INDEPENDENT PAYMENTS FORUM AUSTRALIA

Cash equality, competition and innovation

Pic credit: Miles Burke

Submission to the Council of Financial Regulators

August 2025

Forum Participants:

ACAPMA Australasian Convenience and Petroleum Marketers Association

Australian Lottery & Newsagents Association

The Pharmacy Guild of Australia

ARCA

AACS Australasian Association of Convenience Stores

NRA National Retail Association

Independent Cinemas Australia

FusionPay making payments feel good

MGA Independent Businesses Australia

Clubs Australia

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AHA

Thank you for the opportunity to make a submission to the Consultation on a Regulatory Framework for Cash Distribution.

Cash plays an essential role in Australia because it provides:

- A means by which millions of Australians participate in the economy every day, including some of our most vulnerable people
- A means of avoiding electronic payments fees
- A reliable payment method during regular digital payments system outages
- A fallback to keep communities functioning during increasingly frequent natural disasters, such as floods and bushfires
- An effective and accessible way for citizens to store value, particularly in uncertain times, or to escape from an increasing prevalence of digital financial abuse
- An efficient budgeting tool for people on low incomes or experiencing difficult times
- A private means of transacting in a world that is experiencing a rapid increase in digital surveillance and monitoring.

Large banks and payments companies have for four decades actively moved to eradicate cash and replace it with digital payments that are cheaper for them to operate and create new revenue streams, via transaction-based fees regimes that do not exist in a cash economy.

Unfortunately, this deliberate rush towards a cashless economy has not been accompanied by adequate planning or policy to ensure that large banks in particular, continue to meet their community service obligations to provide access to cash. In hundreds of communities these needs are instead being met by small businesses and customer owned banks at significant cost.

Many big banks have similarly abandoned their community obligations and social licence to operate by closing essential face-to-face bank branch services in hundreds of communities across Australia in the name of cost cutting, masked as digital convenience. Both issues are vitally important to our society but are also very different. These issues should not be confused in policy discussion around cash distribution, or conflated by the banking lobby as being the same issue, as they require entirely different policy remedies.

It is encouraging that Government has committed to maintaining adequate access to cash and is exploring regulatory arrangements to support these objectives. Any such arrangements must ensure cash distribution equality between regional and metropolitan Australia and actively encourage competition and innovation to end reliance on a single monopoly player.

For further information about IPF's submission please contact Warwick Ponder, 0408 410 593, warwick@IPForum.com.au, or Bradford Kelly brad@IPForum.com.au, 0411 816 150.

Sincerely,

Warwick Ponder
Cofounder, IPF

Brad Kelly
Cofounder, IPF

About Independent Payments Forum Australia

Independent Payments Forum Australia (IPF) was formed in 2023 by a group of payments professionals who are passionate about providing an alternative view on the health and wellbeing of the Australian payments system.

IPF represents a growing number of payments participants who currently have little power to individually influence payments policy and pricing outcomes that significantly impact their members, businesses and customers.

Our small business participants alone represent more than 120,000 retail shop fronts, newsagents, community pharmacies, restaurants, cafes, pubs, clubs, service stations, convenience stores, gift shops, independent cinemas, supermarkets, hardware stores and liquor outlets across Australia. We also represent some smaller industry participants and fintechs, and we are proactively engaged with many others in the payments ecosystem to canvas their views.

Currently, the payments eco-system in Australia is dominated by a few major retailers, big banks, aggregators, Payments Services Providers (PSPs), two large US domiciled payments companies (Visa and MasterCard) and Australian Payments Plus (AP+).

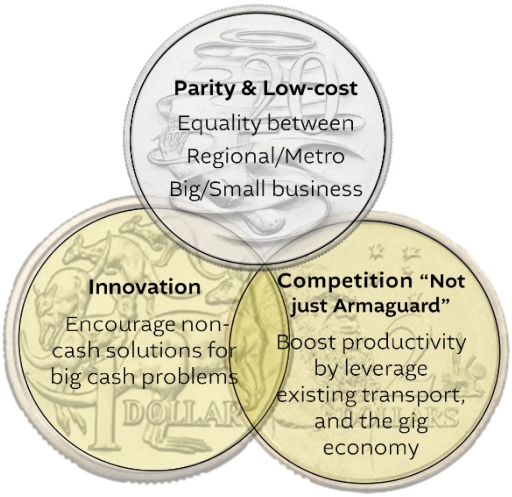
Global platforms, PSPs and technology companies (including Apple, Google, Square and American Express) have also made significant headway into the Australian market with premium cards, bundled plans, digital wallets and other form factors.

Collectively, these well-resourced organisations have a stranglehold on the payments market and policy discussion in Australia and dominate industry forums that make recommendations to Government on payments issues, while also exerting influence on other policy and advocacy organisations via lucrative sponsorships and partnerships.

This has caused a lopsided policy debate which has resulted in further upward pressure on payment fees to merchants and their customers, especially those smaller merchants without appropriate representation in regulatory forums, or a depth of understanding around payments economics and technology.

Executive Summary

A regulatory framework for cash distribution must deliver three fundamental outcomes:



1. **Parity and low-cost distribution** that guarantees price equality between regional and metro Australia, as well as small and big business.
2. **Proper competition** – "not just Armaguard", boost productivity by leveraging Australia's existing strengths in transport and new technology in the gig economy.
3. **Innovation - Encourage industry investment** in low-cost non-cash solutions to solve big cash usage issues such as lotteries and recycling.

When considering the future of Australia's cash distribution network through this lens, an overarching policy consideration must also be that **any new framework should not create additional cost or compliance burdens for small businesses that currently work hard to provide cash services to Australian communities**.

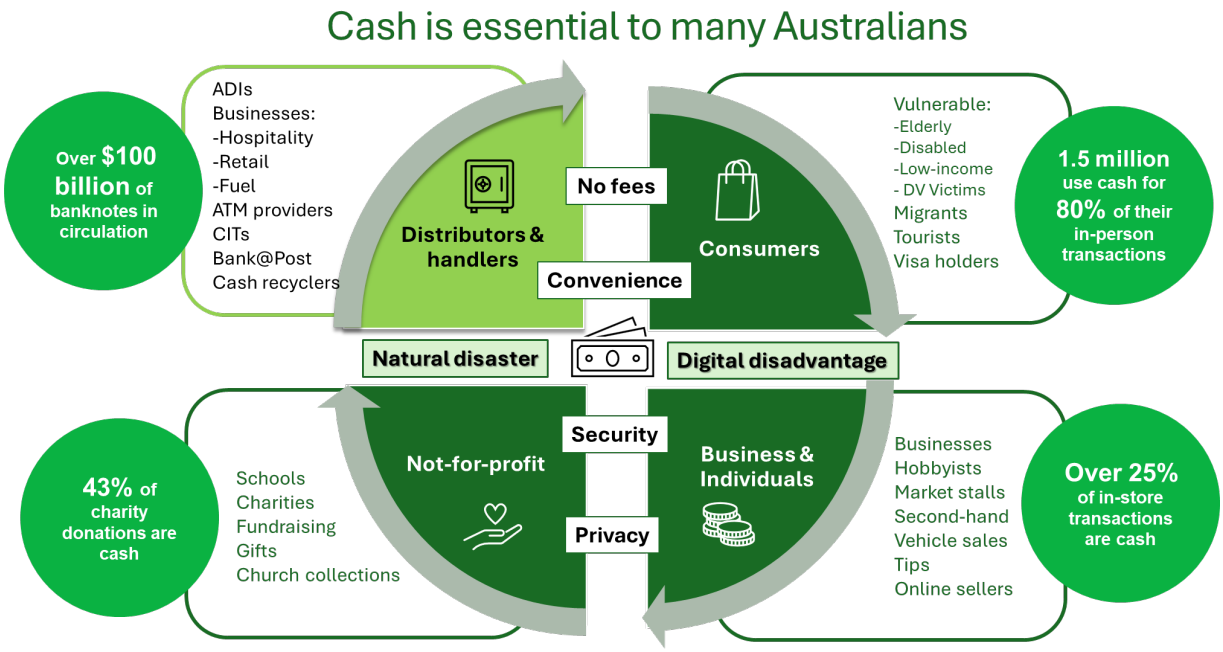
Policymakers must also resist Big Bank pressure to conflate the two distinctly different issues of cash distribution and bank branch closures. Both issues are vitally important to our society but require entirely different policy remedies.

Background

For many consumers and vulnerable Australians, cash is the only way they can access goods and services, or to avoid sharing their personal details with organisations they don't trust.

RBA data shows that in 2022 the equivalent of 1.5 million Australians aged 18 and over still used cash for 80 per cent or more of their in-person transactions.[1]

Figure 1: **Cash usage in Australia[2]**



From a small business perspective, cash distribution and its cost is very important,t as it represents a significant portion of their revenue.

Despite anti-cash rhetoric from the Big Bank lobby, cash use in Australia has plateaued since COVID, and now sits around 13-15% of transactions. There is around $103 billion of cash in circulation, which is at record levels according to the RBA.

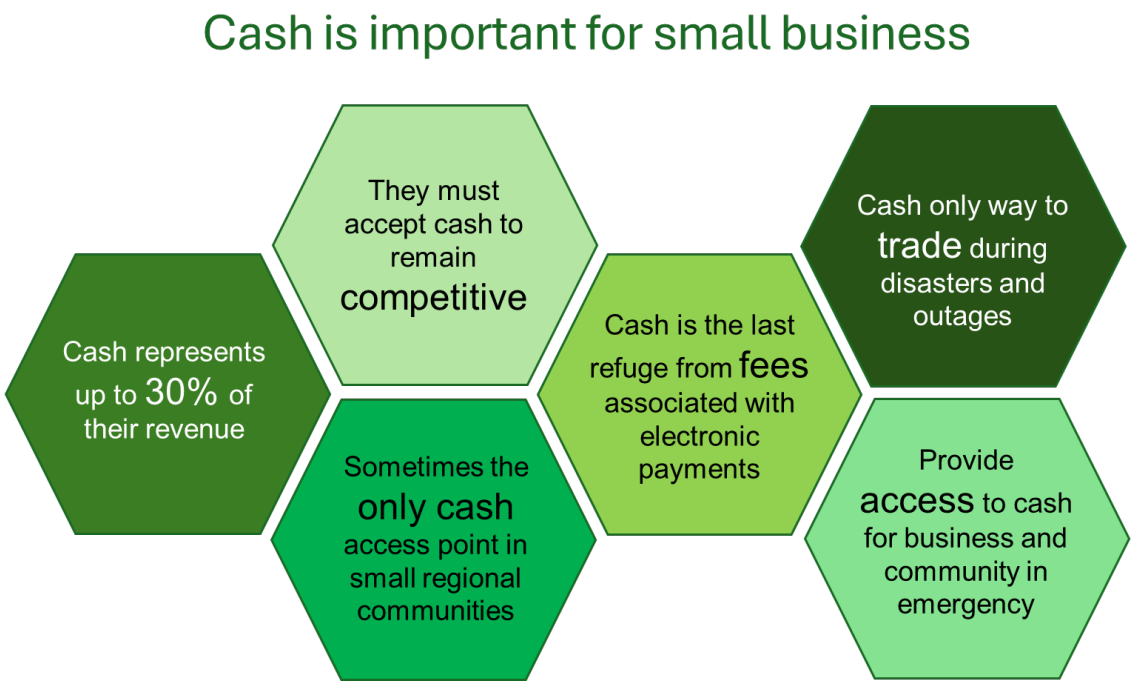
Regional and remote communities and businesses need access to cash the most, as accessibility to the internet and digital payments is poor, and digital literacy is low. In very remote parts of Australia, four in ten people are digitally excluded.[3] These communities also include those considered vulnerable, such as the elderly and those with disabilities who have shown a decline in digital banking usage since 2021.[4]

[1] Commonwealth of Australia, 2024, Mandating cash acceptance – consultation paper
[2] https://banknotes.rba.gov.au/resources/banknote-distribution-consultation/issues-paper/the-cash-landscape-in-australia.html, https://www.rba.gov.au/publications/bulletin/2025/jan/access-to-cash-in-australia.html, https://good2give.ngo/wp-content/uploads/2019/03/CAF-Australia-Giving-Report-2019.pdf, IPF Cash Mandate Survey, see Appendix 1
[3] ARC Centre of Excellence for Automated Decision-Making and Society (ADM+S), 2024, Submission 582 to the Bank Closures in Regional Australia inquiry
[4] ARC Centre of Excellence for Automated Decision-Making and Society (ADM+S), 2024, Submission 582 to the Bank Closures in Regional Australia inquiry

The 2022 Consumer Payments Survey revealed that elderly Australians are the highest cash users in Australia, with 18 per cent of respondents aged 65 and above classified as high cash users.[5]

Income also affects demand for cash services. Lower household income is associated with more intensive cash usage – for example, 17 per cent of people in the first household income quartile were high cash users, compared with only 2 per cent in the fourth household income quartile.[6] Those in regional and remote communities often have lower incomes and use cash to help with their budgeting.

Figure 2: **Cash is important for small business**

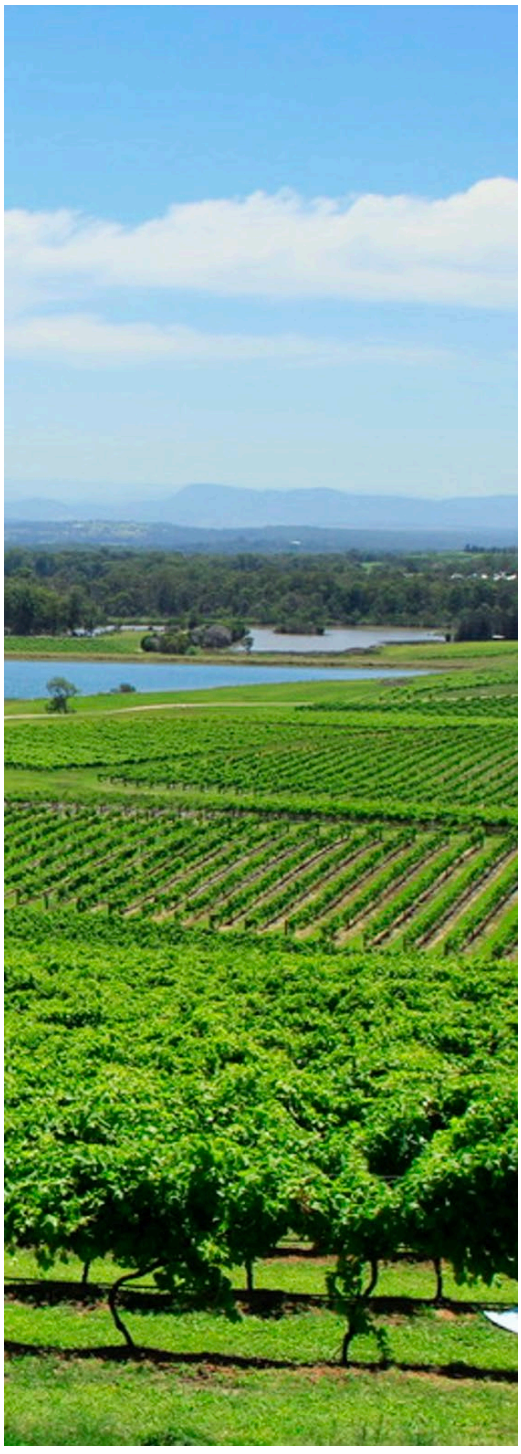


Cash is extremely important for Australians in many contexts. Cash can be cheaper than using cards, more convenient, enables private commerce, provides greater privacy and security, and is essential during times of natural disaster and during a growing number of digital outages.[7]

[5] Nguyen, T., Watson, B., 2023, Consumer Payment Behaviour in Australia, RBA Bulletin, June 2023, https://www.rba.gov.au/publications/bulletin/2023/jun/consumer-payment-behaviour-in-australia.html
[6] Mulqueeney, J., Livermore, T. 2023, 'Cash Use and Attitudes in Australia', https://www.rba.gov.au/publications/bulletin/2023/jun/pdf/cash-use-and-attitudes-in-australia.pdf
[7] Lekakis, G., 2024, 'Bank outages put cash in the spotlight', https://payday-news.beehiiv.com/p/bank-outages-put-cash-in-the-spotlight

Low-cost distribution and price parity across Australia

Any regulatory framework for cash distribution in Australia must guarantee price equality between regional and metro Australia, as well as small and big business.



Unlike many other jurisdictions, Australia is a vast island continent, featuring dispersed regional communities that rely heavily on cash due to a range of issues including natural disasters, access to digital services, outages and social economics.

Cash access and distribution for people and businesses in these communities should not be disadvantaged by price disparity or inequitable policy.

Large banks in particular, have a community service obligation to provide access to cash to all Australians, no matter where they live.

This point was recently made by the Governor of the Reserve Bank, Michele Bullock, who told the Standing Committee on Economics in February that many communities were being squeezed in the move to digital technologies.

“The challenge is that the banks, on the one hand, are commercial institutions,” Bullock said. “They've got to work for their shareholders and so on. But we also expect them to meet some community service obligations. Cash is one of those, I think; branch access is another.”[8]

In hundreds of communities today, these cash needs are instead being met by small businesses and customer owned banks at significant cost.

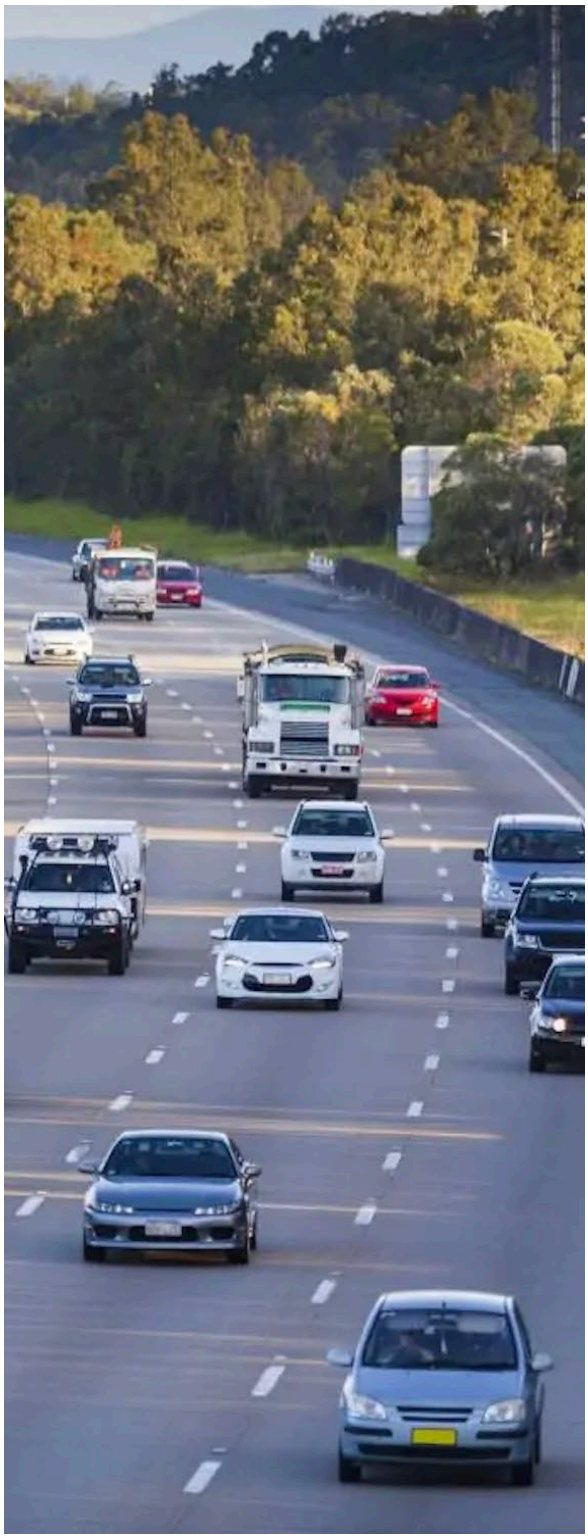
Treasury’s impending mandate cash for cash acceptance is likely to increase consumer expectations and demand around cash availability in small business throughout Australia.

Price equality in cash distribution, and particularly cash in transit services, should be guaranteed over an extended period to provide communities and businesses with certainty.

Any new framework should not create additional cost or compliance burdens for small businesses that currently work hard to provide cash services to Australian communities.

[8] PayDay News, 2025, ‘Bullock says cash and bank branches are community service obligations but suggests the RBA may sweeten the deal’, Retrieved from: https://paydaynews.com.au/p/bullock-says-cash-and-bank-branches-are-community-service-obligations-but-suggests-the-rba-may-sweet

Real competition – "not just Armaguard"



Any regulatory framework for cash distribution in Australia must boost productivity by leveraging Australia's existing strengths in transport, as well as new technology, such as that already being used in the gig economy. Policy should encourage new players to enter the market and not entrench the monopoly position of Armaguard.

The monopolisation of cash-in-transit services in Australia, has created higher fees for regional businesses and a lack of transparency.

Despite significant interest in the issues surrounding cash-in-transit, IPF, and many other organisations whose members are impacted, have not been engaged in the current process being managed by Deloitte on behalf of the major banks, supermarkets and Armaguard to come up with a "fair" pricing model for cash-in-transit, and we are sceptical about the outcomes.

Some of IPF's participants who have been consulted do not feel their concerns will be taken into account.

We believe that cash distribution in Australia would benefit from increased competition led by:

1. Leveraging trucks that already deliver goods to our regional towns
2. Supporting other existing players, such as Authentic Security
3. Using advanced technology platforms to coordinate industry-wide efforts as is seen in areas of the gig economy today.

The Australian Bureau of Statistics and Bureau of Infrastructure and Transport Research Economics show that over half of Australia's total road freight (50%) consists of movements between capital cities and regional areas, and other inter- and intra-state freight.[9]

[9] Australian Bureau of Statistics, 'TableBuilder: Road Freight Movements, Australia', Retrieved from: https://www.abs.gov.au/statistics/microdata-tablebuilder/available-microdata-tablebuilder/road-freight-movements-australia, https://www.bitre.gov.au/statistics/freight
Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, 'Freight Statistics', Retrieved from: https://www.bitre.gov.au/statistics/freight

With appropriate security measures, this fleet of vehicles could be leveraged to assist with cash distribution.

Cash logistics software platforms that exist today could be better utilised across the cash ecosystem to coordinate resources and deliveries to regional locations, along with innovative technologies, such as geo-locked or location-aware safes.

Innovation

Any regulatory framework should encourage industry investment in low-cost, non-cash solutions to solve big cash usage issues such as cash payouts in lotteries, gaming and recycling.

With account-to-account technology and the prevalence of mobile phones, there is no reason why cash should be the predominant payout mechanism in numerous industry and scenarios.

The framework should consider removal of legislative inhibitors in these areas, as well as mechanisms to encourage industry focus on innovations that specifically target low-cost solutions.

Cash solutions do not replace bank branches

As we have seen with cash, many big banks have also abandoned their community obligations and social licence to operate by closing essential face-to-face bank branch services in hundreds of communities across Australia in the name of cost cutting, masked as digital convenience.

Both of these issues are vitally important to our society, but are also very different.

These issues should not be confused in policy discussion around cash distribution, or conflated by the banking lobby as being the same issue, as they require entirely different policy remedies.

Between 2017 and 2024, Australia witnessed the closure of over 2,334 bank branches,[10] amounting to a 41 per cent reduction in branches across the country, including a 36 per cent reduction in regional and remote areas.[11]

That trend is continuing with recent announcements by Bendigo Bank, the Bank of Queensland and others, of numerous branch closures, despite the Australian Banking Association announcing a moratorium in February 2025.

[10] Moullakis, J. 2024, 'Treasury urged to tread carefully if intervening in regional banking market', *The Australian,* Retrieved from: https://www.theaustralian.com.au/business/treasury-urged-to-tread-carefully-if-intervening-in-regional-banking-market/news-story/74b560cc81ec6bbc7eebc2cee1b7accf

[11] Australian Prudential Regulation Authority, 2024, 'APRA releases latest Points of Presence Statistics for authorised deposit-taking institutions, *APRA,* Retrieved from: https://www.apra.gov.au/news-and-publications/apra-releases-latest-points-of-presence-statistics-for-authorised-deposit-0

Responses to Questions

Consultation questions:

2.1. Is the overarching objective for the proposed regulatory framework – to ensure the cash distribution system operates in the public interest – appropriate? If not, why?
Yes, the public interest is the appropriate objective.

2.2. Are the four policy principles (access, sustainability, resilience and efficiency) for the proposed regulatory framework appropriate? If not, why?
Yes, these are appropriate principles, emphasising efficiency means low-cost and equal access between geographical regions.

3.2. What baseline obligations should apply to all registered entities to support sector transparency? What additional reporting obligations should designated entities have, particularly in relation to service continuity, crisis preparedness, performance reporting, and/or compliance with industry codes of practice?
While appropriate security measures and obligations are important, regulation should not discourage competition or back in a monopoly cash-in-transit provider.

3.3. What factors should be considered when determining whether a cash distribution provider should be designated (e.g., criticality of services provided, market share and/or geographic coverage)? Should designation be the responsibility of a regulator or the Minister? What protections should be in place to ensure the designation process is fair?
While appropriate security measures and obligations are important, regulation should not discourage competition or back in a monopoly cash-in-transit provider.

5.1. Under what circumstances should the regulator intervene on price and non-price terms in cash distribution agreements of designated entities to ensure they are in line with the objectives of enabling adequate access and being industry-led, sustainable and efficient?
Any regulatory framework for cash distribution in Australia must guarantee price equality between regional and metro Australia, as well as small and big business.

6.1. Should a new regulatory framework for the cash distribution sector seek to establish an access regime governing the terms and conditions by which third parties can access critical cash services operated by a designated entity?
Yes, but the regime should not discourage competition or back in a monopoly cash-in-transit provider.

7.1. Do regional business customers require service level standards established through a regulatory framework to ensure they continue to have adequate access to cash on reasonable terms?
Yes, but any new framework should not create additional cost or compliance burdens for small businesses that currently work hard to provide cash services to Australian communities.

7.2. What standards are required for cash distribution services, including service frequency? How should this be considered by the Minister?
Such a regime should be determined in consultation with end users of these services.

7.3. What criteria should the Minister use to determine where service level standards should apply?
Such criteria should be determined in consultation with end users of these services.