Australian Banking Association

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20 May 2022

Professor Mary O'Kane AC and Michael Fuller APM
By: NSW Government submission portal

Dear Ms O'Kane and Mr Fuller,

New South Wales Independent Flood Enquiry

The Australian Banking Association (ABA) welcomes the opportunity to provide a response to the New South Wales (NSW) Independent Flood Inquiry.

The banking industry understands the importance of supporting customers and communities, both in the immediate aftermath of a natural disaster and on the road to recovery. During the devastating floods, our members stepped in to help relieve the financial stress experienced by affected businesses, individuals, and communities.

The Insurance Council of Australia[1] estimates the cost of the floods across south-east Queensland and northern New South Wales to be $3.346 billion, making it Australia's costliest flood ever. By the end of March 2022, ABA member banks had provided flood assistance grants to more than 3,440 customers and raised significant donations to help devastated communities. Additionally, more than 3,500 financial hardship applications had been approved, providing financial peace of mind for those impacted by the floods.

When physical damage occurs to branches and banking facilities, banks in Australia ensure critical banking services can still be provided to the local community through the deployment of mobile ATMs, 'bank in a box' 'solutions and temporary site offices. Banks can only deploy these services after a rigorous site safety inspection is conducted as part of the local council approval process.

'Bank in a box'
A pre-built solution that provides a meeting space for customers to have conversations, access digital banking options and complete cash withdrawal and deposits. Business Deposit facilities are also made available for small business customers.

Natural disasters are an inevitable occurrence in Australia and are increasing in scope and severity. In acknowledgement of this trend, the ABA Natural Disaster Response Protocol was created to ensure a consistent, effective, and timely response from the banking sector when a significant disaster occurs (appendix 1).

Support for customers

The assistance offered by our members in the 2022 NSW floods was proactive and tailored to the specific needs of each bank's 'customers. Support provided encompassed both emergency relief and longer-term arrangements, including:

- A deferral of scheduled loan repayments on home, personal and some business loans for up to 3 months

[1] Insurance Council of Australia, updated data shows 2022 flood was Australia's costliest, retrieved May 2022, https://insurancecouncil.com.au/resource/updated-data-shows-2022-flood-was-australias-costliest/

- Waiving of fees and charges, including early access to term deposits
- Debt consolidation to help make repayments more manageable
- Restructuring existing loans free of the usual establishment fees
- Offering additional finance to help cover cash flow shortages
- Deferring upcoming credit card payments
- Emergency credit limit increases

Support for Communities

Like many businesses, banks experienced significant impacts to their physical branches and ATM facilities.

Banks deployed specialised mobile branches, temporary site offices, and ATMs across local flood-impacted centres to ensure adequate access to cash and banking services. Banks also ensured extra cash provisions were available in communities bordering regions affected by floods, and hardship teams were ready to support customers experiencing difficulty.

As well as this direct form of support, many of our member banks put in place other initiatives to indirectly support people and communities suffering from the impact of floods, including:

- establishing emergency relief and recovery funds for individuals, farmers and small businesses
- providing grants or donations to not-for-profit organisations and community groups
- offering support and counselling to customers through the bank’s assistance programs
- launching donation collection programs across their organisations from staff and customers, often matched dollar for dollar by the banks.

Challenges faced by the banking sector:

Banking is an essential service and having adequate access to cash and banking services is critical, particularly in times of disaster.

We wish to provide observations on how the NSW Government, in collaboration with local councils, can support the timely deployment of critical banking services to support local communities in times of disaster.

1. Council approval processes

Like many businesses, banks experienced physical damage as a result of the NSW floods where, in some locations, all banking services in the town were impacted.

To ensure local communities can access cash and banking services when a widespread disaster occurs, member banks have ‘bank in a box’ facilities, temporary site offices and mobile ATMs available for timely deployment.

Before critical services can be deployed, a local council approval process must occur, which can be lengthy, onerous, and delay these services (particularly access to cash) from reaching the community.

Identification of a suitable location either with the Council or a private landlord takes time, often due to needing to ‘cold call’ then work through logistics. In times of natural disaster, it is not uncommon for local Councils to direct member banks to a central email address rather than provide a name and phone number for someone who could be contacted directly, which causes delays.

To expeditiously put in place support hubs and emergency ATMs, the ABA recommends:

- A 'fast track' council approval process in times of disaster with a designated key point of contact within the local council.
- The ability for the banks to collectively seek council approval via one application could simplify and streamline the process and reduce the need for multiple facilities (e.g., portable toilets, security guards & lighting).
    - Bank's temporary facilities are generally placed in the same location in a town. Sharing resources would be practical, particularly in times of disaster when these resources are in short supply.
- State consistency with council approval processes
    - As local governments have their own disaster teams, the responses and processes understandably can be fragmented, differing from council to council. Having consistent processes across the state would benefit the private sector, particularly in times of disaster.

2. Impacts to telecommunications and road services

During a natural disaster, telecommunication impacts can cause difficulties with merchant terminals, and temporary banking facilities are also reliant on these services.

When merchant terminals cannot operate, cash may be the only way for residents in impacted communities to purchase essential goods and services, including fuel, groceries, and medical supplies.

Additionally, temporary road closures can delay critical services reaching a community as 'bank in a box', mobile ATMs and temporary site offices rely on road transport.

While impacts during the 2022 NSW floods were promptly resolved, continued focus on ensuring the resilience of telecommunication services and prioritisation of road repairs will be valuable for the future.

3. Cash in transit

Cash carriers may be unable to service communities due to natural disasters. This can have a flow-on impact on small businesses being able to serve customers, particularly where telecommunications and energy supplies are impacted, and merchant terminals are offline.

When this occurs, cash handling and cash usage requirements increase, which may lead to rising general security risks and opportunist crime. Prioritising security support is essential (e.g. NSW Police) when banks or other businesses are moving money, and limited security personnel can cause further delays in allowing services to reach local communities safely.

4. Awareness of available banking services

Ensuring the local community are aware of temporary banking services is critical in times of disaster.

The ABA and member banks promoted the location and availability of cash and banking services via social media, radio, newspapers, and websites after the NSW flood disaster. A broader mechanism where local or state governments can centrally promote all local community services required in a natural disaster (e.g. emergency hubs, temporary schools, police stations and banking services) would benefit local communities.

5. Access to temporary premises and amenities

Local branches and bank premises were destroyed due to the floods, and member banks experienced challenges locating appropriate temporary premises to allow in-person, confidential conversations to occur. Additional support from state emergency services and local councils would be beneficial to the banking sector to locate appropriate alternative premises in times of disaster.

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Additionally, public amenities such as running water, restrooms and temporary accommodation are in limited supply following a natural disaster. Reduced local amenities result in tradespeople staying long distances away from the community, limiting their time on-site to make essential repairs.

Increasing the availability of portable amenities across NSW would be of significant benefit in times of natural disaster.

6. Government Grants

Members banks welcome the recent eligibility checker for flood grants[2] produced by the NSW Government to support small businesses in understanding the availability of grants and which may be most applicable to their situation.

Customer feedback has highlighted previous challenges in navigating the various state and federal support schemes, with difficulty knowing which grants individuals and businesses may be eligible for. Additionally, the time to apply for assistance can be short, and increasing the application timeframe would be beneficial to ensure customers are supported through the recovery phase.

7. Health risks for employees

When a flood impacts a town, significant health issues arise, including quality of water supply, increased risk of infectious disease, and physical hazards. To ensure essential services can be provided to local communities, banks ensure that services are made available as soon as they are safe to do so.

Limited state health guidance currently exists to ensure minimum safety requirements are in place to protect employees returning to work after a flood. Having standardised state guidance, similar to that offered during the COVID-19 pandemic,[3] would be valuable to banks and local businesses in flood-impacted areas.

If you have any questions or would like further information, please contact me on 0458053943 or lauren.worldon@ausbanking.org.au.

Yours sincerely

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Director Business Engagement and Policy
Click here to enter Sender Phone Number.
Click here to enter Sender Email Address.

[2] NSW Government, Eligibility checker for business flood grants, retrieved May 2022, https://www.nsw.gov.au/media-releases/flood-grant-eligibility.

[3] NSW Government, Keeping workers safe, retrieved April 2022, https://www.nsw.gov.au/covid-19/business/rules-guidance/keeping-workers-safe

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Appendix 1- Natural Disaster Response Protocol

Objective

The objective of the Natural Disaster Response Protocol is to ensure a consistent, supportive and timely response by the banking industry to natural disasters when they arise.

Scope

In pursuit of the above objective, a natural disaster response working group will be formed as needed to address the following:

- operational matters, including the provision of banking services to affected communities
- communications activities, including co-ordinating data requests and external facing materials
- consumer issues, including identifying any gaps in relief and resolving any regulatory concerns
- liaison and coordination with government, peak bodies and community groups as needed
- reporting to relevant information sharing groups, such as the Department of Home Affairs' Trusted Information Sharing Network (TISN) Banking and Financial Services Group (BFSG)
- any other matters as deemed appropriate.

Activation and timing

The ABA will send out a request to member banks to activate the response working group, as needed, when a large natural disaster event occurs. The regularity of meetings will be determined at this time.

Membership

ABA member banks will nominate an operational and communications contact, respectively, to join the response working group. The ABA will reach out to the Insurance Council of Australia to nominate a representative to join.

The membership of this group will be reconfirmed twice per year, in July and December. This is to ensure the contacts remain relevant during an emergency situation.

Governance

The ABA will be responsible for record keeping and governance of the group.

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Protocol