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Mandating cash acceptance – Consultation paper

Thank you for the opportunity to make a submission in response to the consultation paper.


National Seniors Australia (NSA) is the leading advocacy organisation for older Australians. Through our research and advocacy activities, NSA works to improve the wellbeing of all older Australians, including self-funded retirees, pensioners, part-pensioners, veterans, and carers.

As a key part of the payments and financial system, cash must be accepted and accessible.

Cash is important to seniors for a range of reasons, including reliability, budgeting, and security. But keeping cash accessible and accepted is important for everyone. Cash continues to be important for day-to-day transactions and can be vital during emergencies or during disruptions to the payments systems among many others instances.

Please find attached our submission setting out these arguments in more detail.

Yours Sincerely



Chris Grice
Chief Executive Officer

Executive Summary

While the use of cash has declined, it still represents an important segment of the payments system. There is over \$100 billion of banknotes on issue and each month over \$8 billion of cash is withdrawn from ATMs.

Not only is cash an important part of the payments system, it is particularly important to some sections of the population: seniors value cash and it is important to regional and remote communities. It also has accessibility features and advantages that make it vital to continue its use. Even if people don't use cash all the time, it can still be vital in an emergency, a natural disaster, or when banking or telecommunications systems fail.

NSA believes the proposed mandate has far too many exemptions and is overly complicated.

A definition of 'essential' goods and services which excludes water, clothing for adults, furniture, whitegoods, and most government services is unreasonable. Also, it is unclear from the consultation paper how it would work in practice, e.g., why should a consumer need to know the turnover or legal structure of a business to know if a business must or may not accept cash? If someone buys a loaf of bread and a cake from a bakery, does the bakery have to accept cash for both, or only the bread which is included in the mandate?

Unfortunately, the cash payments system has not been given the protection and support warranted by such an important part of the economy. There has been a reduction in access to cash as bank branches close; ATMs are declining and the system for moving cash around the country is under threat.

While we disagree with mandate proposed in the consultation paper, we welcome the need for a mandate for cash payments. However, this is only part of the solution. Cash needs to not only be accepted, but also accessible. This means a long-term and reliable system for moving cash and making it available to consumers and businesses must be found. By reducing the costs of businesses handling cash this can help to maintain cash as a viable payment method.

A minimalist cash mandate, as proposed in the consultation paper, will not support the maintenance of cash in the economy.

List of recommendations:

1. Cash must be recognised as an important part of the financial and payments system.
2. The government should take action to support cash being accepted and to ensure cash remains accessible to consumers and businesses.
3. The proposed cash mandate is too complicated and impractical. It needs significant redesign, especially around the definition of essential goods and services.
4. The federal government should work with state and territory governments to extend the cash mandate to businesses which are not structured as corporations.
5. The government should not seek to define government services as ‘unessential’ or otherwise preferentially exempt governments from the cash mandate.
6. Given the proposed small businesses exemption, we recommend against any further limitations to the cash mandate, such as dollar value or time limit.
7. All businesses should be subject to a ban on charging a surcharge for paying in cash.
8. All relevant businesses should be required to clearly post if they accept cash or not and any payment surcharges.
9. Limited small business concessions should be part of the mandate, though such businesses should be supported and encouraged to accept cash payments.
10. The government should respond to the *Bank closures in regional Australia* Senate inquiry final report and implement the recommendation to guarantee reasonable access to cash and financial services for all Australians.
11. The government should recognise the decline in bank branches and bank-owned ATMs has not been limited to regional and remote areas, and that this impacts both consumers and businesses.
12. The RBA and major banks should take responsibility for Cash-in-Transit services (not outsource them), as other countries have done.
13. Provide an extensive education campaign to inform people of the mandate and combine this with information about any changes to rules on surcharging.
14. Do not use private legal action as the primary enforcement action; the cash mandate should be enforced by an appropriately resourced government regulator.

Cash is being used and needs to be accepted

The consultation paper points to evidence that the use of cash for transactions has declined, and while we don't dispute this, it is important to put this relative decline in a broader context of the importance of cash as part of a mix of payment methods and as part of a modern financial system.

As the RBA finds, the amount of cash in circulation is at near record levels, depending on if it is counted by total value or total number of banknotes. This reflects the multiple uses of cash: as a means of payment, unit of account, and store of value.¹ As of 30 June 2024, there was \$100.765 billion of banknotes on issue.²

On a seasonally adjusted basis, the number of cash withdrawals has been relatively stable since 2022. Meanwhile, the total value of cash withdrawals was only minimally impacted by COVID. Both of these are on a seasonally adjusted basis.

Banknotes in Circulation

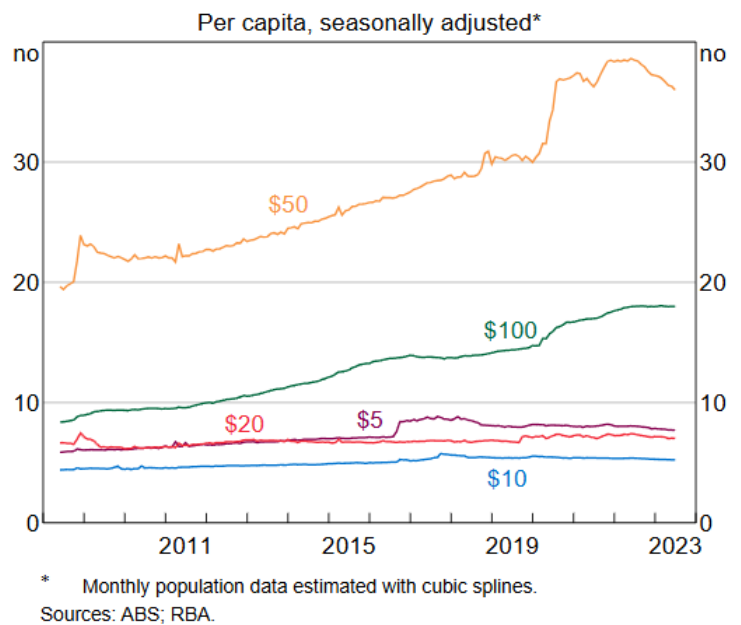
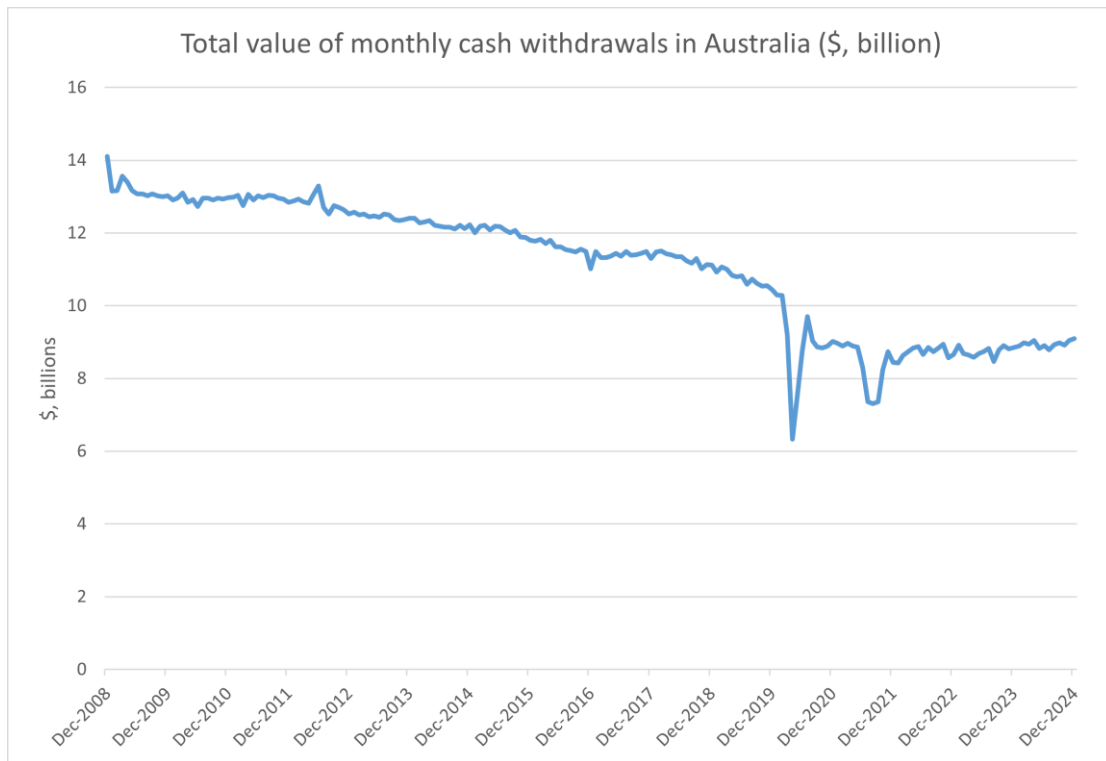


Figure 1: Banknotes in circulation.
(Source: Understanding the Post-pandemic Demand for Australia's Banknotes | Bulletin – January 2024 | RBA)

¹ [What is Money? | Explainer | Education | RBA](#)

² [Reserve Bank of Australia Annual Report 2024](#)



*Figure 2: ATM cash withdrawals
(Data Source: RBA Payment Statistics – C4:
ATMs – Seasonally Adjusted Series, publication date 7 February 2025³)*

Cash must be accessible

The use of cash as a payment method should not be considered separate from access to cash. The acceptance of cash is not solely the responsibility of consumers and retailers; they are subject to the decisions of the RBA and major banks. Businesses are responding to the pressures placed on them, and if the government supports maintaining cash for its many advantages, then more needs to be done to support cash being accepted as payment through the mandate, but also accessible.

A cash mandate would only be part of the solution.

³ [Payments Statistics | RBA](#)

There are separate challenges to the maintenance of cash accessibility which are unresolved. For example, this consultation is due before the long-term arrangements to maintain cash transit in Australia are determined.⁴

Additionally, we note the government is yet to respond to the Senate inquiry into *Bank closures in regional Australia*, which reported in May 2024.⁵ Several of the recommendation are particularly relevant to this discussion, including:

- Recommendation 2, which recommends the government commission an expert panel to investigate the feasibility of establishing a publicly owned bank.
- Recommendation 3, which calls for the urgent development of a mandatory Banking Code of Conduct or Customer Service Code which would include a requirement for financial institutions to “implement and fully fund transition arrangements and ongoing support services which ensure access to cash and essential banking services following a closure”.
- Recommendation 7, which calls for a requirement for all major banks to have agreements with Bank@Post or pay an increased levy.

Decline in bank branches

The consultation paper states that Australians have “good” access to cash services. Based on RBA analysis, 95% of the population was within 5km of a cash access point in 2022.⁶ However, this finding is only due to the presence of Bank@Post locations; the distance to a bank branch is much greater.

In June 2018 and June 2020, it was estimated that 95% of the population lived within 10 km of a bank branch; but by June 2024 this had increased to 12 km.^{7 8 9}

While the announcement of a moratorium on bank closures until 2027 has been made, it is likely that this will only delay bank closures. Further bank branch closures after 2027 are likely to increase the distance most Australians have to travel to access banking services. ATMs and Bank@Post can fill some of the gaps, but certain banking services are only available at a bank branch.

⁴ [ACCC grants interim authorisation to ABA, banks and retailers to financially support Armaguard | ACCC](#)

⁵ [Bank closures in regional Australia – Parliament of Australia](#)

⁶ [How Far Do Australians Need to Travel to Access Cash? | Bulletin – June 2021 | RBA](#)

⁷ [Cash Withdrawal Symptoms | Bulletin – June 2019 | RBA](#)

⁸ [How Far Do Australians Need to Travel to Access Cash? | Bulletin – June 2021 | RBA](#)

⁹ [Access to Cash in Australia | Bulletin – January 2025 | RBA](#)

Decline in ATMs

According to AusPayNet¹⁰, the total number of ATMs in Australia peaked in late 2017 and has since been in general decline: down from 32,275 in September 2017 to 23,693 in September 2024. Based on APRA data¹¹, bank-owned ATMs declined from 13,814 in June 2017 to only 5,476 in June 2024.

On a population basis¹², this means a decline from one ATM for every 767 people in 2017 to one ATM for every 1,144 people in 2024. For bank-owned ATMs (which generally don't charge fees) it has gone from one per 1,792 people to one per 4,948 people.

While non-bank ATMs may be available, these generally come with a cost to use, which puts additional pressure on those on low and fixed incomes. As a recent ASIC investigation found¹³, bank fees can have a disproportionate impact on people receiving the Disability Support Pension and similar payments in regional and remote areas.

Combining the AusPayNet and APRA data shows that the implied number of non-bank ATMs (total ATMs less bank-owned) peaked in June 2023 at 19,002 and may now be declining. But the bulk of the overall decline in ATMs is due the decline in bank owned ATMs.

Bank@Post is only a stop-gap measure

The banking sector has become reliant on Bank@Post when closing bank branches. However, given the limited number of services provided through Bank@Post, this is not an adequate replacement for the full range of banking services offered by a physical bank branch.

While Bank@Post numbers have remained much higher than branches, the services available via Bank@Post are limited, including not being structured to handle large volumes of cash.¹⁴ Additionally, the level of services varies between banks.¹⁵

¹⁰ [Device Statistics | Australian Payments Network](#)

¹¹ [Authorised deposit-taking institutions' points of presence statistics | APRA](#)

¹² [Population clock and pyramid | Australian Bureau of Statistics](#)

¹³ [REP 785 Better banking for Indigenous consumers | ASIC](#)

¹⁴ [Bank closures in regional Australia – Parliament of Australia](#)

¹⁵ [Bank@Post - Australia Post](#)

International examples of actions to Keep Cash

We believe that Australia should follow the lead of other countries, which have already taken action to preserve cash as a means of payment by ensuring it is accepted, without charge, and can be accessed.

Norway

In 2024 the Norwegian government sought to clarify the rules around when cash must be accepted.^{16 17 18} In comparison to the proposed Australian cash mandate, the Norwegian rules cover a much broader range of businesses that consumers may visit, including restaurants, hotels, and cinemas. There are exemptions for vending machines and un-staffed premises.

Ireland

In 2024, the Irish government moved to protect ATM availability, following a review of retail banking. This 'Access to Cash General Scheme', included a "reasonable access to cash" based on prescribed minimum number of, and distance from, ATMs. This also involved supervision of Cash-in-transit (CIT) and ATM organisations.

France and the European Union

In recent years, following a court judgement, the European Commission has sought to clarify the meaning of 'legal tender' in the eurozone.

As of 2022, though the euro was legal tender in the eurozone, the extent to which this meant it had to be accepted varied by country.¹⁹ For instance, six countries penalised businesses refusing to accept cash (including France and Italy), while other countries based cash acceptance on a contractual basis similar to the current situation in Australia.

As the Banque De France notes²⁰, cash must be accepted as payment in France with limited exceptions, such as due to technical or safety reasons, an excessive number of pieces of currency, or due to poor condition or counterfeiting.²¹

¹⁶ [Prop. 55 L \(2023–2024\) - regjeringen.no](#)

¹⁷ [On 1 October, consumers' right to pay with cash will be strengthened - regjeringen.no](#)

¹⁸ [Strengthening the right to pay with cash - regjeringen.no](#)

¹⁹ [Final report of the Euro Legal Tender Expert Group \(ELTEG\) of 6 July 2022](#)

²⁰ [The Banque de France guarantees cash acceptability](#)

²¹ [Cash payment | Service-Public.fr](#)

It is worth noting that while the Australian government is seeking to exempt itself and other levels of government from the cash mandate, in the European Union “generally, public authorities and service providers must also accept cash, unless otherwise stipulated by law.”²²

New York State (USA)

Under what is called the ‘Prohibition of Cashless Establishments’, the New York City Department of Consumer Affairs has a local rule which penalises food stores or retail establishments which do not accept cash or charge a higher price for paying with cash.^{23 24} Other States and some cities in the USA already have similar policies in place.²⁵

Consultation Questions

1. Are there other important reasons for people relying on cash payment?

We agree that maintaining social inclusion, providing reliability during outages of digital payment systems (including natural disasters), privacy, safety and trust, and budgeting are important reasons for maintaining cash payments, as has been raised in the consultation paper. We would argue that there are additional reasons for maintaining the availability of cash in the economy.

NSA asked for feedback from our community about the proposed cash mandate. Many of the responses indicated that they would be disappointed by a mandate with limitations. Some of the respondents stated reasons why they relied on cash, which mirror those outlined in the consultation paper, while others provide alternative reasoning. These include:

- Easier for people living with a disability, experiencing cognitive decline.
- The new series of Australian banknotes have accessibility features for people with low vision.²⁶
- Avoids bank charges and card surcharges.

²² [Access to and acceptance of cash](#)

²³ [Prohibition-of-Cashless-Establishments](#)

²⁴ [Prohibition of Cashless Establishments – NYC Rules](#)

²⁵ [What the Payment Choice Act Means for Cash - Federal Reserve Bank of Atlanta](#)

²⁶ [RBA Banknotes: For the Vision Impaired Community](#)

- Allows for small payments at social groups and societies, social gatherings, local events, to children or grandchildren, and donations.
- Provides reliability in times of limited connectivity, network outages, and natural disasters.
- Assist with budgeting and numeracy.

While acknowledging that the phasing out of cheques is outside the scope of this consultation, we note there continues to be general support for maintaining cheques from our members and this sentiment was shared with us as part of the feedback about cash.

While Treasury's *Cheques Transition Plan* states that "all customers that use cheques will be supported to transition to readily accessible alternative payment methods"²⁷, we note that financial institutions appear focused on directing people to online services, when cash might be a more appropriate alternative payment method for some customers.

Below we provide some further detail regarding reasons for maintaining cash in the economy.

Reliability

An analysis of the banking Disclosures on Retail Payments Service Reliability data²⁸ shows that branch and ATM services are more reliable than online banking services (including both via a web browser or app). For the 2023/24 financial year (full data for the 2024 calendar year is not yet available) shows that across the big four banks online banking services were down for a total of 50.25 hours, compared to 44.68 hours for their ATMs and 22.42 hours for their branches. Note that these figures may be skewed because ATMs were impacted by a significant outage impacting the ATMs of one bank in the first quarter of 2024.

Natural Disasters

As the *Royal Commission into National Natural Disaster Arrangements*, in response to the 2019-20 bushfire season, found "communities were isolated, experiencing extended periods without power, communications, and ready access to essential goods and services, or access to cash or EFTPOS to pay for their most basic needs".²⁹

²⁷ [Australia's Cheques Transition Plan | Treasury.gov.au](#)

²⁸ [Disclosures on Retail Payments Service Reliability | RBA](#)

²⁹ [Report | Royal Commissions](#)

An adequate response to natural disasters requires cash systems and supplies to already be in place. By the time a natural disaster strikes, it may be too late for people to obtain cash, with power outages impacting ATMs and EFTPOS. Following the Lismore floods in 2022, cash was brought in via helicopter.³⁰ However, disaster recovery would be assisted if there were already significant amounts of cash on hand in a community. The Australian Red Cross specifically lists cash in its emergency checklist.³¹ We believe that more federal and state government emergency advice should follow this example; for instance, the Queensland government emergency kit only lists cash as part of its ‘large emergency kit’, not the ‘small emergency kit’.³²

Social inclusion

Another important reason people rely on cash is because they are otherwise excluded from the financial system. For example, our members have raised with us their difficulties in obtaining a credit card in retirement due to their reliance on savings. We don’t believe any group should be excluded from basic financial services and hope that a change to rules to enable older people to access credit cards, which is supported by ASIC, is in place soon. Maintaining cash as a means of payment will provide an alternative for some until these changes are implemented and for others who are excluded from the financial system for whatever reason.

Charities

We are concerned by the potential impact of a future decline in the use of cash may have on formal and informal donations to charities and those in need. Research has found that cash was the most popular form of donations in 2019.³³ A decline of the use of cash would be detrimental to the charities sector as it would come at the same time as the impact of the shutting down of the cheques system, which may particularly impact some charities according to the Australian Charities and Not-for-profits commission (ACNC).³⁴

Financial confidence and stability

As the consultation paper says, the government is committed to cash remaining “trusted”. If, as the RBA found, around half of businesses intend to discourage the use of cash, the loss of cash as a

³⁰ [Choppers fly cash in to devastated Lismore flood zone - AFR](#)

³¹ [Get organised | Australian Red Cross](#)

³² [Emergency Survival Kit List | Get Ready QLD](#)

³³ [Australia Giving 2019 report - Charities Aid Foundation](#)

³⁴ [ACNC Submission - cheques](#)

transaction medium would undermine its value as a store-of-wealth, with financial stability implications as people question the value of the over \$100 billion of banknotes in circulation.³⁵

Maintaining a continuous circulation of cash, so that people can expect to withdraw cash from banks at-will, is also an important factor in maintaining confidence in financial institutions.³⁶

2. Do you support the proposed mandate scope and application as described in Box 3.1?

Our issues with the proposed mandate will be discussed further below, but in terms of the wording in Box 3.1, we take particular issue with the final line:

Box 3.1: Mandate scope and application

It is proposed that a corporation, in trade or commerce, that:

- supplies an essential good or service to a consumer; and
- offers in-person payment; and
- is not an exempt small business;

must accept cash payment for those goods and services.

The paper does not set out how the proposed mandate would operate in practice, but the line “...must accept cash payment for those goods and services” could imply that a business must be able to accept a cash payment *only* for those goods and services that are essential.

For instance, given the distinction between different types of food being essential or non-essential, does a supermarket have to accept cash for all transactions or only those that involve an essential good? On a similar note, does the mandate require impacted businesses to accept cash at all points of sale or only some?

³⁵ [Reserve Bank of Australia Annual Report 2024](#)

³⁶ [Review of Banknote Distribution Arrangements: Issues Paper - November 2021](#)

A far simpler alternative would be to follow the overseas examples listed above and base the mandate on the type of business.

3. Do you support the proposed application of the mandate to “corporations in trade or commerce”?

National Seniors Australia recognises the relevance of this definition for the constitutional powers of the change, although this will likely compound customer confusion. For instance, how is a consumer meant to know if a business is structured as a trust or partnership and therefore exempt from the cash mandate? We can envision significant confusion and possibly anger when customers try to purchase goods or services in cash and are told at the point of sale that they cannot pay in cash because the business is structure as a trust or partnership.

We call on the federal government to work with the various state and territory governments to enact a broad, practicable, and understandable cash mandate.

Additionally, we are disappointed that government is exempt from its own mandate. Our view is that government services should be seen as ‘essential’ and if there is in-person payment available then the cash mandate should apply to government payments. Exempting government from cash payments will only serve to weaken the market for the distribution of cash.

4. Do you support the proposed definition of “essential good or service”?

We are opposed to the proposed definition of ‘essential’ good or services. The definition of essential good or service is drawn far too narrowly, it is impractical and appears designed to limit the impact of the mandate on business.

The proposed definition is drawn from the ABS and Melbourne Institute lists of goods and services, which were not designed for the purpose of a cash mandate. The application in this case, given they are designed for meeting only most basic needs, appears to be a way to limit the application of the mandate. This is counter to the stated goals of social inclusion, payments system resilience, and transparency and responsiveness. Such limitations will create confusion among consumers and could

undermine the broader social goals of the cash mandate, including for those on low incomes or subject to isolation or exclusion.

Despite the consultation paper saying that “goods or services are required to meet absolute basic needs if there is no reasonable substitute that can meet that need” there are several items that would otherwise be considered essential but are excluded under the proposed definition.

For example, Article 25 of the United Nation Universal Declaration of Human Rights³⁷ states “everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care...”; and yet the Australian definition of essential good or service excludes clothing for adults.

Additionally, fuel is listed as essential, but public transport services as non-essential. Yet, both the ABS and Melbourne Institute list urban transport fares as ‘non-discretionary ... absolute basic need’.

We are also concerned how the mandate would operate for items that are not listed. Bottled water is not specifically listed, but “waters, soft drinks and juices” are discretionary in both the ABS and Melbourne Institute lists. Other examples from the list include furniture and furnishings, household textiles, household appliances, and utensils.

To pull these examples together, consider the purchases that people may need to make following a natural disaster: water, clothing for adults, furniture, whitegoods – all of which, if the cash mandate is implemented as proposed, would be ‘non-essential’.

It appears this list has been constructed to prevent the proposed cash mandate from causing inconvenience for entities who may have to accept cash, including the federal and state governments, rather than for consumers.

Despite rent, tap water, electricity, gas being non-discretionary according to the ABS, they are not included as essential in the consultation list.

The proposed definition is far too complicated for either consumers or businesses. Treasury should not be constrained by the ABS and Melbourne Institute lists and re-consider what is and isn’t an

³⁷ [Universal Declaration of Human Rights | United Nations](#)

essential good or service from the consumer perspective. An alternative would be to apply the mandate to all consumer goods and services.

5. Do you support the proposed classification into “essential goods and services” and “non-essential goods and services” in Table 3.1?

No, for the reasons set out above, the essential/non-essential classification is complicated, impractical, and confusing for business and consumers.

6. Do you support the proposed definition of an “in-person payment”?

We do not have a particular issue with the definition of in-person payment and believe it reasonably reflects current practice of payment in cash.

As the consultation paper notes, it is unresolved how the proposed cash mandate would apply to in-person payment via a parking station or vending machine. Though we note that such cashless machines are a relatively recent development, and such issues have not prevented countries such as Norway from making similar reforms.

7. Do you support the proposed definition of an “exempt small business”, including the treatment of franchise arrangements?

NSA is not opposed to an exemption for small businesses. However, we are concerned that linking the exemption to the level of turnover of the business, which is a detail not readily available to consumers, is likely to lead to misunderstandings by consumers and potentially creating tension between customers and retailers. How are customers supposed to know the turnover of a business?

We are of the view that it is not necessary to have both the cash mandate restricted to essential services and also have small businesses exempted. Either the cash mandate should apply to all non-small businesses with in-person payment, or it should apply to ‘essential’ goods and services with an exemption for small businesses. Having both restrictions on the mandate, plus the additional ones proposed, undermines the mandate and makes it more complicated for consumers to navigate.

That being said, NSA believe that all retail businesses (allowing for suitable exclusions for business that are not open to the public for in-person retail sales) should have to clearly display if they accept

cash or not and the rate of any payment surcharges. This would resolve many of the educational issues discussed below and enhance consumer protections and business compliance around surcharging. It could be that businesses with an exemption are provided with a standardised and authorised sign or document that can be displayed, informing customers of this exemption.

8. Do you think any other exemptions aside from “small businesses” are appropriate?

NSA does not propose any further exemptions and believe the exemptions raised already go too far, as discussed elsewhere.

9. Should the mandate be subject to a dollar limit, time limit or combination limit?

Our perspective is that the exemption for small businesses removes the need for a dollar or time limit. If small business were included in the mandate, then there would be concerns about resulting cash flow and security implications. This would likewise be the justification for a time limit.

However, if the mandate is confined to the medium and large businesses – those 1.8% of businesses with annual turnover greater than \$10 million – then the size of their business should provide sufficient protection to make these additional limitations unnecessary. This overcomes many of the impact assessment concerns raising in the consultation paper including the financial impact by size and location. To our view the small business exemption is sufficient.

Additionally, such limitations would also make the mandate more confusing for consumers, likely leading to disagreements with businesses, and could limit the ability of people to use cash for occasional large purchases.

10. Do you have any other comments on the proposed mandate scope and application, including its impact on regional, rural and remote communities?

We are concerned by the potential unintended consequences of the proposed exemptions from the mandate and how this undermines its application in regional, rural, and remote communities.

For instance, where there may be limited shops available, will the definition of ‘essential’ goods and services result in retailers ceasing to provide certain goods: will stores cease selling bread if it means they will be exempted from the cash mandate? This reflects the issue with tying the mandate to the government’s list of ‘essential’ goods and services.

Additionally, consumers and businesses in remote/regional/rural areas may need additional support to access cash, given the decline in support for these areas from the banking sector.

According to APRA, between June 2017 and June 2022, the number of bank branches in remote and very remote Australia declined from 223 to 130, and the number of bank-owned ATMs declined from 243 to 156.

Though the focus should not solely be on regional and remote areas; major cities have seen a larger decline in bank branches (44.27% between 2017 and 2024) than regional Australia (35.70% for inner and outer regional areas combined) according to the APRA data.

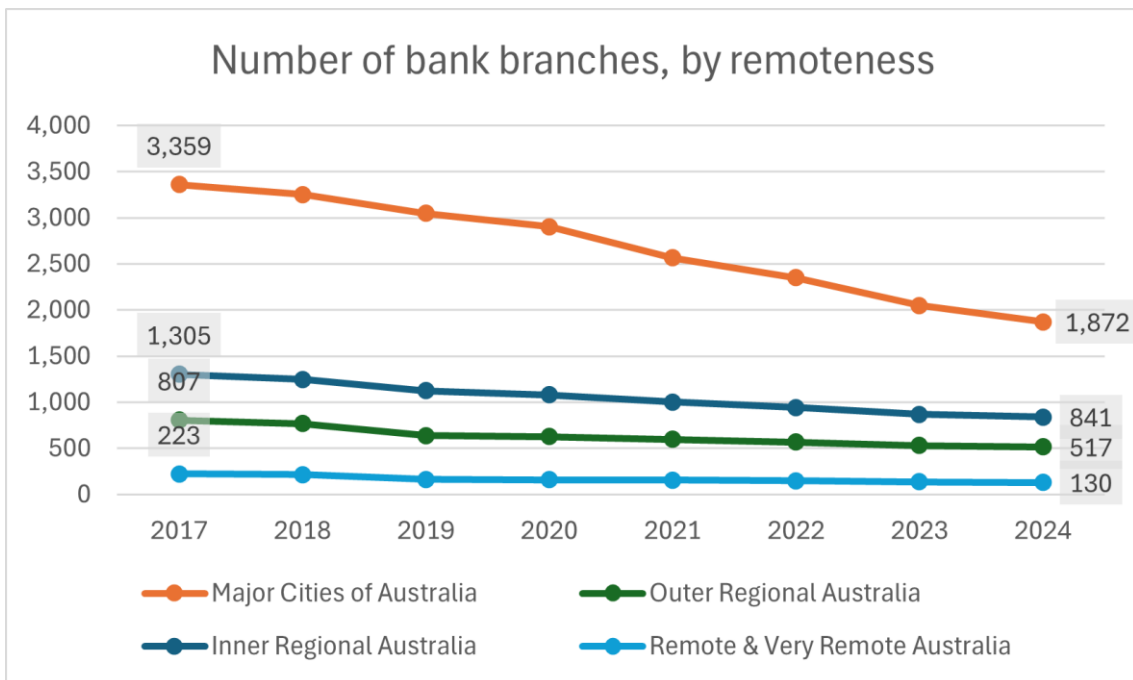


Figure 3: Decline in bank branches (Data source: APRA³⁸)

³⁸ [Authorised deposit-taking institutions' points of presence statistics | APRA](#)

11. What is the most effective way to educate businesses and consumers about the mandate?

A key part of successfully communicating the cash mandate to consumers will be keeping the rules simple. The greater the exemptions and restrictions, including what is and isn't an essential good and exemptions based on the turnover and structure of the business, makes the task of education more difficult.

Since consumers will not have readily available information about the turnover of businesses for the purpose of the mandate, there should be some form of government-backed signage which clearly informs consumers.

Anecdotally, there appears to be a widespread misunderstanding of the meaning of 'legal tender'. Any education campaign about the cash mandate would likely also need to include information about payments.

Any education campaign should also provide information about surcharging, to inform consumers of the rules regarding surcharges. This will especially important if changes to debit and credit card surcharges, currently under consideration by the RBA, are implemented.

12. How should the mandate be enforced?

We are opposed to having the cash mandate privately enforced. Placing the onus on consumers to enforce their rights through expensive and time-consuming private actions suggests the government is not committed to this proposal. If the cash mandate is to be an actual mandate, then it should be enforced by an appropriately resourced government regulator, such as the ACCC.

At the small business level, the use of cash should be encouraged by supporting small businesses to have easy and affordable access to cash banking services.

Ban on cash surcharges

As suggested in the consultation paper, a ban on cash surcharges will be an important anti-avoidance measure. This should apply broadly, not solely to businesses covered by the cash mandate. This would align with government initiatives around card surcharges.

The cost of cash handling, as with other payment methods, should be incorporated into the retail price of goods and services, as has been standard business practice in the past.

13. Are supporting measures required in the cash-in-transit sector?

As the ACCC was told when considering the application of the merger of Armaguard and Prosegur, the distribution of cash was largely conducted by the RBA prior to the 1990's, but by 2001 its role had shifted from being "an 'operator' to a 'regulator'".³⁹

We see the roots of the current crisis in the cash-in-transit (CIT) sector in this transition. Australia has gone from a situation where the central bank was involved in moving cash, to a situation where the cash distribution system is now largely dependent on the operations of a single private company. Even after the merger with Prosegur, Armaguard required a financial bailout from its customers and its future operation and viability remains under question.

This is not a situation that should have been allowed to develop. The banking sector was allowed to shift its fixed costs, including around banknote quality, onto another company which was paid based on a declining volume of cash.⁴⁰ This situation was, and is, unsustainable. Current work to prevent a disorderly exit of Armaguard is only part of the solution: what is needed is a long-term and dependable structure for moving cash around Australia.

NSA see no other solution than for the RBA to once again be involved in cash distribution, and an obligation on the banks to support cash distribution. This should follow the overseas examples, as the RBA has noted, including in England, Sweden, Norway, the European Union, and New Zealand.⁴¹

14. Are supporting measures required to maintain access to cash for businesses and consumers?

As we have discussed above, to maintain cash as a payment method for transactions it is not sufficient to merely create a limited obligation on business to accept cash; cash must also be

³⁹ [Annexure 38.1 - Witness Statement of Scott Antony Forster - 27.09.22 - PR VERSION - MA1000022 Armaguard Prosegur.pdf](#)

⁴⁰ [Review of Banknote Distribution Arrangements: Conclusions Paper](#)

⁴¹ [Review of Banknote Distribution Arrangements: Conclusions Paper](#)

accessible. In part, this will be aided by the obligations on the RBA and banks to participate directly in the distribution of cash and not outsource this responsibility as they have done more recently.

Support for consumers to access cash

Declining access to banking services has undermined the ability of consumers to access cash, and this needs to be addressed.

“...there has been a steady decline in the number of bank branches in country Australia. Deregulation, technological progress, shifts in consumer demands and demographic trends have contributed to the pressure on banks to prune their branch networks.”

This quote is over 20 years old; it comes from the 2004 Parliamentary *Money Matters in the Bush: Inquiry into the Level of Banking and Financial Services in Rural, Regional and Remote Areas of Australia* report.⁴²

Many of the recommendations from this inquiry would not be out-of-place in 2025. This reflects that it is time banks have some consumer obligations in return for the significant benefits they receive from the banking licence they hold. A banking licence is not just a right to collect fees and make profits, it should also come with community responsibilities.

In 2024, the Senate inquiry *Bank closures in regional Australia*⁴³ recommended:

“...that the Australian Government adopt a policy recognising access to financial services as an essential service. To this end, it should commit to guaranteeing reasonable access to cash and financial services for all Australians.”

This recommendation should be followed, and it should be a right in practice not merely in theory.

Australia could learn from the overseas examples; for instance, Sweden requires its six largest banks to provide cash services throughout the country.⁴⁴ Likewise, the European Commission gives people in the European Union the right to a basic bank account⁴⁵, which includes the ability to deposit and withdraw cash.⁴⁶

⁴² [Money Matters in the Bush - APH](#)

⁴³ [Bank closures in regional Australia – Parliament of Australia](#)

⁴⁴ [Obligation for major banks to provide certain cash services - Riksbank](#)

⁴⁵ [Access to bank accounts - European Commission](#)

⁴⁶ [Directive 2014/92/EU of the European Parliament and of the Council - European Union](#)

Support for small businesses to access cash

To ensure cash as viable a payment method, businesses need support to deal in cash. No payment method is without costs, and as the RBA has noted⁴⁷, this extends to cash.

Understandably, businesses are reticent to pass on the cost of accepting cash payments directly through a surcharge. However, they are currently allowed to surcharge for the cost of card payments. Often these surcharges are poorly disclosed to consumers, which has been one of the factors behind the government's move to ban surcharges on debit card transactions.

NSA recommended to the RBA that this ban should extend to credit card transactions as well, returning to the previous system of no surcharges in line with overseas experience.⁴⁸ Our position is that payment method expenses are a cost of doing business which should be reflected in the price of goods and services.

Nonetheless, there are other factors impacting on small businesses which effect their capacity to accept cash. A decline in bank branches and full-service ATMs would impact the ability to manage physical cash on hand.

We note that Sweden requires banks, which provide accounts for companies, to provide facilities to deposit takings.⁴⁹ We therefore recommend any requirement to provide banking services to consumers be extended to businesses as well.

One measure to reduce costs could be a further rationalisation of coins, such as the 5c coin.⁵⁰ Alternatively, Australia could draw on the experience of New Zealand, which redesigned its 10, 20, and 50 cent coins to make them smaller and lighter.^{51 52}

15. What metrics or data points are important to help monitor a cash acceptance mandate?

⁴⁷ [Transcript of Question & Answer Session on 12 December 2023 | Speeches | RBA](#)

⁴⁸ [Review of Retail Payments Regulation – First Phase: Merchant Card Payment Costs and Surcharging - NSA](#)

⁴⁹ [Obligation for major banks to provide certain cash services - Riksbank](#)

⁵⁰ [Press conference, Parliament House, Canberra | Treasury Ministers](#)

⁵¹ [Strategies for Addressing the Impacts of Declining Demand for Australian Circulating Coins | Australian National Audit Office \(ANAO\)](#)

⁵² [Establishing technical specifications for New Zealand's new 10 cent, 20 cent and 50 cent coins - RBNZ](#)

We see three key data sources that will assist in monitoring usage of cash. Firstly, the RBA collection of existing cash data, including ATM withdrawals, the average lifetime of notes, and velocity of transaction-level notes (\$5, \$10, \$20) will be a key measure.⁵³ Secondly, cash transit demand will be an important measure, potentially with the assistance of the ACCC. Thirdly, APRA should also improve the collection of points of presence data, progress of which does not appear to have been made public since 2023.⁵⁴

16. If you are able, please assist in quantifying the potential benefits of the mandate for consumers. If you are able, please assist in quantifying the potential costs of the mandate for businesses.

This sort of analysis is beyond the scope of our organisation. It is best left to Treasury or the Parliamentary Budget Office.

17. Do you have views on the appropriate lead times required for the implementation of the proposed legislation? What are the considerations that may impact these lead times?

Given up to 94% of businesses already accept cash, we do not see a need for a long lead time for the implementation of a mandate.

⁵³ [Survival Analysis and the Life of Australian Banknotes | Bulletin – September 2019 | RBA](#)

⁵⁴ [APRA launches public consultation on banks' points of presence data | APRA](#)