



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

21 August 2025

Council of Financial Regulators

GPO Box 3947

Sydney NSW 2001

via email: [CashDistributionRegulationConsultation@cfr.gov.au](mailto:CashDistributionRegulationConsultation@cfr.gov.au)

Dear Consultation Team,

### **Regulating Cash Distribution**

The Australian Small Business and Family Enterprise Ombudsman welcomes the opportunity to respond to the Council of Financial Regulators (CFR) and the Australian Competition and Consumer Commission (ACCC) consultation on regulating cash distribution.

The ASBFEO supports the creation of a regulatory framework that operates in the public interest to ensure the long-term sustainability of the cash distribution system. To achieve this, we encourage a holistic approach that factors in other changes to the financial payments system currently under review.

For many small businesses it is critical they retain the ability to access cash deposit and withdrawal services, and we have consistently raised concerns about the growing challenges they face in accessing and storing cash. The Commonwealth Government's cash acceptance mandate is expected to increase pressure on businesses to maintain cash reserves at the same time as financial strain on the cash-in-transit (CIT) industry threatens reliable and affordable access to cash in regional and rural communities.

We support the four guiding principles underpinning the framework: access, sustainability, resilience and efficiency. It is therefore critical that the regulator have the power to intervene to ensure continuity of cash supply in the event of a disruption or failure of distribution services.

We agree the regulator should have powers to set price and non-price terms in an agreement between a designated cash distributor and business customer, if reasonable commercial terms cannot be arrived at by negotiation and it is in the public interest to do so. Such powers are necessary if the supply of cash to small businesses is to continue at no or modest cost. One stakeholder, who sits on a panel with small banks and CIT suppliers and consults with businesses, advised ASBFEO that small banks, often in regional areas, are charged higher rates by CIT providers. This practice is likely to continue without government intervention.

We also agree with the proposed third-party access regime which could open the sector to much-needed competition in the same way as occurred in the telecommunications and electricity supply sectors. We note that the cash distribution industry has been consolidating with only one national-level service currently available, which increases the risk of anticompetitive practices, market dysfunction and excessive costs that further reduce access to cash in regional areas. Oversight and intervention powers are necessary to ensure that small businesses who are required to accept and hold cash are not disadvantaged.

The power to set service level standards is another important means of ensuring business customers in regional areas can access cash on fair terms. As noted above, smaller and regional



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

banks and businesses currently pay more for cash due to the longer distance and smaller volumes of cash being transported. Applying the proposed baseline-level standards in specified geographic regions would restrain this practice.

The paper acknowledges that regulation may not be sufficient to support the continued supply of cash in Australia, noting that further policy interventions may be warranted. We recommend that, in addition to developing the regulatory framework, Treasury considers other policy proposals to bolster banking services in regional Australia. It is important that continuity of access to cash not solely rely on the operation of a for-profit industry with limited competition or incentive to act in the public interest.

If you require any further information, please do not hesitate to contact the Policy and Advocacy Team via email at [advocacy@asbfeo.gov.au](mailto:advocacy@asbfeo.gov.au).

Yours sincerely

**The Hon Bruce Billson**

Australian Small Business and Family Enterprise Ombudsman