



14 August 2025

Council of Financial Regulators
Australian Competition and Consumer Commission
By e-mail: CashDistributionRegulationConsultation@cfr.gov.au

Dear Council Members,

RE: Regulating Cash Distribution

Thank you for the opportunity to comment on the consultation paper released by the Council of Financial Regulators and the Australian Competition and Consumer Commission on 16 July 2025. CHOICE is glad to be able to make a short submission on the paper and the issues surrounding it.

CHOICE supports a new regulatory framework

CHOICE's nationally representative survey data shows that 65% of Australians routinely carry cash.¹ Cash is critical for people in remote areas facing digital exclusion, for older people not comfortable with online banking, for people with a disability, and in natural disaster areas when digital services become unavailable.

Guaranteeing the future of cash for these groups is a vital task and an enormous challenge, and the cash distribution system is an important practical part of it. We are of course glad to see the Council of Financial Regulators and the ACCC looking at these issues, and encouraged by the repeated references to the public interest in these proposals.

There is a clear case for a new regulatory framework for the cash distribution sector. CHOICE supports the proposed objective of the framework - to ensure that the cash

¹ CHOICE Consumer Pulse June 2025 is based on an online survey designed and analysed by CHOICE. 1,008 Australian households responded to the survey with quotas applied to ensure coverage across all age groups, genders and locations in each state and territory across metropolitan and regional areas. The data was weighted to ensure it is representative of the Australian population based on the 2021 ABS Census data. Fieldwork was conducted in June, 2025.

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distribution system operates in the public interest, and we support the four overarching policy principles. We strongly support the proactive approach that is proposed for crisis readiness and continuity planning.

As we will set out below, more needs to be done to improve consumers ability to access and use cash. **Beyond what is proposed in this paper, we recommend that the regulators and the Federal Government:**

- **finalise their work to ensure that the banking sector provides an adequate level of service to customers wherever they live, including reasonable access to cash; and**
- **pre-emptively ban surcharges on cash transactions.**

The remainder of our submission centres on these recommendations.

Branch and ATM closures are the bigger issue for consumers

Cash distribution is clearly one part of the problem for consumers and businesses alike, but only a small factor in a much broader shift in the economy. The problems that have arisen in the cash distribution sector are the direct result of the declining use of cash, which itself is a result, at least in part, of the declining availability of cash.

This consultation process focuses narrowly on how cash is transported around, without having anything to say about where it is to be transported to, because no detail has yet been made public about the Federal Government's plan to protect Australians' access to cash and banking services. The distribution issues are undeniably important and require regulatory intervention, but without proactive action from the Federal Government and regulators to protect the public's access to cash, within a few years there will be nowhere left to distribute it.

If those bigger factors are not addressed, then Australians will be left without access to cash whether there is a functioning distribution system or not.

The cash distribution sector may be a priority issue for the banking industry, but it is not the main issue that affects consumers. Since 2017, Australians have seen more than 2,000 bank branches and more than 8,000 bank-owned ATMs disappear.²

² <https://www.apra.gov.au/authorised-deposit-taking-institutions-points-of-presence-statistics>

By reducing their services, closing branches, removing ATMs, and charging fees for in-person cash withdrawals, banks have actively made it harder for Australians to access cash. That is the most urgent issue that the Government and the regulators should be working on.

The moratorium on branch closures is a temporary fix, and is limited to the Big Four and to regional areas. Even with the moratorium in place, another 200 branches closed in the 2023/24 financial year, and more than 200 bank-owned ATMs were removed from service.³ Just last month, Bendigo Bank announced that it was closing another ten branches across Victoria, Queensland and Tasmania, leaving several towns without a single bank branch. Some of those closures were announced with less than a month's notice, and some customers will now face a two and half hour drive if they want to visit a branch.⁴

Cash distribution and consumer access should be considered together

It appears that the initial overarching Strategic Plan for the Future of Australia's Payments System has splintered into multiple separate projects, all working to different timelines and with unclear interaction.

The Reserve Bank of Australia has a process underway on surcharging, which, as they acknowledge, has significant consequences for cash use and cash access. There are separate processes underway within the Treasury to design a cash acceptance mandate, and to 'support and maintain access to cash and banking services in Regional Australia'. Now we have this Council of Financial Regulators process around cash distribution. Each of these efforts are addressing problems arising from the same underlying factors, and each has consequences for the others, but each effort appears to be occurring in parallel, pursuing separate aims and working to separate timelines.

For example, this CFR and ACCC consultation paper makes no mention of the RBA's work on surcharging and the fact that it will drive down cash use even further, and the RBA's paper on surcharging makes no mention of the CFR and ACCC's cash distribution work. Stakeholders have been asked to comment on both without any picture of what the Federal Government is planning to do about the banks' continuing restriction of the public's access to cash.

Guaranteeing the future of cash requires a joined-up process which looks at all these issues together.

³ *ibid*

⁴ <https://www.bendigobank.com.au/media/update-on-network-changes/>

Practical proposals to support consumers

Greater regulation and oversight of the cash distribution market will only be effective if it comes alongside new obligations for the banking sector to provide a basic level of service to customers, wherever they live, including reasonable access to cash. The Federal Government should expedite and finalise this work, of which little has been heard since some public reporting of draft proposals back in November.

The CFR's cash distribution proposals should also come with a proactive, pre-emptive ban on businesses placing surcharges on cash transactions. Surcharges on cash are otherwise likely to become widespread practice once card surcharges are banned and the cost of accepting cash rises even further.

These actions will protect the future of cash, and by extension protect the consumers who need cash the most. They should be happening alongside, if not before, this work on cash distribution.

For further information, please contact CHOICE on mcampbell@choice.com.au

Yours sincerely,

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