

## Payments and Settlements Oversight Committee Paper for Discussion 3.2

<b>From</b>	Ian Woolford, Director Money and Cash
<b>Approved by</b>	Karen Silk, Assistant Governor Money
<b>Date</b>	22 January 2026
<b>Subject</b>	Keeping Cash Close to Home – public consultation
<b>For</b>	Discussion
<b>Value(s)</b>	Integrity/Taura   Innovation/Wānanga   Inclusion/Taura
<b>Strategic Theme(s)</b>	Improving resilience, increasing participation, efficiency

### 1. Purpose

The Money and Cash Directorate ('M&C') is planning to consult the public in late February on a proposal that would provide a floor under the number and location of cash services across New Zealand. The proposal represents terms of a new cash services standard that would apply to banks. Consultation on further terms in the proposed standard will be done in due course.

Appendices 1 and 2 provide drafts of the public consultation paper and district maps illustrating the proposal, respectively. **Appendices 1 and 2 are draft documents, and withheld under s 9(2)(g)(i) to maintain the effective conduct of public affairs through the free and frank expression of opinions. The final versions of these documents are publicly available, at: [www.consultations.rbnz.govt.nz/rbnz/access-to-cash/](http://www.consultations.rbnz.govt.nz/rbnz/access-to-cash/)**

### 2. Key Points

1. Of the many potential aspects of a cash services standard, the consultation focuses on:
  - a. constraining the distance people must travel to access cash services, and
  - b. avoiding lengthy queues when customers try to access cash services.
2. Other aspects of the proposed standard will be consulted on in due course.
3. The proposal has precedents overseas (Ireland, UK, the Netherlands are examples)
4. The purpose of the consultation is to test M&C's view as to what constitutes 'the needs of the public'.
5. The proposal is the first step in a policy work programme. As well as consulting on other aspects of the standard, M&C is planning to invite banks to voluntarily adopt the standard whilst, at the same time, preparing advice for MoF on the best mechanisms to implement a cash services standard (options range from moral suasion to new powers).
6. The consultation is likely to be high profile given previous levels of public engagement on the issue of protecting cash as an option.

### 3. Background

- 3.1. Cash services are an integral part of the system that enables cash to be used in payments ('the cash system'). The cash system is facing acute pressures caused by a range of market failures including network externalities, natural monopoly cost structures, and barriers to banking competition. Without intervention it is very likely that a chain of events will occur that results in New Zealanders losing cash as a payments option and hence the substantial economic and non-economic benefits generated by cash.
- 3.2. The Minister of Finance has been briefed on the challenges facing the cash system and is supportive of M&C providing advice as to the best interventions. She has signalled that her preference is for banks to bear the cost of providing cash services to customers.
- 3.3. The purpose of the consultation is to test M&C's view as to what constitutes 'the needs of the public'. The Reserve Bank is required under the Reserve Bank Act 2021 to ensure the needs of the public for cash are met. Those needs have to be clearly defined if we are to fulfil our obligations to the public.
- 3.4. M&C has been developing an intervention strategy for the system, informed by an ongoing parallel programme of research which includes the Community Cash Trials project (now live in Waipukurau, Central Hawkes Bay) and landscape research in 10 rural towns undertaken by research specialists Litmus in November 2025.
- 3.5. Introducing a minimum standard for cash services that applies to banks is central to the intervention strategy. Two core elements of the standard relate to travel distance thresholds that cannot be exceeded and the number of cash service sites that must be available. When combined, these two requirements create a minimum cash services footprint across New Zealand. We include illustrative footprints for each district among the consultation documents (refer **Appendices 1 and 2**).
- 3.6. Whilst M&C define these aspects of the standard in terms of multi-bank, full-service cash sites (akin to the NZBA regional hubs operating in five towns across New Zealand) banks would be free to choose how they respond to the standard. Banks may choose to meet the standard by using something other than multi-bank, full-service sites. But banks will always need to make sure the services they put in place deliver the same outcome as if they had used multi-bank, full-service cash sites.
- 3.7. Whilst not a subject for this public consultation, the Reserve Bank has options as to how it might implement the standard. The first of these is moral suasion. This involves inviting banks to voluntarily adopt the standard. M&C has already signalled to banks that we will be discussing a voluntary uplift to cash services early in 2026. We don't envisage this being successful, but it is important to try this option.
- 3.8. Other options include regulation (including Reserve Bank cost recovery via regulation and creating a standard under the DTA) and amending the Reserve Bank Act 2021 to enable new powers (for example, as contained in new legislation - a 'Cash Act'). We will be providing advice on options to MoF shortly, and consulting stakeholders in due course.
- 3.9. The introduction of a cash services standard that applies to banks aligns with policies being adopted overseas (Ireland, UK, Netherlands are some examples).

#### 4. Next Steps

- 4.1. We are currently finalising the consultation documents. The final public consultation documents will be signed out by Karen Silk, Assistant Governor, Money Group.
- 4.2. Karen Silk and Ian Woolford are meeting to discuss cash system issues with the Minister of Finance on 28 January. The Minister will be made aware of the forthcoming public consultation in that meeting.
- 4.3. We aim to launch the public consultation no later than 23 February.
- 4.4. Policy development is underway with urgency and the Board will be briefed in due course.

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