

Submission to the Council of Financial Regulators

Re: Consultation Paper – “Regulating Cash Distribution”

August 12, 2025

Introduction

This submission responds to the July 2025 CFR Consultation Paper on regulating Australia’s cash distribution system. While the paper recognises cash as an essential payment method, its premise - that private sector operators can sustainably manage cash distribution - is unsubstantiated and conflicts with the major banks’ push to reduce or eliminate cash usage. A better alternative would be to use the Australia Post network and infrastructure already in place.

Concerns with Current Approach

- Assumes private providers will invest in nationwide cash distribution despite monopolistic control, high costs, and limited incentive.
- Overlooks Australia Post’s existing role in maintaining cash access in areas abandoned by banks, often at significant cost (e.g., \$90,000 annually to airfreight cash to remote towns).
- Proposes a regulatory regime that may increase costs without resolving core issues.
- Ignores the conflict of interest in major banks controlling the cash distribution system as they clearly campaign to end cash altogether so they can surveil customer behaviour and monetise user data, a major privacy concern.

Recommendation: Australia Post as Cash Distributor

Australia Post is a government-owned enterprise with a nationwide network, well placed to meet the CFR’s principles of access, sustainability, resilience, and efficiency. Assigning cash distribution to Australia Post would:

- Remove the need for a new regulatory regime
- Utilise operational and network efficiencies
- Return profits to Government
- Provide stable, reliable, and equitable access to cash and banking services, particularly in regional and remote communities

This approach aligns with historic and current practice and the 2022–23 Senate Inquiry recommendations to:

1. Designate banking and cash access as essential services
2. Investigate a public Post Office Bank

Access Guarantee

With no public banking services, private banks now control who can access both cash and digital transactions. The CFR should ensure a **legal right for all Australians to access cash and banking services**. Where private banks refuse access, public banking, via Australia Post, must step in to protect citizens.

Surcharges and Fees

If digital payment surcharges are abolished, the same must apply to cash-related fees (ATM, deposit, over-the-counter). Equal treatment ensures customers pay the same total price regardless of payment method, leaving the market, not policy bias, to determine preferences.

Conclusion

The CFR should reject the current proposals, abandon the flawed premise of private sector-led cash distribution, and mandate Australia Post to deliver this essential service nationwide, guaranteeing secure, affordable, and equitable access to cash for all Australians.

Sincerely,

Concerned Australian citizen.