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Reserve Bank
of New Zealand
Te Pūtea Matua

Keeping cash local public consultation paper – plain language version

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New Zealand – Te Pūtea Matua

What this paper is about

In this paper we talk about cash services. Cash services are services that help you to deposit cash into your bank account, take cash out, or swap cash to get a different mix of banknotes and coins.

Cash services can be provided in different ways, such as:

- by staff in a bank branch or an agent
- through machines, like ATMs
- by cash service companies that pick up or deliver cash

This paper asks for public feedback on a proposal to introduce a cash services standard for banks in New Zealand.

The proposed standard would set minimum requirements for where and how people can access cash services.

These services include:

- withdrawing cash
- depositing cash
- swapping cash, for example, changing a \$50 note into smaller notes or coins

We propose that people living in urban areas should face only a walkable distance to withdraw cash, deposit cash or get change, while people living rurally should only face a

reasonable driving distance. People should not have to face unreasonable wait times either and cash services should be free of charge. We want to know if New Zealanders agree with how we are approaching this

We want to hear from people who use cash, businesses, community groups, banks, and cash service providers.

The short video on this website explains the paper - <https://www.rbnz.govt.nz/cash>

Why cash still matters

Cash is still important in New Zealand, now and in the future.

People use cash for many reasons. It can be the only way to pay when electronic systems are down or unavailable. It helps people manage their spending, teach children about money, and take part in cultural and social activities. Many businesses also rely on cash.

Cash can only remain useful if cash services are available and easy to access.

The problem we are trying to solve

Over the past decade, many bank branches have closed or reduced their opening hours. This has happened most often in smaller towns and rural areas.

ATMs have replaced some branch services, but they often:

- only allow cash withdrawals
- do not accept deposits or coins
- charge fees to users

As a result, many people and businesses now have fewer places where they can fully manage their cash.

This change is not just about personal inconvenience. It is caused by market failures. These include:

- limited competition between banks when providing cash services
- high input costs and limited suppliers in the cash transport and storage market
- feedback loops where service reductions make cash services less viable overall

Because of these issues, the market alone is unlikely to maintain good access to cash services. That is why regulation may be needed.

Our role and objective

The Reserve Bank of New Zealand is responsible for cash. One of our roles is to make sure the public's cash needs are met.

Our objective is to ensure New Zealand has:

- a reliable cash system
- an efficient cash system
- a system that supports inclusion and innovation

Cash is different from digital payment methods. That difference makes it valuable. A strong cash system helps the economy, supports communities, and builds trust in money.

Why banks should provide cash services

We believe banks should be responsible for providing cash services to their customers.

This responsibility is part of a bank's social licence to operate. Customers expect to be able to move easily between digital money in their bank accounts and physical cash. This ability is known as convertibility.

Convertibility is a core feature of banking. It helps explain why people are willing to hold money in bank accounts, often without earning interest. Banks benefit from people holding money in bank accounts.

There are also financial stability reasons for banks to provide cash services. If people lose confidence that they can access their money as cash, they may change how they use banks. In extreme cases, this could create risks for the banking system.

The proposed cash services standard

We are proposing a minimum cash services standard that would apply to banks.

The standard would cover services that allow people to:

- withdraw cash
- deposit cash
- swap cash (for example swap a banknote for coins or vice versa)

Over time, the standard may also include other requirements. This consultation focuses on where services are located and how many service sites are available.

Free access

Because convertibility is basic obligation of banks, we believe cash services should be free to customers. Under the proposed standard, banks would not be allowed to charge customers for using cash services.

A key idea: shared cash service sites

We think the most efficient way to meet the standard is through multi-bank, full-service cash sites.

These are places where:

- customers of any bank can use the service
- all three services are available (withdraw, deposit, swap)

At present, there are only a small number of these sites in New Zealand, mostly in regional banking hubs.

Most existing cash service locations are partial service sites. These may:

- only offer withdrawals
- only serve customers of one bank
- charge fees

Banks would be free to meet the standard in different ways. They could share sites or provide services on their own. However, shared sites are likely to be the most cost-effective option.

If banks choose to go beyond the minimum standard, that would improve access further and would be welcomed.

Minimum requirements in the proposed standard

We are proposing that banks be responsible for making sure:

Enough sites are available

There must be enough cash service sites to avoid long queues.

This would mean at least 2.5 full-service cash sites per 10,000 people, or an equivalent number of partial service sites.

Services are close to where people live

Urban areas (towns and cities with 1,000 or more people):
95% of people should be within 3 km of a free cash service

Rural settlements (places with 200 – 999 people):

95% of people should be within 15 km

People living remotely:

95% of people should be within 30 km

Local flexibility

The standard would apply across all districts. However, we recognise that some areas may need exceptions. For example, tourist towns may need more services during peak seasons.

Allowing flexibility could increase administration costs, so this would need careful design.

Comparing future services with today

Comparing current services with the proposed standard is not simple.

Today's services often only offer withdrawal and in some cases deposit, and often limited to one bank's customers. The proposed sites would be shared, full-service locations.

In many areas, the total number of sites may be lower, but:

- more people would be able to deposit and swap cash
- services would be available to customers of any bank
- access to free withdrawals would be maintained

Retailers may also find it easier to offer cash-out services because they would have better access to deposit and swap facilities.

Costs and benefits

Costs to banks

We estimate that meeting the standard would cost banks about \$104 million per year in total.

This cost relates to setting up and running additional cash service sites.

We do not count the loss of cash-related fees as a net economic cost, because money saved by customers stays in the economy.

Impact on the wider economy

The banking sector earns more than \$10 billion a year in pre-tax profits. The estimated cost is about 1% of that total.

If banks passed all costs on through lending rates, the average increase would be around 1.8 basis points. This is very small and unlikely to affect investment or borrowing decisions.

Lending competition between banks would likely reduce the impact on interest rates impact further.

Benefits of keeping cash viable

Cash provides benefits that go beyond simple transactions.

These include:

- government revenue from issuing cash
- productivity benefits for small businesses
- wellbeing benefits for people who value having cash as an option

Even when we take a conservative approach, the estimated benefits of maintaining cash access are much larger than the costs of the proposed standard.

We welcome feedback from:

- people who use cash
- businesses and community groups
- banks and cash service providers

Your views will help shape the future of cash services in New Zealand.

How to give your feedback

Complete our survey by visiting

<https://www.rbnz.govt.nz/money-and-cash/access-to-cash/information-in-alternate-formats>

Or, you can provide written feedback by:

- post to: Future of Money and Payments, Money and Cash, Reserve Bank of New Zealand, PO Box 2498, Wellington 6140.
- email at futureofmoney@rbnz.govt.nz

If you prefer to make your submission in NZSL you can via NZSL Direct here: <https://www.nzsl.direct/rbnz>

There you can record your submission in NZSL and it will be professionally and confidentially translated into English free of charge and passed on to RBNZ, and you will also be sent a copy of the translation.

Feedback closes 31 July 2026.

End of Keeping cash local public consultation paper