

Addressing NZ's cash system challenges

To	Hon Nicola Willis Minister of Finance	Date	12 Nov 2025
Authorised by	Karen Silk, Assistant Governor Money	Report no	6336
Prepared by	Money and Cash Policy, RBNZ	Security	In-Confidence

Action Sought

Action sought	Deadline
<p>We ask that the Minister:</p> <ul style="list-style-type: none"> • Note RBNZ's view that intervention is required in the cash system, including new regulation (available under existing legislation) and new legislation. • Note RBNZ is preparing a public consultation for 1Q 2026 on potential interventions. • Note the recent emergence of conflict between the large banks and New Zealand's sole cash-in-transit service supplier. We include talking points on this issue. • Share this briefing with the Hon. Mark Patterson, Minister for Rural Communities; Hon. Louise Upston, Minister for Social Development; and the Hon. Casey Costello, Minister for Seniors. 	26 November 2025

Reserve Bank Contact for Telephone Discussion (if required)

Name	Position	Telephone
Ian Woolford	Director of Money and Cash, RBNZ	s 9(2)(a) [REDACTED]

Actions for the Minister's Office Staff

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Addressing NZ's cash system challenges

Purpose

The purpose of this paper is to provide.

1. A summary of the RBNZ's work programme aimed at addressing challenges facing the cash system, and
2. An outline of recent conflict between the large banks and New Zealand's only cash-in-transit ('CiT') operator. Talking points on this issue are provided in Annex 1.

Key points

- Cash remains an important option for businesses and consumers alike. But the cash system is facing significant challenges, including as a result of the withdrawal of bank provided cash services and other market failures.
- The RBNZ is advancing policy work aimed at ensuring the public's needs for cash are met, consistent with our legislative mandate. Our current assessment is that the cash system is not meeting the public's needs. We are of the view that the public's needs for cash are met when:
 - The public and businesses have an adequate level of access to cash services, namely services enabling cash withdrawal and cash depositing, and change services ('change' refers to low denomination banknotes and coins);
 - Businesses happily accept cash as their cash-related banking needs are met;
 - The cash system is resilient in business-as-usual and crisis scenarios; and
 - Subject to the above, the cash system is efficient.
- We will soon write to the banks to confirm the above and note our intention is to engage with them in early 2026 on increasing the level of cash services. This engagement will follow a public consultation on the appropriate level of cash services in New Zealand. Our preference is for banks to voluntarily increase the level of cash services, however regulation may be needed. There are opportunities for banks to realise efficiencies from acting collaboratively to provide cash services in New Zealand.
- Resilience of the cash system is another major challenge. Project Waitoa, which relates to our own cash centre, aims to address resilience challenges on the RBNZ side. However, the system is dependent on a very small number of non-bank entities who perform key roles: the single provider of nation-wide CiT services is an example. This dependency underscores the need for crisis management powers to ensure the system remains operational in the event these firms enter difficulties or exit at short notice. This is an area where there is an urgent need for new regulatory powers, and we plan to provide advice on this in 2026.

Background

Cash is important for New Zealand

1. Cash is a payments option valued by businesses and consumers alike. 72 percent of small businesses report they would be adversely affected if cash were not available as a means of payment.¹ More than 80 percent of adults report using cash sometimes and approximately 8 percent of adults rely on cash.² Cash is a significant element in many social and cultural settings and is an important source of funding for civic groups.

The RBNZ is the agency responsible for ensuring New Zealanders cash needs are met

2. The RBNZ is responsible for ensuring the needs of the public for banknotes and coins are met, as outlined in the Reserve Bank of New Zealand Act 2021 ('the Act'). We interpret these responsibilities as meaning RBNZ must ensure cash remains a meaningful payment option for all New Zealanders. To meet these responsibilities, RBNZ acts as the steward of the cash system.

Widespread and reliable access to cash services is essential for meeting the public's needs for cash

3. The personal and business needs of New Zealanders for cash cannot be met if they have inadequate access to the services that dispense cash and accept cash deposits, and provide services that focus on low denomination banknotes and coins ('change'). Hence, RBNZ has a keen interest in, and responsibility for, access to cash services across New Zealand.

Banks have an obligation to provide cash services to customers

4. We believe banks have an obligation to provide cash services to their customers, that this is part of their 'social licence' to operate in New Zealand. Providing cash services is an essential element of the relationship banks have with their customers because people expect to be able to convert easily, quickly and without cost, digital money (i.e. positive balances in bank transaction accounts) into cash and vice versa (this exchange is known as 'convertibility').

Banks derive significant benefits from cash but are pushing cash service costs onto others

5. Banks benefit from providing cash service to customers. Bank profitability benefits when a sizeable portion of funding is provided at zero (or very low) interest. This funding is provided by the balances held in bank transaction accounts. Customers' willingness to hold balances in these accounts reflects, in part, their general level of trust in banks (which in turn reflects their historic service experience), and in part their trust in cash (the most trusted form of money) and belief that banks allow bank balances to be converted into cash on demand.
6. There is a risk-related benefit for banks from providing cash services to customers too. When banks remove cash service points from communities, they risk undermining the public's confidence they can access their money in a non-digital form easily and quickly.
7. Banks have been pursuing a strategy of reducing their cash services footprint for over a decade. The number of bank branches in New Zealand has declined by

¹ [Cards and convenience reign supreme in Aotearoa | Xero NZ](#)

² [2023 cash use survey summary report](#)

around 40 percent in the past decade and the number of bank-owned ATMs by banks has reduced by 32 percent.³

8. By reducing cash services infrastructure banks are pushing costs onto their business and personal customers.
 - a. Bank customers incur costs such as significant travel time and increased risks to personal safety and property (due to having to hold more cash on their premises than otherwise).
 - b. Non-bank ATM providers have entered local markets where banks have retreated. These firms are funded by user surcharges, meaning in most cases bank customers pay to access cash services.⁴
 - c. Presented with no (or expensive) local cash withdrawal facilities, people are asking merchants to provide cash outs. Generally, merchants report being willing to do this, but they do incur increased costs as a result, so the current goodwill of merchants cannot be relied upon, without addressing the incentives they face.

Banks' cash strategies are weakening other entities that perform key roles in the cash system

9. Cash cannot circulate around New Zealand without the involvement of non-bank businesses such as CiTs who provide cash logistics, cash storage and cash sorting services.
10. The combination of bank cash strategies and external drivers (e.g. consumer payment preferences and the growth in online commerce) means these non-bank participants in the cash system are financially vulnerable. Our understanding is that neither of New Zealand's recently-merged two CiTs had been profitable for several years s 9(2)(b)(ii)

Late 2025 developments in the CiT sector are very concerning

11. The newly merged CiT (Armourguard Logistics Ltd or 'ALL') has developed a new utility-like pricing structure for its commercial bank contracts called 'the Infrastructure Access Fee' (IAF). Our understanding is that ALL has presented the IAF to banks as the basis for new contracts. The IAF was reviewed and assessed by NZIER and endorsed as reasonable. The IAF introduces a pricing structure commonly seen in utility or infrastructure sectors such as electricity. ALL views the IAF as a fair way of ensuring it can cover its costs of operation and necessary investment in infrastructure, as well as generate a fair return.
12. The introduction of the IAF represents a substantive percentage increase in CiT service costs for banks s 9(2)(g)(i) A lock-in period of 10 years was proposed by ALL.

³ Data sourced from KPMG's annual financial institutions performance surveys. [Financial Institutions Performance Survey \(FIPS\) - KPMG New Zealand](#)

⁴ Exceptions are customers of BNZ, Kiwibank and TSB who use Allpoint-branded ATMs. These banks entered into a 5-year renewable agreement with the owner of Allpoint-branded ATMs.

13. In response, the major banks, via the NZBA, have applied to the Commerce Commission for authorisation to collectively negotiate with ALL on CiT services. s 9(2)(b)(ii)
14. The NZBA application proposes an 11-year term for CiT services – 12 months to collectively bargain and 10 years in effect – and requests an interim authorisation to extend the current contracts given the urgency of the matter.
15. RBNZ supports a utility-like pricing structure as being appropriate for the CiT sector. If ALL is unable to implement IAF our view is that the Commerce Commission should regulate pricing under Part 4 of the Commerce Act. This would address questions about the reasonableness of the economic returns sought by ALL on an on-going basis.
16. s 9(2)(g)(i)
17. Annex 1 provides talking points on this issue.

The RBNZ is developing policy on needed interventions

18. The RBNZ has had an active policy work programme on the cash system for a number of years. In our view, policy decisions are required in three areas (assuming that voluntary agreements by banks are insufficient):

- a. Firstly, we need a cash services standard that applies to banks. The standard would include rules about how many cash service sites must, at a minimum, be provided, maximum distances people must travel to access cash services, and requirements about service delivery (e.g. user safety, fees). Currently there is no cash services standard applying in New Zealand.

The RBNZ is proposing to seek public feedback on a proposed cash services standard in 1Q 2026. Drafting of the consultation paper is well-advanced.

- b. Secondly, we must identify the best mechanism to implement a cash service standard. The options obtaining adequate voluntary agreements by banks, introducing regulation enabled by existing legislation and/or developing new legislation. Our current interim assessment is that both the Reserve Bank of New Zealand Act 2021 and the Deposit Takers Act 2024 could be used to create regulations that introduce a cash services standard (both include provisions for creating regulations that could potentially be effective).

Once the public consultation on the cash service standard has been undertaken, the RBNZ will invite banks to voluntarily adopt the RBNZ's recommended cash services standard, including agreeing not to reduce cash services further whilst implementation of the new standard is underway.

We are currently developing policy advice and recommendations about new regulations for the purposes of implementing a cash services standard.

- c. Thirdly, the cash system can be thought of as critical national infrastructure, so we must develop legislation that enables the RBNZ to ensure the ongoing functioning of the non-bank segments of the cash system, such as the CiT sector by having adequate resolution powers (alongside policy interventions). This includes powers to resolve a failing CiT (or other essential service providers in the system).

RBNZ is currently developing the likely required scope for new cash-related legislation.

Globally intervention in cash systems is becoming commonplace

19. Globally, it is rare to see cash use in transactions at such a low level as we see in New Zealand. Nevertheless, public agencies in several developed economies have been sufficiently concerned to pursue active and far-reaching policy programmes aimed at ensuring the ongoing provision of cash services. There appears to be a high level of political commitment to taking significant action in this area. Examples of overseas policy initiatives are provided in Annex 2 to this paper.

Next steps

20. We are actively monitoring the rapidly evolving CiT situation, and supporting the Commerce Commission in their deliberations. We will update you as events develop.
21. In Q1 2026 we propose to release a public consultation on a cash services standard for New Zealand that would apply to banks, we will provide a briefing on this ahead of release.
22. Early in Q2 2026 we will work with banks to voluntarily adopt a cash service standard that would meet the needs of the public, which will be informed by the public consultation.
23. By the end of Q2 2026 we will provide you with advice on:
- a. How banks have responded to our invitation to voluntarily adopt an adequate cash services standard.
 - b. Regulations that can be issued under existing RBNZ legislation.
 - c. The scope of the new legislation required.

Recommendation

We ask that you:

- **Note** the RBNZ's view that intervention is required in the cash system, including new regulation (available under existing legislation) and new legislation.
- **Note** the RBNZ is preparing a public consultation for 1Q 2026 on potential interventions.
- **Note** the recent emergence of conflict between the large banks and New Zealand's sole cash-in-transit service supplier. We include talking points on this issue.

- **Share this briefing** with the Hon. Mark Patterson, Minister for Rural Communities; Hon. Louise Upston, Minister for Social Development; and the Hon. Casey Costello, Minister for Seniors.

Signature



Hon Nicola Willis
Minister of Finance

Karen Silk,
**Assistant Governor Money
Reserve Bank of New Zealand**

Proactively Released

Annex 1. Taking points about the CiT situation

- s 9(2)(g)(i)

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Annex 2. International developments

Globally, it is rare to see cash use in transactions at such a low level as we see in New Zealand. Nevertheless, public agencies in several developed economies have been sufficiently concerned to pursue active and far-reaching policy programmes aimed at ensuring the ongoing provision of cash services. There appears to be a high level of political commitment to taking significant action in this area. Examples of overseas policy initiatives are provided in Table A2.1.

Table A2.1. Recent international cash policy initiatives.

Country	Measure/initiative	When
Australia	Mandating cash acceptance (announcement of policy intent, accompanied by public consultation). Also exploring legislative regime on cash access and crisis management powers for CIT, alongside adequate funding of the CIT.	Dec 2024 and ongoing
European Union	Single Currency Package : policy reforms proposed to guarantee Cash and Digital Euro acceptance by merchants.	June 2023
Ireland	Finance (Provision of Access to Cash Infrastructure) Bill was passed by the Lower House of the Irish Parliament. The Bill places obligations on the three main banks to provide access to ATMs and cash points. It also introduces regulation and supervision by the central bank of non-bank ATM operators and cash-in-transit providers.	April 2025
Netherlands	Consultation on proposed new legislation ('Cash Payments Act') that gives the central bank (DNB) power to prescribe a minimum footprint for ATMs and makes the large banks responsible for providing the footprint. The Act is expected to be approved by the Netherlands Parliament in 2025.	2023
Sweden	Central bank (Riksbank) proposes new legislation to deliver mandated cash acceptance.	March 2024
UK	Financial Conduct Authority given new mandate and associated powers to protect access to cash services (cash dispensing and depositing). Rules came into force Sep 2024. Deposit-takers are not permitted to close facilities (e.g. bank branch, ATMs) until a replacement service has been made available.	Jul 2024
USA	Payments Choice Act has been submitted to a Senate Committee for consideration (if passed, would have nationwide reach). Some individual states (e.g. New York, Mass., Montana, Colorado,	2024

	Illinois) already have localised mandated cash acceptance.	
OECD	The paper provides a comprehensive summary of recent policies and initiatives adopted in the OECD (national cash strategies; enforcing the acceptance of cash; legislative, regulatory, and industry-led initiatives; and expanding the regulatory and supervisory powers).	Mar 2025

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