



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

6 February 2025

Ms Elizabeth Batten

Australian Competition and Consumer Commission

23 Marcus Clarke Street

Canberra ACT 2601

via email: exemptions@accc.gov.au

Dear Ms Batten

Submission to application for authorisation [AA1000674]

We acknowledge the Australian Competition and Consumer Commission's (ACCC) ongoing consideration of Australia's cash-in-transit services market and welcome the opportunity to make a submission to the draft determination [AA1000674].

We reiterate our comments from our previous submission on 17 April 2024, supporting the original application to authorisation [AA1000664]. We continue to emphasise that any agreement between the parties should commit to measures that guarantee regional small businesses have access to suitable cash deposit and withdrawal services.

The Treasury is currently consulting on a cash acceptance mandate that will require businesses who supply essential goods and services to hold cash on their premises. However, the Australian Prudential Regulation Authority has reported the number of automated teller machines (ATMs) in regional and remote areas declined by nearly one half between June 2017 and June 2023.¹ Widespread closure of bank branches and ATMs has significantly reduced access to cash deposit and withdrawal services, particularly for regional small businesses.

This decline in available services means that regional small businesses have had to increase their reliance on other access points, such as Bank@Post, which offer a smaller range of services. If the government mandates Cash Acceptance for essential items, the parties will need to consider whether their proposed operational efficiency and sustainability measures will be sufficient to support the availability of cash withdrawal and deposit facilities across Australia, particularly in regional areas.

The ASBFEO considers that a competitive cash-in-transit industry is imperative, not only to support the proposed cash acceptance mandate but also to provide ongoing services to regional small businesses. Accordingly, any agreements between the parties must not prevent meaningful competition from other cash-in-transit operators. While we understand that the parties to the authorisation application maintain that they need a cash injection to continue the service of cash-in-transit, we are concerned that this could unreasonably disadvantage their competitors, who may be seeking to expand their service offerings.

While there are numerous small-scale cash-in-transit providers, the 2023 merger between Armaguard and Prosegur Australia (Prosegur) means that Armaguard holds a near monopoly of cash-in-transit between the Reserve Bank of Australia and the major banks. The Reserve Bank's

¹ Australian Prudential Regulation Authority (APRA), *Authorised deposit taking institutions points of presence June 2017 to June 2023* [data set], APRA, 18 October 2023



2021 Review of Banknote Distribution Arrangements – Issues Paper notes that Armaguard and Prosegur combined held between 70-90% of the market share.² Armaguard's market dominance appears to have held steady following the merger, with Adjunct Professor Stephen Worthington reporting that Armaguard held 90% of the market in April 2024.³ We remain concerned that a lack of competition may lead to a loss of innovation, higher prices, and a decline in service offerings.

Recommendation 1: The parties to the Proposed Conduct should ensure that regional small businesses and their customers have access to cash deposit and withdrawal services.

The Reserve Bank's January 2025 Bulletin shows that the number of cash-access points has been decreasing in Australia for some time. Since 2011, 3,239 bank branches have closed, with approximately one-quarter of these closures occurring in regional and remote areas. Additionally, since late 2016, 9,100 ATMs have closed, with the closure rate slowing in 2024.⁴

Banking is an essential service and important to the vitality of regions. It fosters commercial relationships, creating regional jobs, local liveability and prosperity. Without local access to cash deposit and withdrawal services, regional cash users must commute to larger centres for these services, which can result in significantly higher transaction costs for regional commerce. This in turn can reduce regional economic activity and decrease the ability of regional small businesses to compete with businesses in larger centres.

And while it's often suggested that post offices can fill the void, they often don't offer the full range of services a small, family or farming business needs, and the fees and charges may be higher – if not now, then into the future – for the same service provided by the bank.

The clear harms of widespread and continuing closures of bank branches and other access points in regional Australia mean that, from both an economic and social perspective, steps should be taken to safeguard regional small businesses' access to cash deposit and withdrawal services. This may require collective action on establishing or retaining bank branches and other access points such as bank@post. The parties may need to consider how the banks can assist Bank@Post to continue to service the needs of regional and remote areas where there are no bank branches within a suitable distance.

The RBA notes that of the approximately 2,400 communities identified in Australia, there are around 180 without any cash access points and 120 with just one cash withdrawal point. While most of those communities without an access point are located in major cities or inner regional areas with close alternatives in neighbouring communities, approximately one-fifth of communities in regional and remote areas have no bank or bank@post branches.⁵

² Reserve Bank of Australia (RBA), *Review of Banknote Distribution Arrangements – Issues Paper*, RBA, Australian Government, 2021, p 18

³ The Conversation, *Money transportation is becoming uneconomic. Is this the end of Cash*, The Conversation, 8 April 2024, accessed 10 January 2024

⁴ Reserve Bank of Australia (RBA), *Bulletin – January 2025 Access to Cash in Australia*, RBA, Australian Government, 30 January 2025, p 2

⁵ Reserve Bank of Australia (RBA), *Bulletin – January 2025 Access to Cash in Australia*, RBA, Australian Government, 30 January 2025, p 6



Economic pressures have accelerated the rate at which licensed post offices are handing back licences and closing their doors, particularly in regional areas.⁶ The *Australian Postal Corporation (Performance Standards) Regulations 2019 (Part 3, Section 11)* requires Australia Post to maintain a minimum number of retail outlets, including a location requirement such that ‘at least 85% of residences not in major cities are located within 7.5 kilometres of retail outlet.’⁷

Recommendation 2: The ACCC should monitor and report on whether the Proposed Conduct impedes new market entrants.

The application states that without the injection of cash over a 12-month period from the funding parties, the cash-in-transit industry is unlikely to remain a viable commercial enterprise for the provider. We note that in 2023, difficulties in financing cash-in-transit services led to the merger of Armaguard and Prosegur. While it is acknowledged that the proposed Cash Acceptance Mandate will demand a minimum amount of cash that is required to be transported, cash transportation services to remote and rural locations is likely to increase the financial pressure on cash-in-transit providers.

We draw attention to the fact that while there is only one active Reserve-Bank approved cash-in-transit operator nationwide, the ACCC’s determination noted that there are smaller providers who maintain that the proposed conduct could enable the parties to make it more difficult for third parties to compete and enter the market. While we continue to support the application, the parties involved must ensure that the public benefit is not eroded by the combined effect of a more concentrated market for cash-in-transit services and fewer cash-access points in regional areas.

The ACCC’s interim authorisation requires the parties to regularly report on the progress of the efficiency measures. We recommend this should include an assessment of whether a proposed action could have the effect of preventing existing or new entrants in the cash-in-transit sector from engaging with the banks and essential service providers, such as food and fuel providers.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

⁶ Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA), *Australia Post Modernisation and Long-Term Financial Sustainability Final Impact Analysis*, DITRDCA, Australian Government, October 2023, p 21

⁷ Australian Government, *Australian Postal Corporation (Performance Standards) Regulations 2019*, Australian Government, Updated 17 April 2024