

Submission to the Council of Financial Regulators and the ACCC Re: Regulating Cash Distribution

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Re: Regulating Cash Distribution – July 2025 Consultation Paper

The following submission strongly supports the proposed regulatory framework for cash distribution and urges the Australian Federal Government to take decisive and immediate action to enshrine and protect cash access as a fundamental public service. This is not merely a matter of consumer preference. Cash is a national security asset, a cornerstone of economic sovereignty, and a bulwark against systemic failure.

Rural and Regional Affairs and Transport References Committee

The Bank Closures in Regional Australia report by the Senate Standing Committees on Rural and Regional Affairs and Transport confirms that the withdrawal of banking services from regional and remote communities is having profound social and economic consequences. Local councils and residents repeatedly described the closure of a town's last remaining bank branch as a severe blow to community morale, commercial viability, and public safety. In many instances, small businesses, elderly residents, Indigenous communities, and people with disabilities have been left without access to essential financial services, forced either to travel long distances for banking or to rely on inadequate and unsupported digital alternatives. The committee found that the current self-regulatory framework governing bank closures is failing, and that banks have systematically shifted their service obligations onto Australia Post without proper compensation, effectively converting a public institution into a subsidised extension of private banking. These findings highlight the urgent need for a federally publicly owned and operated national bank and cash distribution network, formally integrated with Australia Post's infrastructure, to safeguard physical banking access and uphold financial inclusion as a guaranteed public good. Notably, this report was tabled over a year ago, and although the Federal Government is required to respond within 90 days, it has yet to do so.

Australia Post: A Public Cash Infrastructure Ready for Expansion

Australia Post is publicly owned, trusted, and has a physical presence in over 4,000 communities nationwide, including many regions underserved by private banks. It is already a de facto cash distributor and is uniquely positioned to be the operational backbone of a publicly owned bank.

Where commercial operators are withdrawing from regional and rural areas due to alleged shrinking margins, Australia Post remains embedded in the community. It must be formally recognised as a critical infrastructure provider for national cash distribution and should be equipped to extend its role, including full-service banking functions. No other entity offers such expansive, equitable access.

Cash is a Non-Negotiable Public Utility

Cash is not obsolete. It is not a legacy product. It is an essential, fail-safe mode of payment that underpins individual liberty, financial resilience, and systemic stability. Unlike digital transactions, cash does not require electricity, internet access, banking platforms, telecommunications, or third-party intermediaries. It is instant, final, and unhackable.

In a digital or power outage, physical cash continues to function without delay. It is immune to system crashes, cyberattacks, data breaches, and technical failures. Digital payment systems, however, are centralised vulnerabilities. Their failure during a crisis would be catastrophic without the cash alternative.

Digital Fragility vs. Physical Sovereignty

Digital transactions are increasingly exposed to fraud, identity theft, unauthorised surveillance, and manipulation. Cash does not suffer from these risks. Scams that target vulnerable citizens, including the elderly, over the phone, online, or via email often hinge on digital transactions. Cash protects against these abuses.

Furthermore, the ease with which digital funds can be transferred overseas with minimal oversight poses security concerns. By contrast, physical cash is difficult to move across international borders undetected, making it a naturally secure and locally anchored store of value.

Community, Continuity, and Crisis Preparedness

Cash is indispensable for social inclusion and community function. Millions of Australians, particularly the elderly, the disabled, the unbanked, and residents of remote areas, rely on it daily. Its removal from circulation would increase marginalisation of these groups and deepen their financial exclusion.

Access to cash is not simply a service convenience. It is a civil necessity. Australia must not repeat the mistakes of jurisdictions like Sweden, where a rapid transition to digital payments caused widespread hardship among the elderly and rural populations, and prompted the government to legislate cash reinstatement.

A sustainable and regulated cash system is also a national contingency asset. In the event of geopolitical instability, economic panic, natural disasters, or cyberwarfare, cash remains the last line of defence for transactional continuity and public confidence.

Recommendations

1. Legislate a permanent public guarantee of national access to cash. This includes formal designation of cash as a critical service.
2. Expand the role of Australia Post as a publicly owned cash handler and retail bank. Use its existing infrastructure to anchor a national, publicly owned and accountable banking alternative.
3. Mandate cash acceptance beyond essential services. The mandate should apply to all large businesses and government agencies.
4. Regulate equitable access and service levels for rural and regional cash delivery.
5. Establish a federally owned and operated national cash distribution network leveraging the existing infrastructure and nationwide footprint of Australia Post.
6. Prohibit further ATM and bank branch closures in cash-dependent areas. Access degradation must not be tolerated for short-term commercial gains.
7. Classify digital-only systems as insufficient during emergencies. Ensure regulatory preparedness plans explicitly prioritise cash as a crisis-response tool.

Conclusion

Cash is not a competitor to digital payments. It is the foundation upon which all other forms of payment rely when the system fails. The presence of cash is what gives the public confidence that they will not be left stranded in a crisis, excluded by technology, or exploited by digital gatekeepers.

A modern, inclusive, and resilient economy is not one that abandons its physical infrastructure, but one that protects and strengthens it. This submission urges the Council of Financial Regulators and the ACCC to treat cash access and distribution not as an economic afterthought, but as a national imperative.

Finally, these proposals should not be assessed within the constraints of conventional commercial accounting. As the sole issuer of the Australian dollar, the Federal Government operates under monetary sovereignty and has the capacity to finance essential public infrastructure, including cash distribution and a public bank, through direct fiscal mechanisms, independent of taxation or debt issuance. Consequently, their implementation does not constitute a fiscal burden on the public sector balance sheet.