) businesses, for example, may prefer to bank every day to manage cash security and financing costs. This section deals with the impacts of branch closure on business, specifically in relation to cash management and the increased incidence of bad debts.

Whilst the establishment of giroPost as a retail banking service at post offices and the opening of EFTPOS services in local businesses have provided some cash management services for consumers, there has been little attempt by the banking industry to assist small business managers to adjust to the loss of their local bank branches. Indeed, some of the most often recurring comments made by members of the surveyed communities were that the banks gave little notice of their intentions to close, sometimes did not inform all account holders personally of the closures, and were deaf to any suggestions of interim measures. 'Shockwaves travelled through the community as we received very short notice of the closure. None of us have adjusted adequately because how do you when you've had a loss. There's no guarantee of our other bank services locally either. There is a real insecurity in us all' (survey response, 1996).

Notwithstanding these impressions, some banks have made concessions. The bank which withdrew from Ashford, for example, set up an EFTPOS machine in a local business at zero rental for some months. Whilst there is anecdotal evidence that a banking company offered to fund a secure courier service for businesses in a Queensland town where their branch was closed, the same bank would not provide such a service for businesses in a New South Wales town. The businesses there have paid a middle-aged unarmed courier to do their banking for them several days each week, a situation which is highly unsatisfactory (Smith, 1996).

The effects and costs of the closure of the last bank branch in a town on individual businesses depends somewhat on the type of business. In order to be able to understand and classify business respondents to the survey according to their throughput and need for cash, a question was included on the questionnaire which allowed businesses to categorise themselves as 'primary industry', 'low cash-handling

business', 'high cash-handling business', 'professional services', 'community services' or 'government and semi-government service'. It could be reasonably expected that all these categories of businesses in rural communities with the exception of the high cash-handling businesses would pay for inputs and be paid predominantly by means of cheques, although all businesses can expect to have to manage some cash.

Where there is no local bank, businesses can expect high denomination notes will accumulate over time at the expense of 'change' - lower denomination notes and coinage. To try to overcome change shortages, many businesses have increased their change floats. However, there is an upper limit to this practice, because change in hand poses security problems and costs either opportunity interest or the relevant portion of the interest charge on an overdraft.

Change shortages affect turnover. Because other arrangements can be made to overcome the problem, there may be little effect on sales where the customer is a local person. However, the situation is quite different where the customer is just passing through town. Mungindi, for example, has a large itinerant population at times, because of the casual labour requirements of the cotton crop. Where a shopkeeper cannot cash cheques because of change shortages, those sales are lost. Customers usually will not go to another store, make some purchases in order to cash a cheque and then return to the first store. Respondents to the survey reported an average of \$4,475 per month of lost sales by HCH businesses and an average of \$675 per month in lost sales by LCH businesses.

Requests to cash cheques have increased for many respondent businesses since the bank branch closures. All types of businesses except primary producers have been affected. 'To get money you have got to go where your bank is. If cashing a cheque in town, it is only for a small amount or you have to wait two or three days to get a large one cashed. Also if I go to the bank, it costs for petrol and wear on the car. I also shop there. (survey response, 1996). The HCH businesses reported an average monthly increase in cheque cashings of \$12,100, the LCH businesses, \$4,750 per month, the

community and professional services businesses, \$500 per month and the government and semi-government businesses reported an average monthly increase of \$2,000.

The accumulation of high denomination notes similarly has implications for security and has an effect on interest charges or interest earned. The significance of this problem depends on the type of business. Respondents in HCH businesses reported excess cash accumulated to the extent of an average of \$4,100 per month, whilst LCH businesses reported an average of \$1,000 'unwanted' cash per month, with primary producers accumulating an average of \$850 per month in unwanted cash.

Besides the problem of excess cash on hand, businesses without ready access to a bank tend to accumulate cheques received in payment for sales. All categories of businesses responding to the survey reported this problem. Perhaps the worst affected were primary producers, where 52% of the responding businesses indicated being affected by this issue. The delayed deposit of cheques ranged from a low of an average \$700 for eight days by community services businesses to a high of an average of \$7,500 for six days by LCH businesses. Delayed deposits by primary producers averaged \$6,600 for eight days, whilst HCH businesses reported delays of an average \$6,800 for five days.

One response by consumers to the closure of their local bank is to request local businesses to open monthly accounts for them. As was noted in Section 3.1, about 40% of respondents asked local businesses for a new source of credit. From the business owners' point of view, credit sales increase turnover but, additionally, add business risk and increase costs. Eventually credit sales will be accompanied by a percentage of bad debts. Professional services businesses reported the highest incidence of increased bad debts since the closure of the local bank branch with an average increase of \$2,000 in bad debts per annum. LCH businesses reported an average increase annually of \$1,000. Perhaps the conspicuous lack of a significant increase in bad debts for HCH businesses lies in the need for customers to keep patronising these stores for everyday needs.

Table 5 summarises briefly these key findings on the impacts.

Table 5:
Summary of Average Values for Impacts on Business of Closure of the Only Bank Branch in Rural Communities

Impact	Primary producers	LCH businesses	HCH businesses	Professional services	Community services	Govt. and semi-govt. services
Loss of sales/month	n.a.	\$675	\$4475	n.a.	n.a.	n.a.
Increase in cheques cashed/month	\$600	\$4750	\$12100	\$500	\$500	\$2000
Excess cash accumulation/month	\$850	\$1000	\$4100	n.a.	\$370	n.a.
Delayed cheque deposits (\$/days)	\$6600 for 8 days	\$7500 for 6 days	\$6800 for 5 days	\$1500 for 6 days	\$700 for 8 days	\$1000 for 16 days
Increased bad debts/year	n.a.	\$1000	n.a.	\$2000	n.a.	\$400

Apart from the generally negative effects on local businesses of the closure of the last bank branch, there is one group of businesses which generally enjoys a positive effect. These are the post offices. As noted earlier, post offices have established banking services through giroPost, which acts for a number of banks. One post office which responded to the survey reported an increase in annual turnover in excess of \$130,000.

3.3 Impact on the Community

Whilst members of communities in which the last bank branch closes can find other ways to access cash, and owners of businesses will eventually adjust to new methods of managing change and conducting their banking needs, the impact on the

community as a whole is less responsive to amelioration. As has been noted above, the danger when people are forced outside their local town to access banking services is that they will purchase more of their requirements while at the larger business centre. Perforce, local businesses suffer a loss in turnover, and eventually some are constrained to close. Economic activity and development in the community suffers.

In order to investigate this issue, people completing the survey were asked if the closure of the bank branch had altered their shopping patterns. About 53% of respondents indicated that it had. Of those respondents, 12% reported that they had *increased* their expenditure in their local town whilst 88% reported that their expenditure locally had decreased. The reported increase averaged \$180 per month, whilst the decrease averaged \$320 per month. In a distribution of decreases ranging from \$25 to \$2,000, there were modal points at \$200 and \$500, with the median at \$200.

Examination of disaggregated data to ascertain whether the responses from any of the communities suggested markedly different behaviour revealed that people in Jandowae and Wandoan reported less change in their spending patterns than people living in or around Urana, Oaklands and Ashford, for example. About 44-46% of respondents from Jandowae and Wandoan contrasted with 66%, 72% and 67% of respondents respectively from the latter communities indicated having changed their spending patterns. Approximately half the respondents from Mungindi and Bundarra reported having changed their spending patterns.

Whilst there were too few data values reported by people who had increased their spending in their local towns to allow meaningful disaggregation and comparison, the average values of spending decreases in local towns were remarkably consistent (within 10% variation) between the surveyed towns, with the exception of the average values for Ashford and Bundarra. People from Ashford and Bundarra reported average decreases of \$210 and \$260 per month respectively.

The underlying determinants of change in spending patterns, apart from the closure of the bank branches, probably involve factors relating the number and types of businesses still operating in the local towns, the types of businesses operating in the larger centres, the strength of community members' desire to support local business as well as the length of time since the bank branch closed.

Allied to the change in spending patterns of the community is the loss of confidence in the community and the unwillingness of entrepreneurs and others to take risks where confidence in the future of the local communities is essential. Formation of capital suffers and there is a direct link between formation of capital and economic activity. About 30% of respondents indicated that the new financial environment after the closure of the bank branches had persuaded them **not** to proceed with undertaking a loan. Of these respondents, 39% reported that their projected loans would have been for business purposes and another 27% indicated their loans would have been for housing purposes. The potential business loans averaged \$12,000 and the housing loans averaged \$48,000. A further 34% of respondents did not proceed with personal loans averaging \$10,000 each.

Many rural communities in Australia enjoyed their most populous period of the last 100 years in the time before World War I. That was a time of optimism, railway branch lines were being enthusiastically financed and built, farms were small, and the economics of farming were such that the average farm could support the farm family plus one or more workmen and their families. Communities could support a relatively great number of businesses and government services. Better roads and road transport killed the branch railways, mechanisation on farms reduced the need for labour and, post World War II, ever declining terms of trade forced farmers to reduce further their labour forces. As a result, small towns have progressively lost many of the businesses and services they once enjoyed.

Within this context of progressive decline, having a bank branch can be imbued with great importance in people's minds as an icon of their town's viability. 'A good bank manager makes a good town and confident people' (survey response, 1966).

Respondents to the survey were asked if the closure of the bank had made them more pessimistic about the future viability of their town. Approximately 90% of respondents indicated that they were now more pessimistic. As a follow-up to this question, people were asked if they would leave the town if the opportunity arose, and thus transpose their negative feelings into action. 39% of those respondents reported that they would if they could. 'Have taken an interest in the amount of people who have left because of the closure. There is nothing to keep the people here. Too much travelling to do for cheaper groceries. We are trying to sell our new home too' (survey response, 1996).

The loss of community confidence and the growth in negative feelings about the towns reinforce the trend towards physical decline. Further loss of population, services and businesses becomes almost inevitable. Between 82% and 93% of respondents thought the closure of the bank branch would contribute to loss of population, loss of businesses and services, consequent decrease in property values, reduced employment opportunities and lower community confidence. Between 52% and 62% of respondents indicated having personally observed cases of those negative effects. A greater proportion of respondents from Urana and Ashford (72% and 81% respectively) indicated having observed personally the decrease in property values. Apparently the loans managers of some banks have also lost confidence, because 'Inverell branch ... would not loan people money for housing in our area, due to their consideration (view) of the area' (survey response, 1996).

Only five respondents indicated that they had lost their jobs directly because of the closure of the bank branches. The loss of employment in the communities has been greater than this apparent impact, both absolutely and relatively. Employment positions in the banks were either transferred to other locations or abolished. Incumbents who agreed to transfer were located elsewhere. Hence they no longer reside in the respective communities, and had no opportunity to contribute to this research, should they have desired. The majority of employees who did not transfer have not gained re-employment.

One ancillary effect of banking staff leaving small rural communities is the loss of people with the necessary skills for managing and developing local community associations. 'The closure has left fewer professional people in town (manager, teller, accountants) which affects school, service clubs, etc' (survey response, 1996).

As noted previously in this report, the closure of the last bank branch tends to impact most on those members of the community who can least cope with change. These include generally the elderly, the infirmed, and people without adequate transport. About 57% of respondents to the survey thought there could be adverse health effects from the closure of the last bank, and 31% of respondents had personally observed such effects.

Further social effects are the incidence of crime and people worrying about additional criminal activity in their communities. Whilst 82% of respondents intuitively thought that crime might increase as a result of the make-shift cash-handling arrangements in place in many of the towns, only 26% reported they had personally observed such an increase in crime. However, comments such as "in the event of local community events, a 'float' of up to \$2,500 must first be obtained from a bank many kilometres distant, then the takings from the event held over the weekend before as much as \$15,000 is taken by private car to be banked" indicate that people are worried about the security aspects of cash handling. About 89% of respondents thought people now kept extra cash in their houses.

On a national level, there may be a macroeconomic impact of the closure of rural and remote bank branches on national savings. 72% of respondents thought there would be a decline in adults' levels of savings, whilst 80% thought children would not be encouraged to develop the habit of saving. Whether these impressions could develop into a discernible national impact is difficult to judge, given that the affected rural population is relatively small. However, because the trend towards branch closures appears to be accelerating, it may become an issue of importance for policy-makers.

It should also be noted that while this report is based on a survey of towns which have lost their bank branch, all of these towns have some alternative means of financial service delivery such as giroPost and EFTPOS. There are however, many remote communities in Australia where no formal financial service delivery exists. Such communities often have a high proportion of residents who are social service recipients. Where this is the case additional costs are incurred to both taxpayers and individuals through transfer payments which are made by cheque rather than direct debit. Cheques are usually cashed by traders who are monopoly credit providers, not bound by the normal regulations and codes of conduct that govern formal credit providers. Long-term indebtedness is high in these communities, and the potential for residents to develop essential savings and budgeting habits is remote indeed (Worthington, 1994: Ross, 1993). While these communities share some features in common with the surveyed towns, remote communities have some special problems that are beyond the scope of this report.

4. CONCLUSIONS

There is no doubt that people are able to adjust to change over the long term. Unwanted and unanticipated changes tend to inflict significant wounds in the short term, but people make reactive adjustments to their operations to cope with change. For example, it is unlikely to be coincidental that the response to this survey from people in the towns suffering the most recent closures was greater than the average response rate whilst the response from people in the towns where the banks closed some time ago was correspondingly less.

The introduction of giroPost banking services at post offices and the establishment of credit union offices in some towns have assisted individuals to adjust and to manage their cash requirements. The loss locally of other services provided by banks can be overcome by individuals, at the cost perhaps of some inconvenience. More serious, however, is the national economic cost if the reported changes to savings patterns is

borne out nationally and the rural saving ethos has been further and permanently impaired. Australia already has a notoriously low gross national savings rate which is below the OECD average and has declined substantially in the past two decades (Edey and Simon, 1996).

The permanent change in spending patterns of individuals away from their local communities and towards larger towns spells death to local businesses, local services and local communities. Businesses cannot survive without turnover and, as businesses retreat from local areas, so too will public sector services. An estimation may be made of the impact on the annual aggregate turnover of local businesses of the reported change in spending patterns. Using the 1991 census counts of numbers of households in the postcode regions, the percentages of households in each community reporting changed spending patterns and the expected value of those changes in expenditure, the estimates are given in Table 6. The expected value takes into account the increases (12% reporting increases averaging \$180/month) as well as the decreases (88% reporting decreases averaging \$320/month).

Table 6:
Estimates of Changes in Local Annual Turnover (\$m)

Community	No. households (1991 census)	Percentage of respondents reporting change (%)	Estimated no. households changing pattern	Estimated change in local aggregate annual turnover (\$m)
Ashford	400	67	270	0.8
Bundarra	300	50	150	0.5
Jandowae	580	44	250	0.8
Mungindi	380	52	200	0.6
Oaklands	150	72	110	0.3
Urana	330	66	220	0.6
Wandoan	400	46	190	0.6

Urana Shire, having lost the bank branches in both its centres, appears to be losing nearly \$1 million in local expenditure. Such loss of economic activity within the boundaries of the Shire has surely resulted in adverse economic consequences which will continue into the future.

Operators of businesses are in a much more difficult position than consumers. The management and security of cash is an on-going problem which is not easily solved. Large denomination notes and cheques accumulate and present a security problem. Not having enough change can obviate sales and reduce annual turnover. Financing costs rise when deposits are delayed, and the respondents to this survey generally reported delays of at least a week. The preference of many business operators is to bank every day or every second day. This is hardly possible if the nearest bank is up to one hour's drive distant.

Requests for additional credit may embarrass store managers who do not want to increase receivables but equally do not want to offend customers, both regular and potential. Additional credit sales are accompanied inevitably by increases in bad debts. The additional risk associated with rising bad debt levels can be the last straw for businesses operating under conditions of marginal profitability.

From a regional or community point of view, the most significant effect of the closure of the only bank branch in an area is the additional difficulty in accessing the financial markets and the formation of capital. Only a minority reported they had not proceeded with a loan. This is to be expected. People who are confident their projects have merit will find the funding, no matter how difficult. However, other people can be dissuaded from proceeding by setbacks of a relatively minor nature. Approximately 9% of respondents reported not going ahead with housing loans and a similar number reported not proceeding with business loans.

Table 7 indicates estimates of the aggregates of both housing and business loans not proceeded with on a community basis. The significance of these figures is difficult to determine. Firstly, they are not annual aggregates. Indeed they span a number of

varying periods. Secondly, the housing loans would have not been exclusively for new house construction or additions to houses. Some expenditure would have been for repairs and some funds would have been for the purchase of already constructed houses. Thirdly, the business loans may have been used to expand currently-operating businesses and to start up new businesses. Any new businesses may have succeeded or may have failed.

Table 7:
Estimates of Housing and Business Loans Not Contracted

Community	No. households (1991 census)	Estimated no. of households not proceeding with housing and business loans	Estimated total housing loans not contracted (\$m)	Estimated total business loans not contracted (\$m)
Ashford	400	36	1.7	0.4
Bundarra	300	27	1.3	0.3
Jandowae	580	52	2.5	0.6
Mungindi	380	34	1.6	0.4
Oaklands	150	13	0.6	0.2
Urana	330	30	1.4	0.4
Wandoan	400	36	1.7	0.4

Funding gained by loan from financial institutions and spent in a community has a multiplier effect³. An initial \$1,000 might transpose into perhaps \$5,000 - \$6,000 in new economic activity. Hence, the estimated values of the loans not proceeded with would have transposed into several millions of dollars of economic activity in each

³ That is, a new \$1,000 of expenditure on building timber, for example, increases sales of the timber merchant; that firm banks the money and spends most of it with the sawmill for new stocks of timber. The sawmiller banks the money and spends most of it on logs and wages. The logger banks the money and then spends most of it on fuel and repairs to his equipment; the sawmill worker spends his wages mostly on food and housing. All through the cycle, some money is kept out by each recipient to finance transactions and perhaps in savings. Essentially, however, the initial \$1,000 might transpose into perhaps \$5,000 - \$6,000 in new economic activity.

community. Notwithstanding this general consequence, the strength of the multiplier effect depends on the type and direction of the expenditure. Where the funding would have been used to purchase ready built houses, the multiplier effect would have been significantly less, because most probably the vendors would have left the district and transferred the funds out of the area. Property values, however, would have been supported. On the other hand, funds spent on establishing a new business which succeeds can have a impressive multiplier effect in a local economy. In any event, these loans were not proceeded with and the local economies are the poorer.

As discussed earlier, bank managements in Australia have the right to manage the affairs of their corporations as they see fit within the confines of relevant legislation. Indeed, directors have an obligation to act in the best interests of shareholders. The best interests of shareholders focus around operational efficiency and minimising costs. The technological innovations of the last few years have provided opportunities to reduce 'bricks and mortar' branch location costs and to reduce staff, and bank managements are taking advantage of these opportunities.

Banks, nevertheless, play a social role and the importance of that role has been demonstrated here. Recognition of the social role of banks would enhance equity in society. The problem lies in deciding how this should be accomplished. Direct transfer payments to keep banks in rural towns are not likely to be politically acceptable, nor would they be easy to administer. Possibly a program to facilitate the adjustment process would be acceptable to all concerned.

When a bank leaves a community, it usually leaves behind two classes of resources which are underutilised for a period, at least. These are the trained staff who do not transfer to other banking positions, usually because of family or property commitments in the district, and the bank premises. The skills of these people are a resource not being put to its best use. Similarly, bank premises have security systems, strongrooms, counters and offices suitable for financial institutions. Converting these premises to other uses usually encompasses an underuse of resources.

Whilst banks have been reshaping their delivery networks, other financial institutions have also been reacting to a dynamic business environment. Building societies and credit unions, generally smaller entities than the banks, have viewed the withdrawal of banks from rural communities as an opportunity for expansion. Impediments, however, are establishment and unit operating costs. Some methods to ameliorate these costs, which may involve minor government assistance, include access to former bank buildings and perhaps a subsidy of rent for a fixed establishment period, access to trained banking staff through bridging programs designed to encourage former staff not to accept other employment during the initial set-up period, and perhaps limited hours of opening. Eventually, institutions new to an area would have to operate in a free market, but assistance initially would be of great community benefit.



EFFECTS OF CLOSING BANK BRANCHES ON RURAL COMMUNITIES

An adult member is the best person to answer these questions on behalf of your household. Your household consists of the people who normally sleep and eat there. Do not write your name on the survey form. Responses are confidential.

This survey is concerned specifically with the closure of the **WANDOAN Branch of the WESTPAC BANK**

1 Did you use the services of this bank branch in any way at all at the time of its closure? *(Please tick one box only)*

Yes No *Go to Q14*

2 Since its closure, have you transferred any of your banking to *(Please tick any that apply)*

another branch of the same bank

another provider in your town

stopped using financial institutions totally *Go to Q14*

3 Where do you now bank? *(Please list all institutions and towns)*

(i)

(ii)

4a) If you have to go out of your local town to do any banking, by what means do you travel? *(Please tick any that apply)*

own car car of friend/neighbour

public bus service private/ school bus

b) On average, about how many extra times a month would you now make this trip? *(Please tick one box only)*

less than once per month

once per month

twice to three times per month

four times per month

more than four times per month

SAVING and INVESTING

5a) Did you use the local bank branch for saving and/or investing? *(Please tick one box only)*

Yes No *Go to Q6*

b) Has the closure of the bank branch made saving and/or investing: *(Please tick one box only)*

harder the same easier

Go to Q5(d)

c) By roughly how much has your saving or investment changed monthly due to the bank branch's closure? *(Please write in estimate)*

\$.....

d) Do you think you have suffered a loss of return from your savings or investment funds since the bank closed? *(Please tick one box only)*

Yes No *Go to Q5(f)*

e) How much less per year do you estimate you will make on your savings or invested funds? *(Please write in estimate)*

\$.....

f) Has the bank branch closure forced you to seek out other sources of information about investment? *(Please tick one box only)*

Yes No *Go to Q6*

g) What are these new sources? *(Please tick any boxes that apply)*

Other regional advisers/institutions

Advisers/institutions outside the region

Internet

Print media (e.g. magazines)

Other *(Please specify)*

.....

LOANS

6a) Did you use the local bank branch for any form of financing (loans)? *(Please tick one box only)*

Yes No *Go to Q6(c)*

b) At the time of the closure, what type of loans did you have: *(Please tick any boxes that apply)*

credit card finance personal loan

housing loan business loan

Other *(Please specify)*.....

c) Have you found you need to seek credit now where you paid cash before?

Yes No

d) Have you looked for new sources of credit with: (Please tick any boxes that apply)

local shopkeepers a new bank
other financial institutions

Other (Please specify).....

e) Has your new source of finance cost you: (Please tick one box only)

more the same Go to Q6(g) less

f) By how much has the cost of finance changed annually due to the bank's closure? (Please write in estimate)

\$.....

g) On balance, has obtaining finance been: (Please tick one box only)

harder the same Go to Q7 easier

h) Has this been due to: (Please tick any boxes that apply)

your relationship with staff
different credit rules of new financial institution
distance to travel to arrange

Other (Please specify).....

i) Has additional cost or difficulty caused you not to proceed with a loan(s)? (Please tick one box only)

Yes No Go to Q7

j) If yes, how much would you have borrowed? (Please write in estimate)

\$.....

k) What was the purpose of this loan(s)? (Please tick one box only)

personal housing business

SAFE DEPOSIT

7a) Did you use the local bank branch for safe deposit? (Please tick one box only)

Yes No Go to Q8

b) Where have you now deposited your safe deposit items? (Please tick one box only)

At solicitor At new bank Other

TRANSACTION SERVICES

8a) Did you use the local bank branch for personal transaction services (eg withdrawals, deposits, cashing cheques)? (Please tick one box only)

Yes No Go to Q9

b) Has your method of getting cash changed since the bank closed? (Please tick one box only)

Yes No

c) What means do you use to get cash for everyday expenditure? (Please tick any that apply)

Cash cheques

Credit card

EFTPOS (Cash withdrawal at retail outlets)

EFTPOB (Cash withdrawal at other banks)

ATM (Automatic teller machines)

Withdrawal over the counter

Other (Please specify).....

d) Have you increased the size of your average cash withdrawal? (Please tick one box only)

Yes No

FINANCIAL PLANNING

9a) Did you use the local bank branch for financial planning? (Please tick one box only)

Yes No Go to Q10

b) Did you seek financial planning advice for: (Please tick any that apply)

personal matters business

c) Has the closure of the bank made getting financial advice: (Please tick one box only)

harder the same Go to Q10 easier

d) Has the closure forced you to seek out other sources of information? (Please tick one box only)

Yes No Go to Q10

e) What are these new sources? (Please tick any that apply)

Other regional advisers/institutions

Advisers/institutions outside the region

Print media (e.g. magazines)

Internet

Other (Please specify)

BUSINESS FINANCIAL SERVICES

10 Do you own or operate a business in your community? *(Please tick one box only)*

Yes No *Go to Q14*

11 What is the nature of your business? *(Please tick one box only)*

- primary industry
- low cash-handling business
- high cash-handling (retail) business
- professional services
- community services
- government and semi-government service

12 Has the closure of the bank branch affected your business in any of the following ways: *(Please tick any that apply and give an estimate)*

- Loss of sales: approx \$.....per mth
- Increased sales: approx \$.....per mth
- Excess cash / security: approx \$.....per mth
- Cheque deposits delayed until next town trip
\$.....each time for.....days
- Change shortages
- More credit requested
- More requests to cash cheques:
approx \$.....per mth
- More bad debts: approx \$.....per year

13 Have there been any other direct effects on your business? *(Please explain)*

.....

SOCIAL AND COMMUNITY IMPACTS

14a) Has the closure of the bank branch and any consequent changes altered your shopping patterns? *(Please tick one box only)*

Yes No *Go to Q15*

b) Do you now spend in your local town:

More Less

c) Estimate how much per month your local spending has changed:

\$.....

15 Do you think that the closure of the bank branch will result in: *(Please tick one box against each point)*

- | | Yes | No |
|---|--------------------------|--------------------------|
| (i) a decline in adult savings levels, | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) a poor savings habit in the children of the community, | <input type="checkbox"/> | <input type="checkbox"/> |
| (iii) people keeping money in their homes instead of depositing it? | <input type="checkbox"/> | <input type="checkbox"/> |

16a) Have you personally suffered a reduction in quality of life due to the closure of the bank branch in your community? *(Please tick one box only)*

Yes No *Go to Q17*

b) If "yes", please explain the nature of this reduction in quality of life.

.....

c) Has the closure of the bank made you more pessimistic about the future viability of the town? *(Please tick one box only)*

Yes No *Go to Q17*

d) Has this pessimism prompted you to plan to leave the town or district when the opportunity arises? *(Please tick one box only)*

Yes No

17 To what extent do you think that bank branch closure contributes to the following problems? *(Please tick one box on each line)*

	Not At All	Some extent	Great extent
Increased crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loss of population	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loss of other businesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loss of other services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decreased property values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adverse health effects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduced employment opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lower community confidence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other concerns *(Please specify)*.....

.....

18 Have you personally observed cases of any of the following possible effects of the bank branch closure in your community? (Please tick one box in each line)

	Yes	No
Increased crime	<input type="checkbox"/>	<input type="checkbox"/>
Loss of population	<input type="checkbox"/>	<input type="checkbox"/>
Loss of other businesses	<input type="checkbox"/>	<input type="checkbox"/>
Loss of other services	<input type="checkbox"/>	<input type="checkbox"/>
Decreased property values	<input type="checkbox"/>	<input type="checkbox"/>
Adverse health effects	<input type="checkbox"/>	<input type="checkbox"/>

Please give brief details:

.....

.....

.....

.....

19 Did you lose your job due to the bank branch closure? (Please tick one box only)

Yes No Go to Q21

20a) Have you since got another job? (Please tick one box only)

Yes No Go to Q21

b) How long were you employed?

.....

21 Do you think there have been any positive effects from the bank branch closure. (Please explain).

.....

.....

.....

.....

.....

.....

.....

22 Are there any further comments that you would like to make about the impact of bank branch closures in your community?

.....

.....

.....

.....

.....

.....

ABOUT YOUR HOUSEHOLD

23 How many people of each age and sex comprise your household? (Please put a number in the relevant boxes)

	Male	Female		Male	Female
under 15 years	<input type="checkbox"/>	<input type="checkbox"/>	15-19 years	<input type="checkbox"/>	<input type="checkbox"/>
20-29 years	<input type="checkbox"/>	<input type="checkbox"/>	30-39 years	<input type="checkbox"/>	<input type="checkbox"/>
40-49 years	<input type="checkbox"/>	<input type="checkbox"/>	50-59 years	<input type="checkbox"/>	<input type="checkbox"/>
60-69 years	<input type="checkbox"/>	<input type="checkbox"/>	70-79 years	<input type="checkbox"/>	<input type="checkbox"/>
			80 years and over	<input type="checkbox"/>	<input type="checkbox"/>

24 What are the main sources of income in this household? (Please tick up to two that apply)

wages	<input type="checkbox"/>	primary production	<input type="checkbox"/>
other small business	<input type="checkbox"/>	investment	<input type="checkbox"/>
		social security	<input type="checkbox"/>

25 What is your approximate household income per year? (Please tick one box only)

less than \$12,000	<input type="checkbox"/>	\$12,000 - \$20,000	<input type="checkbox"/>
\$20,000 - \$30,000	<input type="checkbox"/>	\$30,000 - \$40,000	<input type="checkbox"/>
\$40,000 - \$50,000	<input type="checkbox"/>	\$50,000 - \$60,000	<input type="checkbox"/>
\$60,000 - \$70,000	<input type="checkbox"/>	\$70,000 - \$80,000	<input type="checkbox"/>
		over \$80,000	<input type="checkbox"/>

(Please add a sheet of paper if insufficient space to give your views on any question)

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY. PLEASE PLACE COMPLETED SURVEY FORM IN THE ENVELOPE PROVIDED AND RETURN TO:

Freepost 27
 Centre For Australian Financial Institutions
 University of Southern Queensland
 TOOWOOMBA QLD 4350

BIOGRAPHICAL DETAILS OF RESEARCHERS

- Diana Beal (BEC *Q'land*, BCom *Q'land*, MPhil *USQ*, PhD *Q'land*) is a Senior Lecturer at the University of Southern Queensland. She is interested in the use of natural resources and in agroecosystems and agroecomics, having spent many years living and working in a rural area. She is particularly interested in the sustainability of rural societies, and has been the chair and treasurer of her local landcare group since its inception in 1987. In addition, she conducts the Rural Accounting Advisory Service, a free farm financial management instructional service offered by the Faculty of Commerce.
- Deborah Ralston (BEC *UNE*, GradDipFinMangt *UNE*, MEd *UNE*) is a senior lecturer in the Faculty of Commerce at the University of Southern Queensland and is Director of the Centre for Australian Financial Institutions. Her major research interests are in non-bank financial institutions and in financial institution regulation, an area in which she is currently completing her PhD.

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