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The Council of Financial Regulators

Submitted online via: CashDistributionRegulationConsultation@cfr.gov.au

Australia Post submission – Regulating Cash Distribution

Australia Post welcomes the opportunity to comment on the Council of Financial Regulators (CFR) and the Australian Competition and Consumer Commission's (ACCC) consultation regarding regulating cash distribution in Australia (the consultation paper).

We recognise that cash is an essential component of the economy for consumers and businesses. Despite the increase in digital payments, cash remains a crucial option for many, particularly in regional and rural communities. The Government has acknowledged that maintaining access to cash is a key priority in modernising payments infrastructure.

The movement of cash in the economy, in particular the role of cash-in-transit providers, has faced significant uncertainty over the last 18 months. In July 2025 it was announced that the major banks, Coles, Wesfarmers, Woolworths Group and Australia Post (the funding parties) agreed to extend the financial contribution for an additional six months to Armaguard with an additional \$25.5 million.¹

Despite this extension of funding, a serious risk remains for cash distribution given the total market share of Armaguard. A regulatory model, such as that proposed in the consultation paper, would help provide a clear framework by balancing the needs and costs of different stakeholders and ensuring a fair and equitable price.

Our focus in this submission is to ensure a proportionate, balanced and targeted regulatory framework which can support the overall objectives of consumer cash use and payment system resilience. At a high-level, our view is that the regulatory framework should be:

- **Guided by principles of fairness and flexibility** - working in tandem to support both business customers (with potential ongoing increasing costs) and service providers (fair and proportionate regulatory model).
- **Clear and targeted application** – including defined scope and language focused on the specific risks and functions associated with the cash distribution chain.
- **Considerate of the national need and use of cash distribution services** with price interventions responding accordingly. Including regional and remote area service coverage through cross-subsidised pricing arrangements.

¹ <https://www.ausbanking.org.au/joint-statement-funding-extension-for-armaguard/>



A broad or ambiguous definition risks scope creep and therefore risks imposing compliance costs on entities that do not substantially support the overall objective of the framework. For example, including retail outlets or financial institutions that merely accept or dispense cash (but do not manage its distribution) could lead to confusion and inefficiency. A narrow scope supports proportionality—a key principle of better regulation—by ensuring obligations are imposed only where justified by risk and public interest.

Other matters for consideration include:

- **Cost of cash** - the potential for increased costs, surcharging and fees to end-consumers for using cash (particularly in the event of increasing costs for cash distribution services) and the potential policy interactions or economic ramifications with the removal of card surcharging, with no like regulatory intervention on cash or over the counter (OTC) charging.
- **The need for clear resilience (business continuity)** consideration in regulatory powers [REDACTED] Interventions, including asset management [REDACTED] contingency planning and simulation exercises are integral for crisis readiness.
- **Timeliness of intervention** – including regulatory response or intervention timeframes – to protect against delays for potentially time-critical dealings when having to consult on price and non-price terms for cash distribution services (e.g., expiration of contractual arrangements and a deadlock on revised terms or conditions).
- **Clear role for major banks** – major banks play a critical role across Australia’s payment system, including cash. In addition to their role in commercial cash, they also heavily influence digital shifts and influence end users (including retailers and customers) access to cash by removing bank branches, ATMs, going cashless in metro branches and charging customers fees.

While we support the proposed regulatory framework, it will need clear parameters for businesses that have the primary responsibility to ensure costs are equitable. Costs of cash in transit (CIT) should not fall on retailers or customers (e.g. as a pass through), which may occur if obligations are not put on the primary cash distribution entities including Armaguard and the major banks.

In communities where traditional bank branches have closed and Bank@Post remains the sole provider of basic consumer banking services, costs to Australia Post are considerably higher, especially in rural and remote areas [REDACTED]

[REDACTED] this position is financially unsustainable and would have similar impacts on other businesses and retailers.

While the provision of cash into these areas meets an important community need, it is not a role Australia Post or other retailers with withdrawal services are designed to be financially responsible for. We note that Commonwealth Bank of Australia estimated that the continued support and distribution costs of cash have risen to \$400 million per year, an average of roughly \$40 per customer². This is a cost that would fall on retailers in the absence of bank and CIT action.

In 2017, the United Kingdom (UK) Government supported an industry-based Access to Banking Standard³ to ensure access to cash, as well as trials such as banking hubs. In 2023, the UK Government determined that the industry-based solution was not meeting government or consumer expectations and started the process to regulate cash access. In September 2024, the UK Financial Conduct Authority (FCA) rules on access to cash commenced, mandating banks, building societies and LINK (key ATM network operator) to provide security and certainty on cash movement and access, and restricting withdrawal fees.

We encourage Government consideration of costs and responsibilities while developing a regulatory model. We have provided responses to the consultation questions in the **attachment**.

If you have any questions, or would like to discuss this submission further, please contact

[REDACTED]

² The Senate Rural and Regional Affairs and Transport References Committee (2024), Bank closures in regional Australia: Protecting the future of regional banking, May 2024

³ United Kingdom, [Access to Banking standards](#)

Overview

A clear, targeted and purpose based regulatory framework will help ensure that fairness and flexibility is considered in a measured way.

- **The regulatory framework should be guided by the principles of fairness and flexibility on intervention** - to uphold flexibility, the framework should include a trigger mechanism, such as a review point based on a cash usage floor or cost-of-service threshold, to reassess regulatory settings over time. This ensures the framework remains targeted, proportionate, and responsive, with benefits that continue to justify regulatory costs as market conditions change.
- **Clarification on terms and scope** – recommend that clear and consistent terminology is used, including:
 - *Cash distribution services* - focusing on providers of cash distribution and movement in the economy (including commercial cash, cash-in-transit businesses) to clearly distinguish roles and responsibilities from customers of services (such as retailers, ATMs, Australia Post).
 - *Critical cash distribution services* (as distinct from a broader concept of *critical cash services* which is also referenced within the paper). *Critical cash distribution services* would enable flexibility for designation across the movement of cash from commercial cash arrangements to cash-in-transit services.

We urge additional consultation and stakeholder engagement, should a regulatory model be pursued.

A new regulatory framework for cash distribution

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 overarching objective is appropriate. As above, we encourage Government to ensure that the principle of ‘public interest’ is assessed intermittently (or under a certain trigger mechanism – such as a certain cash usage level) to ensure there remains an overall balance of costs and benefits to all parties and the economy.

2.2 - *Are the four policy principles (access, sustainability, resilience and efficiency) for the proposed regulatory framework appropriate? If not, why?*

- Yes, the four policy principles are appropriate. In relation to the principle of *sustainability* and the idea of ‘at low or no’ additional cost for cash use, we

encourage Government to consider at what point the cash floor, usage levels, or overall costs of cash become no longer financially sustainable, or where the cost is ultimately borne by vulnerable consumers who rely on cash (e.g. by virtue of a cash surcharge or fee).

Visibility of entities, capabilities and challenges

3.1 - *The proposed framework distinguishes between registration (for general oversight) and designation (that applies more substantial regulatory obligations and powers reflecting the critical cash services being provided). Is this two-tiered approach proportionate to the challenges facing the cash distribution sector? Are there alternative models that should be considered?*

- The current and most immediate issue this regulatory framework needs to resolve is the movement of cash in the event of a failure in the commercial cash stream, or for Armaguard as the majority cash-in-transit provider. From that perspective, a single approach of designation for critical cash distribution services would seem the most proportionate.
- However, if the Government intends to better understand the “health of the market” (understanding system redundancies, market share, business continuity options, alternative players and capacity) then a two-tier approach would make sense. However, the value of this view of the market must be balanced against the cost of additional regulatory requirements.

3.2 - *What baseline obligations should apply to all registered entities to support sector transparency? What additional reporting obligations should designate entities have, particularly in relation to service continuity, crisis preparedness, performance reporting, and/or compliance with industry codes of practice?*

- As above, clear definitions for the scope of entities intended to be captured, and how they link to the specific objective and core principles will be essential.
- The inclusion of registered entities in any reporting or regulatory compliance requirements should have a clear and stated objective. If understanding the ‘health of the market’, such as the scope or capacity for second tier providers to fill a sudden gap in the market, then this intention needs to clearly be mapped to the regulatory and policy outcome (in this instance, crisis preparedness and continuity). If it is to better understand the totality of market share and therefore risk with CIT services and Armaguard, a lighter touch approach would be more appropriate.

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?*

- A clear definition and consistent use of terminology will help ensure that intent and scope is translated for factors considered by the Minister or regulator.
- Critical cash distribution services, mapped to the key elements of commercial cash and the cash distribution services contained within the consultation paper will support this.

Crisis readiness and resolution

The consultation paper has highlighted that one of the primary concerns necessitating regulatory intervention is to ensure the continuity of access to physical cash. A clear definition of cash **distribution** services and critical cash **distribution** services will enable crisis readiness and resolution solutions. This includes ensuring that designated entities operate in a manner that support transition of operational processes, facilitate orderly exit and management of assets is necessary. Timing is critical, including:

1. **In the event of a national crisis** – ensuring continuity and cash supply, this can be linked to the work on resilience programs underway by RRA, APRA and the four major banks⁴, and linked to overall critical operations activities under the recently commenced CPS230.
2. **Operational implications** – in the event of crisis resolution, particularly for major impacts to critical cash distribution services, immediate operational impacts need to be considered and redundancy plans put in place.



In addition to the examples contained in the consultation paper (RBA and APRA crisis readiness), the energy sectors Retailer of Last Resort (RoLR) framework offers important insight in to how a regulatory model can manage crisis resolution, including:

- The ability to have a register of critical providers that may maintain service continuity
- Regulatory powers to enforce business customer transfers and service obligations – the power to appoint statutory managers or potentially redirect ownership.

⁴ <https://www.rba.gov.au/publications/fsr/2024/sep/resilience-of-the-australian-financial-system.html#box>

⁵ <https://www.amalgamatedcash.com.au/two-key-safes>

- Exercises to test readiness and coordination.

Regulating price and non-price terms

- We can see benefit in a multi-year price path with a building block model, however appropriate mechanisms need to be built in for review (e.g., material changes to the market, crisis intervention changing access and costs). Regional areas should be subsidised by metro areas, with caps on any additional (out of cycle) services. A national price would create consumer equity irrespective of their location.

Service level standards for regional business customers

- Service level standards (SLS) for regional customers are essential to help target low or no cost regional cash needs. In addition to a national price, ensuring that this is capped for out-of-cycle (unscheduled or additional services) in regional areas will also support the principle of fairness.