

Regulating Cash Distribution - Consultation Paper by the CFR and ACCC

Section	Consultation Questions	NCR Atleos Response
Regulatory Framework Objectives	2.1 - Is the overarching objective - ensuring the cash distribution system operates in the public interest - appropriate? If not, why not?	NCR Atleos supports the overarching objective of the regulatory framework.
	2.2 - Are the four policy principles (access, sustainability, resilience, efficiency) appropriate? If not, why?	NCR Atleos agrees that the four policy principles are appropriate in the circumstances.
Visibility of Entities	3.1 - The proposed framework distinguishes between registration (for general oversight) and designation (which applies to 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?	<p>NCR Atleos is supportive of a proposed two-tiered approach, subject to the following comments:</p> <p>Registration: Entities that fall within the scope of registration appear not to be performing critical services in terms of scope, impact and risk. The registration/information provision requirements should therefore be basic and ensure that information is limited to general matters to enable the regulator to have transparency into relevant cash-related information. It would be an unnecessary burden on both the regulator and registrable entities if obligations went further than that. Some of the information may be confidential/commercially sensitive and, in such instances, should not be made public without consent, or the information should be anonymised.</p> <p>An alternative option would be for the types of entities within this tier to be subject to information provision obligations as required by the regulator from time to time. This could replace registration and periodic compliance as a rule.</p> <p>Designation: NCR Atleos is supportive of the designation powers, subject to the application of the powers being very clearly defined and applicable only to those critical service providers who, due to their size, scope and risk, require regulation. The underlying basis for designation should be to address clear risks faced by the broader industry and wider public, while keeping the objectives in mind. The clearest current example of that is Armaguard as the monopoly provider of national CIT services in Australia.</p> <p>These measures need to be in place before the current undertaking expires in September 2026 to address the risks.</p>

	<p>3.2 - What baseline obligations should be in place for all registered entities to support sector transparency? What additional reporting obligations should designated entities have, particularly in relation to service continuity, crisis preparedness, performance reporting, and/or compliance with industry codes of practice?</p>	<p>Registered entities' baseline obligations should be limited and not cause an administrative burden. Limiting the obligation to information such as geographic scope of service, turnover, employee numbers, and approximate volume of cash handled seems sensible.</p> <p>Designated entities must be held to higher standards and be required to report on additional matters, such as:</p> <ul style="list-style-type: none"> • key personnel; • physical infrastructure presence (e.g. depot locations); • service continuity plans and crisis preparedness, especially for rural and remote areas; • performance reporting on service levels, delivery timelines or service days by location, invoice and fees uplifts; • customer complaints/grievance processes, contract/code breaches; and • basic compliance reporting aligned with industry codes and independent audits.
	<p>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)?</p> <p>Should designation be the responsibility of a regulator or the Minister? What protections should be in place to ensure the designation process is fair?</p>	<p>There should be clear and measurable criteria for designation, particularly for CIT providers. Examples of such criteria could include the entity's market share size, geographic coverage, the volume of cash handled and managed, and the availability of viable and ready alternative providers.</p> <p>While NCR Atleos supports the proposed framework, we believe it is important that the designation of providers does not overburden or discourage smaller CIT providers. The criteria should therefore be proportionate to each provider's operational scale and capacity, allowing for flexibility where appropriate.</p> <p>The regulator should have the responsibility to minimise political interference. If the criteria are well defined and transparently applied, this should ensure fairness and maintain a sustainable CIT market.</p>
<p>Crisis Readiness and Resolution</p>	<p>4.1 - What key indicators or thresholds should trigger crisis resolution powers to support the continued operation of cash distribution services critical to the functioning of the cash system?</p>	<p>Several indicators should trigger crisis resolution powers to support the continued operation of cash distribution services. These indicators include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • service level decline (determined via regulator reporting, complaints by customers, or investigations from the regulator);

		<ul style="list-style-type: none"> • reduction in physical points of presence (e.g. the depot locations across Australia), specifically within rural and remote areas; • reduction in scheduled delivery times/service days in certain locations; • unexplained and unreasonable cost increases; • frequent resignations or departures in key personnel; or • corporate restructuring, attempts to rationalise personnel, assets or business affairs or enter into transactions that remove or reduce critical parts of the entities' business operations or personnel.
	<p>4.2 - Are the proposed powers and interventions appropriate for the sector?</p>	<p>Yes, particularly due to the consolidation of a monopoly national CIT provider, which has left Australia without viable alternatives in the market.</p>
<p>Price and Non-Price Terms</p>	<p>5.1 - When should the regulator intervene in the commercial and non-commercial terms of CIT agreements to ensure they align with the objectives of enabling adequate access, being industry-led, sustainable, and efficient?</p>	<p>Yes, given the current nature of the CIT sector and the consolidation of a monopoly national CIT provider, regulatory authorities need to be able to intervene when price and non-price contractual terms are not aligned with the overall objectives of the regulation.</p> <p>For example, a regulator should be able to mandate that a designated entity must offer customers an independent price mechanism based on pricing and standard key non-commercial terms for CIT agreements, ensuring transparency and fairness across the sector. If these are not offered to willing customers, the regulator should have powers to force designated entities to offer such terms to willing customers.</p> <p>The regulator should also have powers to ensure compliance after agreements are entered into on matters such as service level decline, independent price non-compliance and general non-compliance with standard non-price terms.</p>
	<p>5.2 - If the regulator applies a pricing model, what is the most appropriate approach for setting prices?</p>	<p>NCR Atleos supports the CFR and ACCC's proposed approach of implementing a 'cost-based pricing model' with regulatory oversight. We believe that this model will help ensure the ongoing viability of the sector and the continued availability of cash in Australia.</p> <p>By aligning pricing with actual service delivery costs, the model promotes transparency and fairness, preventing excessive charges that could arise in a monopoly. Regulatory oversight ensures that providers remain accountable, while also allowing for a reasonable margin to support operational sustainability and future</p>

		<p>investment. This approach helps maintain service continuity, especially in regional and remote areas where cash access is critical and supports broader financial inclusion by keeping cash services affordable for consumers and businesses alike.</p> <p>In the ATM deployment space, the regulator must require that Armaguard must offer prices to independent ATM deployers and its internal customer (ATMx) in a manner that does not unreasonably discriminate in favour of the internal customer (same rates and terms). This is contained in clause 5.19 of the ACCC Undertaking by Armaguard and needs to be reflected in the legislation.</p> <p>The reporting and information gathering designation also should require disclosure against this obligation, and affected customers should be given the right to confirm that their prices and terms are not in breach of this obligation.</p>
	<p>5.3. - Should dispute resolution be managed by a regulator or a third party?</p>	<p>NCR Atleos supports a dispute resolution process whereby the regulator manages disputes if the parties cannot resolve their dispute within a reasonable time frame (which ought to be a fixed period, such as 30 days, for example). A regulator will have subject matter expertise and a better overall understanding of the legislation it administers to aid the resolution of disputes than a third party.</p>
<p>Third-Party Access</p>	<p>6.1 - Should a new regulatory framework for the cash distribution sector seek to establish an access regime governing the terms and conditions by which third parties can access critical cash services operated by a designated entity?</p>	<p>Yes. There are parts of the cash services infrastructure that are now entirely in the hands of a monopoly provider (e.g. Armaguard and national CIT services). This leaves little to no room for end-to-end providers to enter the market and compete because the larger scale aspects of the business are not available or are too expensive to establish.</p> <p>If third parties (such as smaller CIT operators) can access that key infrastructure on fair, reasonable, and non-discriminatory terms, it presents the opportunity for a level of competition and growth in service provision in downstream services segments (e.g. cash delivery, FLM, etc.), which is critical to address the risks identified by the regulatory framework.</p>
	<p>6.2 - What rules should govern such access?</p>	<p>Access should be criteria-based, not arbitrary.</p>

		Furthermore, the designated entities should not have the discretion to refuse access without reason. If the proper criteria are set and met, third-party access must be granted.
	6.3 - How should disputes under the access regime be resolved?	Disputes should be resolved by the regulator as outlined above.
Regional Service Standards	7.1 - Do regional business customers require service level standards established through a regulatory framework to ensure they continue to have adequate access to cash on reasonable terms?	Yes. As regional business customers face unique challenges due to the high cost and logistical complexity of cash distribution in remote areas, a regulatory framework with service level standards is essential.
	7.2 - What standards (e.g., frequency of service) should apply? How should the Minister consider them?	<p>Suggested standards may include:</p> <ul style="list-style-type: none"> • Minimum service areas. • Minimum frequency of cash delivery or prescribed service days. • Maximum distance to the nearest depots (for example, no more than 50 km from a major regional town). • Additional service days based on increases to ATM fleets and/or transactions. • Seasonal Flexibility. Service schedules should accommodate seasonal fluctuations and local business needs. • Consistency in permanent service days - for example, permitted changes to service days should only be made on a quarterly basis to ensure reliability. • Missed services recovery timelines should be based on zoning. For example: <ul style="list-style-type: none"> ❖ Metro - next business day; ❖ Country - next two business days; and ❖ Remote - by agreement.
	7.3 - What criteria should the Minister use to determine where service level standards should apply?	We believe service level standards could be implemented across all areas.
Penalties and Enforcement	8.1 - What principles should guide the design of penalty and enforcement powers to ensure they are proportionate, transparent and effective in achieving compliance?	<p>Because of the importance of the service, the primary goal should be for the regulator to have the power to enforce compliance, rather than solely relying on financial penalties.</p> <p>The key design principle should be an ability for the regulator to require specific actions to address breaches</p>

		<p>swiftly and, if those actions are not taken, to activate crisis readiness measures (e.g., appointing statutory managers, etc). While financial penalties can be used as well, the main focus should be on having the power to compel action.</p>
	<p>8.2 - In what circumstances should the regulator be empowered to issue an infringement notice or take court action? In what circumstances would penalties not be appropriate?</p>	<p>As stated above, we believe that enforcement should be the primary mechanism for driving compliance. If non-compliance persists, the regulator should be able to activate crisis readiness to implement necessary control changes. Court action and infringement notices will not serve the interests of affected customers or the wider community if a single dominant provider of services stops supplying critical services.</p>