



Business Council of Australia

15 August 2025

CFR and ACCC Cash Distribution Consultation Submissions
c/- Note Issue Department
Reserve Bank of Australia
cashdistributionregulationconsultation@cfr.gov.au

Dear Council of Financial Regulators & Australian Competition and Consumer Commission

Consultation on regulating cash distribution

The Business Council of Australia (BCA) welcomes the opportunity to comment on this consultation on regulating cash distribution.

Cash plays an essential role in Australia's overall payments system. The availability of cash enhances the accessibility, inclusiveness and resilience of the payments system. The ability to convert other forms of saving and deposits into cash, particularly at times of economic uncertainty, also promotes confidence in the rest of the financial system. The demand to hold cash typically increases in times of economic uncertainty, such as the recent COVID-19 pandemic.

While the use of cash for payment has declined over time with the increasing use of digital payment methods, the demand to hold cash remains material at around four per cent of GDP. This demonstrates that cash still performs an important economic function even though the transactions demand for cash has fallen.

The decline in the use of cash for payment nonetheless poses challenges for the economics that previously supported cash distribution. The suppliers and consumers of cash distribution services will need to work cooperatively towards a long-term, industry-led solution for cash distribution, including in regional and remote communities, where the economics is even more challenging.

Given its importance, it is appropriate that the Council of Financial Regulators and the Australian Competition and Consumer Commission should be empowered to oversee and regulate the sector. Those powers should include the ability to intervene when necessary to ensure that the cash distribution system continues to function in the event of a risk to sustainability and reliability of cash distribution.

In exercising these powers, careful consideration needs to be given to the interaction with the proposed cash acceptance mandate and the additional costs it will likely add to the cash distribution system, with preference over cash availability given to those entities subject to the mandate. The cash acceptance mandate is intended to cover essential goods and services supplied to those with a higher reliance on cash. Businesses are best placed to understand their own business continuity plans and manage the availability of cash within their networks. Regulators should not determine how cash is managed within those networks, but rather how the overall cash distribution system supports those networks.

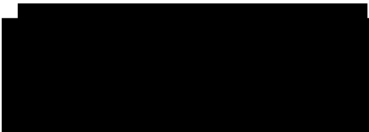
It is important that any price regulation and access regime agreed to under the proposed regulatory framework provides a fair return and distribution of costs among industry participants, maintains incentives to innovate and enhance productivity, and ensures the market remains contestable on the part of potential new entrants. The framework will need to be flexible enough to respond to changing market dynamics, while facilitating competition. The proposed framework should include an in-built review mechanism to ensure there is sufficient flexibility to accommodate the potential for future industry reform and restructure.

The BCA supports the proposed policy principles in relation to access, sustainability, resilience and efficiency to guide the proposed regulatory authorities. It would be preferable for designation powers under the proposed arrangements to be exercised by the regulator rather than the minister.

The BCA does not take a view on the key indicators or thresholds that should trigger crisis resolution powers, but the proposed oversight and transparency measures should help ensure that any such intervention occurs in a timely and effective way.

The BCA urges the Council of Financial Regulators to expedite the drafting and introduction of the enabling legislation to implement the proposed framework and ensure the current gap in regulatory authority over this important part of the payments system is closed quickly.

Yours sincerely

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Wendy Black

Head of Policy

Business Council of Australia