

19 August 2025
CFR and ACCC Cash Distribution
Consultation Submissions
c/o Note Issue Dept,
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001
By email: CashDistributionRegulationConsultation@cfr.gov.au



Thank you for the opportunity to participate in the Cash Distribution Regulation Consultation.

Along with premises, staff, training, systems, security and overheads, cash distribution is an input into the costly exercise of running regional, rural and remote bank branches and services.

We agree with the introductory comments in your consultation paper that “cash remains vital for many Australians, particularly in regional and remote communities”.

For people in regional, rural and remote communities, cash is essential for the resilience of the payment system, particularly during natural disasters, systems outages and digital blackspots across Australia.

Incoming regulation around mandating cash acceptance is likely to further entrench expectations, reliance on, and the need for cash handling services.

Our submission deals with three fundamental principles:

1. **Parity in cost:** The cost of cash distribution should not disadvantage people in regional, rural and remote communities and businesses – the cost for cash-in-transit should be same no matter where you live in our unique and vast island continent of Australia.
2. **Competition and innovation:** Competition and innovation should be the focus of regulation of cash-in transit-services, rather than entrenching monopoly players and practices that exist today.
3. **Light regulation for small businesses and mutual banks:** Regulatory intervention should minimise impact of small businesses and customer-owned banks that service regional, rural and remote communities.

Regional Banking Investment Alliance – about us

The Regional Banking Investment Alliance (RBIA) is made up of 21 regional banks, including: Regional Australia Bank, The Capricornian, Traditional Credit Union, Broken Hill Bank, Northern Inland Credit Union, Cairns Bank, The Mutual Bank, Central Murray Bank, Bank Orange, Summerland Bank, Horizon Bank, Geelong Bank, Family First, Warwick Credit Union, Bank WAW, SWSbank, Hume Bank, Goulburn Murray Credit Union, Central West Credit Union, Queensland Country Bank and Coastline Bank.

The Alliance also has a number of community supporters.

We believe that the banking system has a community service obligation to properly service their customers, regardless of where they live.

Background

For cash distribution and equity of service delivery, Australia cannot easily be compared to other jurisdictions. Australia's population density at June 2024 was 3.5 people per square kilometre (sq km), across our vast island continent.¹

In a recent survey 584 regional residents rated the importance of cash-based services at bank branches.² Security and safeguards were highlighted as of critical importance to residents, as shown by the results below:

- Physical security at the branch, such as CCTV and safes
 - 80% - very important
- Secure handling of large withdrawals
 - 84% - very important
- Secure handling of large deposits
 - 82% - very important

In terms of security risks, the highest concerns were less secure handling of large deposits and large withdrawals, with 78% of respondents identifying these as key risks.

¹ Australian Bureau of Statistics, 2025, 'Regional population Statistics about the population and components of change (births, deaths, migration) for Australia's capital cities and regions', Retrieved from: <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release>

² Informed Decisions, 2024, *Regional Australia Bank, Branch Insights, 2024 community views*, p.10.

1. Parity in cost

The cost of cash distribution should not disadvantage people in regional, rural and remote communities and businesses – the cost for cash in transit should be same no matter where you live in in our unique and vast island continent of Australia.

Regional banks and other businesses in regional, rural and remote Australia are cash-in-transit “price takers”. They are forced to take prices controlled by larger banks, organisations and government who determine how cash is delivered and paid for usually via a single, non-viable monopoly service.

The government’s proposed cash mandate will potentially impact regional and rural by exacerbating expectations around cash availability and the need for thousands of large and small businesses in regional Australia to continue to offer cash services in order to remain competitive.

Regional Australians already face higher priced groceries and fuel, poorer digital connectivity, less services, and greater risk of natural disaster, without the additional burden of paying more just to access their own money.

Higher costs for cash distribution are one of many costs associated with running and maintaining regional bank branch infrastructure.

RBIA submits that there should be parity in the cost of cash-in-transit services between metropolitan and regional locations, and price certainty over a minimum fixed 5-year period to enable informed investment and budgeting decisions.

2. Competition and innovation

Competition and innovation should be the focus of regulation of cash in transit services, rather than entrenching monopoly players and practices that exist today.

The decline, mismanagement and monopolisation of cash-in-transit services, as well as bbig branch closures, has led to much higher fees for those in regional areas to receive and deposit cash via cash-in-transit services.

Between 2017 and 2024, Australia witnessed the closure of over 2,334 bank branches,³ amounting to a 41 per cent reduction in branches across the country, including a 36 per cent reduction in regional and remote areas.⁴ This trend continues in 2025 with significant closures

³ Moullakis, J. 2024, ‘Treasury urged to tread carefully if intervening in regional banking market’, *The Australian*, Retrieved from: <https://www.theaustralian.com.au/business/treasury-urged-to-tread-carefully-if-intervening-in-regional-banking-market/news-story/74b560cc81ec6bbc7eebc2cee1b7accf>

⁴ Australian Prudential Regulation Authority, 2024, ‘APRA releases latest Points of Presence Statistics for authorised deposit-taking institutions, APRA’, Retrieved from: <https://www.apra.gov.au/news-and-publications/apra-releases-latest-points-of-presence-statistics-for-authorised-deposit-0>

announced by Bendigo Bank, the Bank of Queensland and others, despite the Australian Banking Association announcing a moratorium in February 2025.

Since the approval of the merger between Armaguard and Prosegur, Armaguard has been provided \$75.5 million to support cash distribution across the country from CBA, Westpac, ANZ, NAB, Wesfarmers, Coles, Woolworths and Australia Post.⁵

Since the bail out began, there has been a lack of transparency around the fees charged to customers and whether smaller customers are now subsidising the costs of services for those involved in the bail out.

RBIA has little faith in the current process being managed by Deloitte on behalf of the the major banks, supermarkets and Armaguard to develop “a fair pricing model for cash-in-transit”. Many stakeholders and customers have not been involved in discussions, or do not feel they are being properly consulted, and therefore their risks and interests are unlikely to be considered properly.

RBIA submits that the cash-in-transit market would benefit from increased competition, embracing technology and better coordination. The market already includes other players, such as Authentic Security who should be encouraged to compete directly with Armaguard.

There are also many transport and logistics companies that regularly visit regional communities that could potentially play a role in cash distribution with appropriate safeguards and security measures.

Systems and technology could help ensure better use of resources and across-industry coordination. Considerations should include timed deliveries to the one location or region by cash in transit service providers to all players in regional markets simultaneously, including regional banks and ATMs.

3. Light regulation for small businesses and banks

Regulatory intervention should minimise impact of small businesses and community banks that service regional, rural and remote communities.

Additional regulatory burden on what is already a highly regulated industry could potentially increase the cost of compliance. Smaller participants in the industry could be impacted more materially.

Any increased costs from regulation for cash would be difficult to pass on, as cash is considered an essential service, particularly in regional, rural and remote Australia.

⁵ Australian Banking Association, Armaguard Group, 2025, 'Joint Statement: Funding extension for Armaguard', *Australian Banking Association*, Retrieved from: <https://www.ausbanking.org.au/joint-statement-funding-extension-for-armaguard/>

Additional costs may also impact new investment, while significant increases in fixed costs could jeopardise remaining competition that exists in regional centres.

Further related recommendations

1. Responding to objectives set out on Page 14 of the consultation paper, RBIA suggests amendments as below:
 - Access: Cash distribution services should be made available to business customers (such as retailers and banks) nationwide on fair and transparent terms, including price parity between city and regional customers.
 - Sustainability: Cash distribution services should be financially sustainable over time (in aggregate across the whole CIT supply system), including in the face of declining and/or low levels of transactional cash use.
2. Suggest amending the statement on page 24 of the consultation paper regarding fair price and non-price terms:
 - The price and non-price terms of any agreement made by a designated entity for the provision of cash distribution services must be fair to the business customers using the service. For these terms to be fair across Australia, some cross-subsidisation from metropolitan areas to regional areas will be required.
3. Suggest amending the statement on page 24 of the consultation paper regarding sustainability:
 - Sustainable: Support appropriate price and non-price terms that enable a designated entity to achieve a reasonable rate of return (in aggregate across the whole CIT supply system), while supporting cash use by consumers at low or no cost.
4. Suggest adding to the public interest principles set out on page 25 of the consultation document:
 - Pricing parity between city and regional areas is achieved.