

**22 August 2025**

The Secretariat  
Council of Financial Regulators  
CFR and ACCC Cash Distribution Consultation Submissions  
c/- Note Issue Dept  
Reserve Bank of Australia  
GPO Box 3947  
SYDNEY NSW 2001

**Email:** CashDistributionRegulationConsultation@cfr.gov.au

Dear Secretariat,

### **Regulating Cash Distribution Submission**

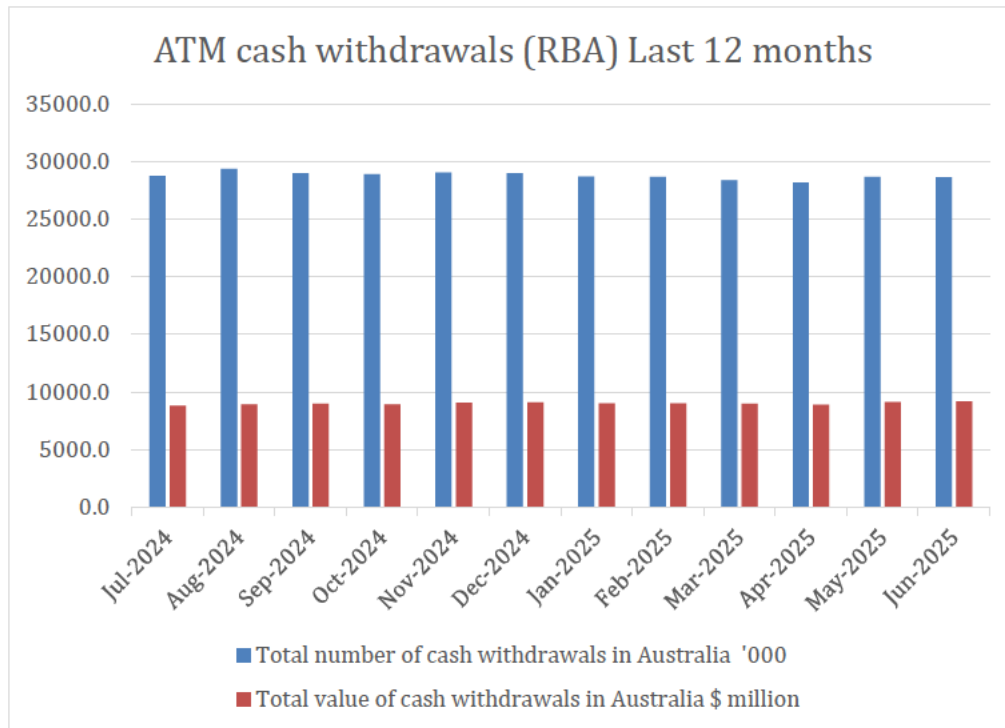
Next Payments Pty Ltd (“Next”) welcomes the opportunity to provide this submission in response to the Council of Financial Regulators’ (CFR) consultation on regulating cash distribution in Australia.

We strongly support the CFR and ACCC's initiative to develop a regulatory framework for Australia's cash distribution sector. As an independent ATM operator of a fleet of more than **4,900 ATMs** located across a breadth of diverse metropolitan, regional and remote locations where ready and efficient access to cash on a daily basis is required, we directly experience the challenges arising from the current consolidated cash distribution environment.

Reliable and affordable access to cash is of critical importance to Australian businesses, our economy and the broader society. For a range of reasons, not least related to privacy, cultural norms and avoiding social profiling, cash consistently remains a necessary means of payment for many parts of the community, particularly older Australians (and more recently younger Australians), those with lower household incomes, people with limited access to digital forms of payment, and importantly those living in regional and remote Australia.

To demonstrate its importance, and despite the increasing digitisation of payments, the number of cash withdrawals across Australia remains highly stable, **with around one million withdrawals per day taking place.**

As reported by the RBA, and depicted in the chart below, in the 12 months ended 30 June 2025, more than **345 million unique cash withdrawals were completed in Australia**, withdrawing more **than \$107 billion, equivalent to around \$295 million per day.**



We endorse the four guiding policy principles of **access, sustainability, resilience and efficiency** as contained in the consultation paper and believe a well-designed fit-for-purpose regulatory framework is essential to ensure fair, cost-effective and most importantly equitable cash distribution services that enable independent operators like Next to continue serving Australian communities.

We concur that a regulatory framework is likely to be the most proportionate approach to meeting the public interest objective and minimising inherent anti-competitive practices which are a live and active risk today. A regulatory framework for the cash distribution sector could incorporate:

- better visibility of cash distribution service providers and their capabilities and challenges;
- crisis readiness and resolution powers to safeguard the continuity of critical cash distribution services;
- regulatory powers to ensure the sector continues to function sustainably, effectively and efficiently by ensuring fair terms, **third-party access**, and service level standards and support for regional and rural business customers; and

- a commercial framework that enables and supports a viable and sustainable cash distribution system in Australia, supported by powers for regulator(s) to enforce the framework and pursue penalties where appropriate.

In terms of the competitive landscape, it is imperative that regulators promote and support a regime which enable's and fosters enhanced and equitable access to cash through the approval of additional Cash-in-Transit providers, **including enabling open company access to a reserve cash pool in times of additional need and when CIT providers are unable (or unwilling) to service the need of ATM providers such as Next.**

In addition, we believe there needs to be the consideration of increased Security Measures to ensure CIT services have adequate security to handle increased demand for cash under a mandated access to cash regime – together with agreed regular and frequent cycles of cash distribution – the longer between cash distribution/pick-ups, the larger the cash sums we need to store and hence the larger the risk. Subsidies or Incentives: the provision of financial support or tax incentives to companies investing in robust cash-handling infrastructure may be necessary.

**Local banking hubs** may also be necessary to enable more equitable and efficient storage and distribution of cash, particularly in regional communities. Given the **efficiency of storing and distributing cash via self-cashed ATMs** to communities across the vast span of Australia, their shrinking ready access to additional cash as a result of the closure of 931 bank branches since 2020, also requires urgent attention and ultimately remedy.

Next also recognises that the dominant cash distributor will continue to play an essential role and that sustainable pricing is critical if the industry is to invest and modernise. We also recognise that the future regulatory framework must reflect the reality of today and tomorrow: that is support and obligations should not be exclusive, but accessible to all capable providers, ensuring sustainability for the system in its entirety, for all its participants.

We would welcome the opportunity for further dialogue on the perspective, ideas and concerns we raise below.

I can be contacted at [REDACTED] and look forward to our further involvement in your consultation process.

Yours faithfully,

[REDACTED]

**Tim Wildash**  
Chief Executive Officer OAM

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## APPENDIX: A

### Brief overview of NEXT Payments

Next Payments Pty Ltd (“Next”) is a wholly owned and domiciled Australian technology and diverse payments solutions provider. Established in 2013 the company has offices and operations across Australia and New Zealand, serving more than **5,500 businesses**.

Next operates an Australian-wide independent ATM network and supplies a range of other payments related services including cash recyclers, end-to-end cash management solutions, loyalty cards, EFTPOS, reconciliation software, digital wallet and business analytics solutions.

Specifically, Next owns and operates a fleet of more than **4,900 ATMs** across Australia and New Zealand which are located across a breadth of diverse metropolitan, regional and remote locations where ready and efficient access to cash on a daily basis is required. These services are predominately located in:

- Areas where larger financial institutions previously supplied ATM services such as larger retail shopping centres, high street locations, petroleum stations and convenience stores.
- Venues including hospitality venues (restaurants, pubs and clubs) and entertainment and gaming venues
- Other retail outlets such as supermarkets and newsagents
- Locations where smaller Australian financial institutions, such as Defence Bank, require service to be provided.

Cash-in-Transit (CIT) services, traditionally associated with cash handling for banks, ATM providers such as Next, and businesses, play a critical role in the financial and security infrastructure of Australia in terms on ensuring the supply and distribution of sufficient cash.

It’s important to note that CIT services provide a diverse range of services to the likes Next to enable operation of their ATM’s – these include:

- CIT delivery
- CIT clearance
- Cash reconciliation
- ‘First Line’ maintenance
- ‘Second Line’ maintenance
- [REDACTED]
- [REDACTED]
- Collection of cash from venues

The major shareholder and executive leadership team at **Next** have been involved in placing ATMs since the year 2000. The team have run bank ATMs plus every style of community and retail ATM over the years, and we estimate some 16,000 ATMs have been placed and operated during the journey by our team.

The team at Next were proud to receive the ATMIA Outstanding Service Award at the ATMIA 24th Annual US Conference in February 2023 in New Orleans. ATMIA is the leading non-profit trade association representing the global ATM industry. ATMIA serves members from over 650 companies across 70 countries, including financial institutions, independent ATM deployers, equipment manufacturers, processes, and others in the sector.

As the founder of Next, I also bring over two decades of experience in the payments industry, having founded ATM Solutions P/L in 2000 before establishing Next.

I contain a deep understanding of cash distribution economics and cash security (including the extensive use of bunker technology) both domestically and abroad, particularly from an independent operator's perspective. Our understanding of the rural and regional ATM needs, and how to service those needs is expansive. I was both honoured and humbled that my services specifically to the cash management industry were recognised in the recent King's Birthday Honours 2025 with the award of the Medal of the Order of Australia (OAM).

## NEXT Response to Consultation Questions

### Section 2 – Overarching Objective and Policy Principles

#### 2.1 – Public Interest Objective

***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, but the framework must ensure fairness, transparency and inclusivity.

The current single provider dominance creates structural barriers for independent ATM operators like Next. We face daily challenges securing fair, cost-effective cash distribution services.

A public-interest framework should ensure:

- **Contestable access** – Regulated benefits and service obligations allocated through transparent processes open to all capable providers, not automatically to the incumbent
- **Equitable treatment** of all customers who meet standards, including independent operators who currently lack access to the same supply pricing transparency as major banks. This includes requiring (or supporting) the incumbent, Armaguard, to provide direct and equitable cash access to third parties (wholesale markets) – this must be seen as a minimum requirement – this also includes ensuring that the incumbent enables fair access and supply of sufficient cash locally across metropolitan and regional Australia to support the needs of self-cashed ATMs (which comprise a bulk of Australia's local ATM network) where their normal supply methods require supplementation.

The concept of “equity” may also include a stipulated requirement for **the incumbent to divest its current ATM network** in order to ensure that all providers of such services can compete on an equitable and fair basis – we would welcome further discussion in this regard.

- **Multi-provider resilience** – Avoid entrenching single-provider dependency by ensuring independent operators can access essential services on fair terms. This would also include the consideration of support for a ‘Community Banking Model’. These may be in the form of local banking hubs to enable more equitable and efficient storage and distribution of cash, particularly in regional communities.

## 2.2 – Policy Principles

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

Yes. Next supports the four principles but emphasizes that effective implementation requires:

- **Genuine competition** – Current market consolidation limits ability to negotiate fair terms. Competition drives service quality, cost efficiency and innovation.
- **Innovation requirements** – Regulatory decisions should explicitly reward efficient service models rather than protecting legacy approaches
- **Service level agreements** – so that there is accountability, transparency and clarity in CIT service provision which is largely absent today

These principles are interconnected – access depends on sustainability, resilience requires multiple providers, and efficiency is best achieved through competitive markets including independent operators.

## Section 3 – Registration and Designation Framework

### 3.1 – Two-Tiered Approach

***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?***

Next agrees in principle with the two-tiered structure. For designated providers, we recommend distinguishing between market-dominant entities and competitive players. Dominant providers should face strict access obligations to protect independent ATM operators and other sector participants, while competitive providers should have lighter regulatory burdens which provide simpler oversight. This prevents regulatory overreach while addressing real market power issues that affect the ability to secure fair cash distribution services.

### 3.2 – Reporting Obligations

***What baseline obligations should apply to all registered entities to support sector transparency? What additional reporting obligations should designated entities have?***

Basic registration should require coverage area disclosure and capacity information. Designated entities need stronger oversight including emergency planning, performance metrics, and advance notice of service changes that could disrupt independent operators. Reporting requirements must be scaled appropriately - excessive compliance costs, especially for smaller providers, could drive unwanted consolidation and reduce competition.

### 3.3 – Designation Criteria

***What factors should be considered when determining whether a cash distribution provider should be designated?***

Key factors: market significance, operational scope, and ability to meet service standards.

From our perspective as an independent operator, designation criteria should focus on providers whose failure would significantly impact cash access. An independent regulator should make these decisions using clear, published standards with proper appeal processes to ensure fair treatment of all market participants.

In addition the responsibility for cash distribution must be firmly placed on the Banknote Distribution Agreement holders, not Armaguard or any other cash in transit operator.

## Section 4 – Crisis Readiness and Resolution Powers

### 4.1 – Crisis Triggers

***What key indicators or thresholds should trigger crisis resolution powers, to support the continued operation of cash distribution services and the functioning of the cash system?***

From Next's perspective, crisis triggers should include service disruptions that directly impact independent operators: widespread ATM supply failures, depot closures affecting our services, extended cash shortages in our service areas, and failure to maintain agreed service levels.

Early intervention is crucial - waiting until complete system failure puts independent operators like us at risk since we potentially lack alternative supply arrangements that the likes of major banks may have.

### 4.2 – Powers and Interventions

***Are the proposed powers and interventions appropriate for the cash distribution sector?***

Yes potentially, but interventions must protect all customers, including independent operators. Regulators should have power to mandate service continuation, direct remedial action, and reallocate services to alternative providers when needed. However, any intervention must ensure independent ATM operators and other stakeholders in the cash distribution eco system aren't disadvantaged in the transition. Court powers are necessary for enforcement, but quick regulatory action is more important for maintaining operations during crises.

## Section 5 – Pricing and Dispute Resolution

### 5.1 – Regulator Intervention

***Under what circumstances should the regulator intervene on price and non-price terms in cash distribution agreements of designated entities to ensure they are in line with the objectives of enabling adequate access and being industry-led, sustainable and efficient?***

Next Payments supports regulatory intervention only when absolutely necessary and where:

- Discriminatory pricing prevents competitive access to essential distribution services
- A Banknote Distribution Agreement holder intends to discontinue support for, or pay less for, cash supply services to a local community
- Declining or unacceptable service levels are apparent
- Access terms unreasonably favor vertically integrated incumbents
- Regional service obligations are abandoned without cross-subsidization support
- Anti-competitive practices undermine contestable cash services

We also note that at times regulator intervention can have a perverse effect where the standards set mean that those that must abide only seek to meet the minimum lawful requirements – ie they aim to meet the law, and not go above and beyond it, thereby not necessarily encouraging innovation or increased competition for consumer or sector benefit – which believe this is a scenario that needs to be avoided with regards to the future of CIT services in Australia. Relevant processes and requirements across CIT services need sufficient headroom to respond to market challenges and enable agility in their approach whilst ensuring appropriate risk and protection measures are in place.

### 5.2 – Pricing Model

***In the instance that the regulator applies a pricing model, what is the most appropriate approach for setting prices?***

Before commenting on the pricing model, Next would like to made it abundantly clear that it fully supports the appointment and work of global advisory firm Deloitte Access Economics to develop a utility-style pricing model for moving cash and coins around the economy that recognises the job as an essential service.

We trust that the mechanism will create a fair way to price Armaguard contracts and enable the incumbent to actually lift its prices where necessary to commercially sustainable levels / market rates. Whilst Next is a procurer of such services, we believe they have traditionally been priced beneath sustainable and profitable levels, creating in large part the situation that the CIT sector is facing today. Enable the incumbent to increase their pricing, which may need to rise by [REDACTED] and whilst there will be some push back, it will ultimately enable a more secure and competitive CIT landscape.

Next also strongly supports cross-subsidization from metropolitan to regional areas as fundamental to ensuring equitable cash access across Australia. Regional communities face

significantly higher per-transaction costs that make commercial provision unviable without metropolitan support.

The pricing framework should:

- Mandate cross-subsidization through regulated pricing structures, similar to telecommunications universal service obligations
- Establish transparent cost allocation between profitable metropolitan and loss-making regional services
- Ensure service providers can access cross-subsidy arrangements, not just incumbents
- Include appropriate returns that encourage continued regional investment

Cross-subsidization must operate through regulatory mechanisms accessible to all qualified providers to maintain competitive market structure while achieving regional access objectives.

### 5.3 – Dispute Resolution

***Should dispute resolution processes for designated entities be regulated by a regulator or a third party?***

Next supports regulator-administered dispute resolution for pricing and access disputes involving designated entities. This ensures binding determinations with clear timeframes and consistent application of regulatory principles, particularly regarding cross-subsidization arrangements and competitive access rights.

[REDACTED]

[REDACTED]

[REDACTED]

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## Section 6 – Access Regime

### 6.1 – Access Regime

***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 services operated by a designated entity?***

Yes. Next strongly supports implementing regulated, fair and equitable access arrangements for critical cash infrastructure, inclusive of third parties.

Access requirements should target entities with market dominance or geographic monopolies. Smaller regional operators should only face obligations where they hold local market power, ensuring proportionate regulation that doesn't inhibit competitive entry.

As already mentioned, it is imperative that regulators promote and support a regime which enable's and fosters enhanced and equitable access to cash through the approval of additional Cash-in-Transit providers, **including enabling open company access to a reserve cash pool in times of additional need and when CIT providers are unable (or unwilling) to service the need of ATM providers such as Next.**

This would include:

- enabling access to ATM quality cash notes and be made readily available to the competitors of the existing incumbent. Such a pool in our firm would be RBA supervised.
- agreement on and supervision of the timing of cycles of cash distribution/availability -  
[REDACTED]  
[REDACTED] Such services must also be readily accessible given that CIT providers need to open our non-self-cash equipment to enable fault repairs – i.e. a note jam. Their availability (or lack thereof) determines the time specific terminals are out of service and merchants and cardholders inconvenienced.

It also may be that we (the regulator) seriously consider the re-introduction of a foreign card ATM fee across the payments network, the revenue from which can be used to support the supply and management of a disciplined cash pool with appropriate access protocols which enables a more equitable and competitive landscape – akin to the situation in New Zealand which the Government mandates access to the central cash vault.

## 6.2 – Supporting Rules

***What rules would support a third-party access regime to critical cash services operated by a designated entity?***

### Universal Service Framework

- Dominant providers require universal service obligations covering cash processing and distribution services
- Standardised pricing and SLAs should be pre-determined through regulatory instruments, minimising ad-hoc negotiations
- Licensed operators must access services on equal terms with guaranteed performance standards and fault resolution timeframes

### Tiered Infrastructure Standards

- Establish two facility categories:
  - **Tier 1 Centres:** Full compliance facilities with comprehensive note sorting, security protocols, and RBA quality standards

- **Tier 2 Regional Hubs:** Scaled requirements enabling local cash management with risk-appropriate security and audit standards – supported with weekly cash pick-up and delivery.
- RBA interest compensation should apply across both tiers and extend to qualifying smart safe deployments
- Regional facilities require lodgement rights into primary pools, eliminating inefficient transport to distant centres – this is critical.

### Operational Governance

Separate wholesale trading functions from depot operations through independent oversight to prevent conflicts of interest. [REDACTED]

[REDACTED]

Accordingly, we recommend:

- Mandate fulfilment of reasonable cash movement requests within defined service windows
- Establish penalty frameworks for non-compliance, with regulatory intervention powers for persistent breaches

### 6.3 – Dispute Settlement

#### *How should disputes under such an access regime be settled?*

Disputes should utilise expedited arbitration under regulatory supervision, with binding determinations and cost recovery for vexatious conduct. Critical service continuity matters require fast-track resolution mechanisms.

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## Section 7 – Regional Service Standards

### 7.1 – Regional Standards

#### ***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?***

Absolutely. As an independent ATM operator serving regional communities, Next recognises that mandatory service standards are critical for ensuring equitable cash access in underserved areas. As already mentioned, local banking hubs may be necessary to enable more equitable and efficient storage and distribution of cash, particularly for these regional communities.

Such standards should enable competitive delivery - a qualified ATM operator or payment service provider meeting technical and compliance requirements should be eligible to compete for service delivery under appropriate funding mechanisms.

We firmly believe that the issues being faced by regional communities (and to an extent metropolitan Australia with regards to timely, reliable and cost-effective access to cash) **call into question why there isn't a greater reliance placed by regulators on self-cashed ATMs.**

Within its ATM network, some 2780 of Next's ATM's are self-cashed terminals, including in many indigenous communities, where the merchant (i.e. a hotelier, a shopkeeper, petrol station outlet) takes the \$20 and \$50 from their days takings and places this cash back into the ATM themselves providing a means of safe storage and ready cash access for their customers (and non-customers in the local community).

These merchants undertake basic maintenance and upkeep of the terminal, and up until more recent times if they required a top-up of cash for their terminal, they would access such funds from their local bank branch. However, given that **some 931 bank branches have closed** between 2020 and August 2025 (as estimated by the Financial Sector Union of Australia), easily accessing cash locally and in a safe means is becoming particularly problematic for such merchants.

Given the **efficiency of storing and distributing cash via self-cashed ATMs** to communities across the vast span of Australia, their shrinking ready access to additional cash required urgent attention and ultimately remedy.

## 7.2 – Required Standards

***What standards are required for cash distribution services, including service frequency? How should this be considered by the Minister?***

For ATM and payment services, essential standards include:

- Minimum ATM availability targets (95%+ uptime with seasonal adjustments)
- Regular cash replenishment schedules aligned with local transaction patterns
- Maximum acceptable downtime periods with defined restoration timeframes
- Emergency cash supply protocols for high-demand periods
- Efficient and timely reconciliation services
- Clear escalation procedures when primary service providers cannot meet obligations

Next believes there also needs to be the consideration of increased Security Measures to ensure CIT services have adequate security to handle increased demand for cash under a mandated access to cash regime.

## 7.3 – Ministerial Criteria

***What criteria should the Minister use to determine where service level standards should apply?***

The regulator should prioritise areas based on payment service gaps rather than just geography. Key criteria include:

- transaction volume relative to alternative payment options,
- distance to nearest ATM or bank branch,
- demographic dependency on cash payments, and

- absence of competing ATM operators or payment service providers.

## Section 8 – Penalty and Enforcement Powers

### 8.1 – Guiding Principles

***What principles should guide the design of penalty and enforcement powers to ensure they are proportionate, transparent and effective in achieving compliance?***

Enforcement should focus on service continuity rather than punitive measures. Next recommends:

- Initial breach warnings with mandatory remediation plans
- Financial penalties scaled to service revenue impact
- Public reporting of compliance performance (protecting commercially sensitive information)
- Clear pathways for alternative operators to step in when primary providers fail

### 8.2 – Enforcement Circumstances

***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?***

Court action should be reserved for deliberate non-compliance. For service failures, the regulator should have authority to rapidly reassign ATM placement or payment service obligations to capable alternative providers. This ensures community access continues while addressing compliance issues through commercial rather than legal mechanisms.

### Market Power Safeguards

Independent ATM operators face significant challenges from both dominant cash transport providers and major banking customers who can leverage purchasing power to suppress pricing below sustainable levels. Next Payments supports:

- **Fast-track dispute resolution** - 30-day arbitration for access disputes, discriminatory pricing, or service cancellations
- **Transparent access obligations** - Dominant providers must offer standardised terms to all ATM operators
- **Anti-predatory pricing measures** - Rapid regulatory review when pricing appears designed to eliminate competition rather than reflect genuine efficiency
- **Purchasing power limits** - Large banks and retailers should not be permitted to use their market position to drive unsustainable pricing in ATM services

- ENDS -