

An aerial photograph of a lush green forest. A dark, winding river or stream flows through the forest, creating a meandering path. The forest is dense and vibrant green, with the river cutting through it. The sky is visible in the upper left corner, showing a mix of white and blue clouds.

Part 2:

Performance

2.1 Annual Performance Statement

Annual Performance Statement for 2024/25

We, as the accountable authority of the Reserve Bank of Australia, present the Annual Performance Statement of the Reserve Bank of Australia for the 2024/25 reporting period, prepared under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In our opinion, this statement accurately presents the performance of the Reserve Bank in the reporting period and complies with subsection 39(2) of the PGPA Act.

Reserve Bank of Australia Governance Board
10 September 2025

Introduction

This statement outlines the RBA's key objectives as set out in the 2024/25 Corporate Plan and provides an assessment of the RBA's performance in achieving those objectives. Where necessary, additional context is provided, including an analysis of significant factors that have contributed to the outcomes.

Price stability and full employment

Purpose

Low and stable inflation – or price stability – preserves the value of money, reduces uncertainty and supports strong and sustainable economic growth over the longer term. It helps businesses and households make sound spending and investment decisions. Likewise, full employment supports people financially and provides them with a sense of purpose. It helps to foster mental and physical wellbeing and increases the prospect of diverse thinking and innovation. We achieve our objectives for both price stability and full employment through monetary settings aimed at keeping inflation between 2 and 3 per cent and employment at the maximum level that is consistent with low and stable inflation.

Results

Table 2.1.1: Performance Summary – Price Stability and Full Employment

| Key objectives | Key activities | Performance measures and targets | Results |
|-------------------------------------|--|--|--|
| Price stability and full employment | Conduct monetary policy in a way that best contributes to: <ul style="list-style-type: none"> • stability of the currency | Flexible medium-term inflation target to achieve consumer price inflation of between 2 and 3 per cent. | Consumer price inflation was 2.1 per cent over the year to the June 2025 quarter and was within the 2–3 per cent target range throughout the year. |
| | <ul style="list-style-type: none"> • maintenance of full employment • economic prosperity and welfare of the people of Australia | Foster sustainable full employment, which is the maximum level of employment that is consistent with low and stable inflation. | The unemployment rate was 4.3 per cent as at June 2025. This is well below rates seen in recent decades. Throughout 2024/25, staff judged the labour market to be tight relative to full employment, though there was considerable uncertainty around this assessment. |
| | Achieve cash rate consistent with the Board's target ¹ | The cash rate is within the interest rate corridor around the cash rate target. | The cash rate was close to the cash rate target on each business day of 2024/25. |
| | Provide adequate liquidity to the financial system | Funding costs and access to liquidity are appropriate to achieve our goals. | Financial institutions have been able to draw on liquidity as required, using the RBA's weekly open market operations and wider standing facilities. |
| | Maintain sufficient foreign reserves and manage portfolio risks | Reserves portfolio managed within permitted deviations around targets for liquid asset holdings and for interest rate and currency risk. | Deviations from portfolio targets were within predefined tolerances. |
| | Intervene in the foreign exchange market as appropriate | Publish data and explanations for any intervention. | No foreign exchange market intervention was conducted in 2024/25. |

Analysis

There was progress over 2024/25 in achieving the RBA's policy objectives of inflation being within the 2–3 per cent target band and the labour market being consistent with full employment.

Consumer price inflation was within the 2–3 per cent target range throughout 2024/25, having eased further from the high rates of the preceding few years. Lower inflation partly reflected temporary government energy subsidies to households. Underlying inflation – which assesses the underlying momentum in inflation and looks through the impact of subsidies – eased more gradually and was below 3 per cent from early 2025.

Throughout the year, the staff assessed that conditions in the labour market remained tight, though there is considerable uncertainty around this assessment. The unemployment rate ranged around 4–4¼ per cent throughout 2024/25, which is low by historical standards, and other measures of labour underutilisation were also low and little changed. The participation and employment-to-population rates held steady around historical highs. By contrast, other measures such as employee turnover and firms' hiring intentions gradually softened over the course of the year.

The modest easing in labour market conditions since mid-2023, together with moderating inflation outcomes, contributed to wages growth slowing in 2024/25. Annual growth in the Wage Price Index was 3.4 per cent in the March 2025 quarter, having peaked at 4.3 per cent in the December 2023 quarter. Growth in broader measures of firms' labour costs remained elevated, mostly reflecting ongoing weak productivity outcomes.

These developments afforded the Board sufficient confidence that its policy settings were appropriate to achieve its objectives. To secure the return of inflation to target, at a time when the Board judged there to be upside risks to inflation, the target cash rate was maintained at 4.35 per cent until February 2025. This restrictive stance of monetary policy over recent years contributed to closing the gap between the demand and supply capacity of the economy; GDP grew by just 1.3 per cent over the year to the March 2025 quarter. As growth slowed and underlying inflation eased, the Board became increasingly comfortable that near-term risks to inflation were dissipating – despite adverse developments overseas. The target cash rate was therefore lowered in both February and May 2025, though the policy stance was still assessed to be moderately restrictive.

The RBA met its operational objectives for implementing monetary policy in 2024/25. The cash rate remained close to its target, as discussed in Part 2.2: Operations in Financial Markets. The cash rate was guided by the RBA's Exchange Settlement and open market operation rates. The RBA's holdings of government bonds – purchased as part of the policy response to the COVID-19 pandemic – continued to decline as these bonds matured, but the overall supply of liquidity was still assessed to be surplus to financial institutions' underlying demand for liquidity. The RBA's operational framework for implementing monetary policy – supplying the reserves demanded by commercial banks at a predetermined interest rate set by the RBA – ensured financial institutions had the liquidity they needed.

Foreign exchange reserves were managed to achieve the Board's targets for liquid asset holdings and were within predefined limits for market risk. No foreign exchange interventions were required.

The stability of the financial system

Purpose

A stable financial system is a precondition to maintaining price stability and full employment. It facilitates the smooth flow of funds between savers and investors and supports innovation and growth. We contribute to financial stability by working closely with the Council of Financial Regulators (CFR) to identify and address risks, overseeing market infrastructures that are central to the effective operation of the financial system and providing adequate liquidity.

Results

Table 2.1.2: Performance Summary – The Stability of the Financial System

| Key objectives | Key activities | Performance measures and targets | Results |
|---------------------------------------|--|---|--|
| The stability of the financial system | Support overall financial system stability | A stable financial system that is able to support the economy. | The Australian financial system continued to show signs of being highly resilient throughout the year. Most Australian households and businesses have been able to service their debt and meet essential expenses. |
| | | Work with Council of Financial Regulators agencies and with international bodies to identify and appropriately address evolving systemic risks. | The RBA continued to engage closely with CFR agencies, and with international bodies, to identify and assess vulnerabilities in the financial system. CFR agencies have coordinated to mitigate vulnerabilities and strengthen resilience in the Australian financial system, including crisis preparedness arrangements. |
| | | Assess and communicate risks to financial system stability, including through the half-yearly <i>Financial Stability Review</i> . | Scenario analysis and a wide range of information sources were utilised to assess emerging vulnerabilities in the Australian financial system. RBA assessments of financial stability risks were communicated to the public in the September 2024 and April 2025 editions of the <i>Financial Stability Review</i> , as well as in Bulletin articles and through public appearances by RBA executives. |

Analysis

In 2024/25, the RBA continued to analyse vulnerabilities and risks in the financial system, including those relating to financial institutions, markets, households and businesses. We engaged closely with the Australian Prudential Regulation Authority and other CFR agencies to identify, monitor and address evolving systemic vulnerabilities and risks. The CFR’s work this year focused on systemic risks and vulnerabilities related to:

- geopolitical risks
- operational vulnerabilities, including challenges associated with cyber threats and managing dependencies on third-party service providers
- liquidity risk
- high household leverage
- climate change.

This work underpinned our assessment of financial stability and informed the Board’s policymaking process. Overall, the Australian financial system continued to display a high level of resilience throughout 2024/25. Risks to the Australian financial system from lending to households, businesses and commercial real estate have remained contained.

We continued to monitor closely the financial health of Australian households and businesses. While budget pressures remained pervasive across the community, they eased a little for some. The share of borrowers experiencing severe financial stress remained small, reflecting the continued strength in the labour market and the maintenance of prudent lending standards. Company insolvencies picked up over the past couple of years to be slightly above the range observed in the 2010s, although on a cumulative basis they only returned to around their pre-pandemic trend.

Additionally, broader spillovers to the financial system have been limited, largely due to these firms' small size and limited bank debt. Risks to the financial system are therefore expected to remain contained. Our analysis supporting this assessment was set out in a focus topic in the April 2025 *Financial Stability Review*.

The share of bank loans that are in arrears has increased from low levels, reflecting a small but rising number of borrowers who are encountering financial stress. But this has had a limited impact on the resilience of the banking system, given lending standards have stayed robust and banks have capital and liquidity buffers that are still well above regulatory requirements. While considerable uncertainty surrounds the outlook, banks are well positioned to absorb large loan losses while continuing to lend as needed to households and businesses, even in the event of a significant economic downturn. However, resilience could be undermined in future if lending standards deteriorate and households respond to an actual or anticipated easing in financial conditions by accumulating excessive debt. This is an area the CFR agencies continue to monitor closely.

The risk to financial stability posed by the non-bank financial sector in Australia is contained by its composition, although the growing size of the superannuation sector has seen its importance to financial stability increase. Continued strengthening of superannuation funds' governance and liquidity and operational risk management practices is an area of ongoing focus for regulators.

Some key risks to financial stability originate from overseas and outside the financial system. Heightened geopolitical tensions and policy uncertainty in major economies have the potential to interact with existing vulnerabilities, including those in key sovereign bond markets. Imbalances in China's financial sector and the risk of international spillovers also remain a focus. Operational vulnerabilities arising from the growing complexity and interconnectedness associated with digitalisation is an area of increasing concern in the Australian and international financial systems, as set out in a focus topic in the September 2024 and April 2025 editions of the *Financial Stability Review*. These vulnerabilities have increased the risk of disruptive adjustments in the financial system and economy. Strengthening crisis preparedness arrangements in the Australian financial system, including as they relate to geopolitical and operational risk, is a regulatory priority.

In 2024/25, we continued to engage closely with overseas counterparts during meetings on international financial sector issues coordinated by global bodies. These have included meetings organised by the Financial Stability Board and the Basel Committee on Banking Supervision. We place a high priority on these international forums, which also allow Australian perspectives to be provided when global standards applying to banks and other financial institutions are developed (see Part 2.5: International Financial Cooperation).

A secure, stable and efficient payments system

Purpose

Australians expect payments to be cost-effective, convenient and accessible. Having a reliable payments system is important for the smooth functioning of the economy and financial system. We promote these objectives as both supervisor and regulator of the payments system and as the owner and operator of critical national payments infrastructure.

Results

Table 2.1.3: Performance Summary – A Secure, Stable and Efficient Payments System

| Key objectives | Key activities | Performance measures and targets | Results |
|--|---|--|--|
| A secure, stable and efficient payments system | Strengthen the safety and resilience of payments and market infrastructures | Fulfil regulatory obligations under the Security of Critical Infrastructure framework for retail payment systems. | All the relevant payment systems submitted annual reports on their risk management programs to the RBA by September 2024 in compliance with relevant legislative requirements. |
| | | Complete risk assessment on industry's proposed migration from the Bulk Electronic Clearing System (BECS) to more modern payment systems. | We published the risk assessment on the intended decommissioning of BECS in March 2025. |
| | Advance and implement reforms for payments and market infrastructures | Subject to the passage of relevant legislation, initiate consultation on priorities for payments regulation and on guidance on the conduct of crisis management powers for clearing and settlement facilities. | We published a consultation paper on guidance for the Australian Clearing and Settlement Facility Resolution Regime in June 2025. |
| | Promote competitive, cost-effective and accessible electronic payments | Reduced payment costs for small business through industry delivering merchant choice of debit card network. | The share of merchants using least-cost routing for card-present debit card transactions increased from 70 per cent in June 2024 to 80 per cent in June 2025. |
| | | Review end-user cost of account-to-account payments. | We reviewed end-user cost of account-to-account payments and presented the findings to the Payments System Board in March 2025. |
| | | Modernise retail payments statistics collection to reflect new technologies and business models, and publish updated statistics. | We implemented and published the improvements to the retail payments statistics collection in December 2024. |
| | Enhance cross-border payments | Finalise work with central bank partners on research to develop a common technical protocol for automating policy and regulatory compliance requirements in cross-border payments (Project Mandala). | In collaboration with other central banks and the BIS Innovation Hub, we completed Project Mandala and published a final project report in October 2024. |

Table 2.1.3: Performance Summary – A Secure, Stable and Efficient Payments System *(continued)*

| Key objectives | Key activities | Performance measures and targets | Results |
|--|---|---|---|
| A secure, stable and efficient payments system <i>(continued)</i> | Align the RBA's regulatory framework for payments and market infrastructures to the Australian Government's principles of regulator best practice | Actively engage with stakeholders and conduct research to understand emerging issues affecting the environment in which regulated entities operate. | We surveyed clearing and settlement facilities and participants in the retail payments system in May 2025 to obtain feedback on our regulatory performance. Respondents indicated that their engagement with the RBA had been constructive. Respondents agreed that we had sought to understand emerging issues affecting the payments industry when developing and enforcing regulatory requirements. However, some respondents thought that it seemed to take a long time for us to respond to emerging issues outside our areas of focus. |
| | | Regulatory requirements are streamlined, proportionate to risks and coordinated with other regulators. Build capability in data analysis to efficiently monitor compliance. | Respondents to our survey of clearing and settlement facilities agreed that we coordinate our regulatory activities with other relevant Australian regulators. Some respondents to our survey of participants in the retail payments system reported that coordination between regulators could be improved, particularly regarding safety and resilience, consumer protection and competition issues. Most respondents reported that our regulatory requirements were streamlined and proportionate to the risks involved. Some respondents suggested that we provide more time for them to respond to regulatory data requests, and that our regulatory and reporting requirements could be more streamlined. During the year, we completed work to streamline regulatory reporting for new clearing and settlement facility licensees. This regulatory reporting supports the RBA's monitoring of compliance. |
| | | Communicate with regulated entities in a timely, clear and consistent way, including on regulatory priorities. | Most respondents to our survey of clearing and settlement facilities and participants in the retail payments system reported that we had communicated our regulatory requirements and priorities clearly, consistently and in a timely manner. Some respondents encouraged us to draft our regulatory standards in plain English and publish a calendar for key compliance activities. |
| | Deliver reliable interbank settlement services | RITS availability at 99.95 per cent during core hours. | RITS availability was 99.99 per cent during core hours. |
| | | RITS Fast Settlement Service availability at 99.995 per cent on a 24/7 basis, with most transactions processed in less than one second. | RITS Fast Settlement Service availability was 99.995 per cent and most transactions were processed within one second. |

Table 2.1.3: Performance Summary – A Secure, Stable and Efficient Payments System *(continued)*

| Key objectives | Key activities | Performance measures and targets | Results |
|--|--|--|--|
| A secure, stable and efficient payments system <i>(continued)</i> | Ensure RITS and related infrastructure remains secure, well-maintained and operationally efficient | Design and begin implementing improvements to meet the recommendations of the 2023 Deloitte review of the RITS operating environment. | We have completed the design and implementation of a new IT controls library and developed an updated project prioritisation framework. These will be implemented in the September 2025 quarter. The design of a new RITS operating model, including an associated resourcing review, was also completed. This operating model will be implemented in stages from the December 2025 quarter. We have also prepared documents setting out an infrastructure-focused software design lifecycle framework, and testing- and log-management standards. |
| | | Replace technology infrastructure identified as approaching obsolescence to ensure continued operational efficiency and security. | We began or completed several projects to refresh core RITS infrastructure nearing end of support, including a project to replace a key component of the RITS public key infrastructure. As part of our broader core IT infrastructure modernisation, we have begun planning for the migration of critical settlement applications to modern infrastructure in a new co-located data centre. |
| | | Implement ISO 20022 formats for reporting, credit and liquidity management messages available through the RITS Automated Information Facility. | ISO 20022 messaging is now available for use in the RITS Automated Information Facility. Both Swift MT and ISO 20022 formats will be supported until November 2026. |
| | | Ongoing investment in cyber resilience, including regular testing and participation in cyber resilience exercises. | We maintained compliance with key cybersecurity standards including the Swift Customer Security Controls Framework and the ISO 27001 information security standard. We continued to uplift cybersecurity controls in line with Australian Government guidelines. We participated in various industry cyber initiatives and are working through priority recommendations of the Cyber Attack Simulation Exercise we hosted in 2023/24. |
| | | Review and update the fees where necessary for settlement through the RITS Fast Settlement Service, including engagement with service users. | We completed a review and shared the findings with users. A fee increase took effect in 2025/26. |

Analysis

We continued to make progress in 2024/25 on delivering the Payments System Board's strategic priorities for the payments system, which focus on:

- developments in the payments system that could have significant implications for competition, efficiency and safety over the next few years
- issues affecting payments and market infrastructures and their implications for financial stability.

More analysis of this work is published in the *Payments System Board Annual Report 2025*.

We continued to work productively with the Australian Treasury during the year, including on the Australian Government's payments and market infrastructure regulatory reforms. The reforms to provide the RBA with crisis management powers for systemically important clearing and settlement facilities were legislated during the year, and our focus has since turned to implementing these reforms. The proposed legislative reforms to modernise our regulatory powers would significantly enhance our ability to promote a safe, efficient and competitive payments system.

We also delivered reliable interbank settlement services in 2024/25, at the same time as advancing some key strategic priorities for these services. We upgraded related parts of our technology infrastructure, strengthened cyber resilience and supported the rollout of ISO 20022 messaging. We also completed foundational work to address recommendations from the Deloitte review of the October 2022 RITS outage, including enhancing the governance, technology controls and operating model for the RITS ecosystem. And we supported the emerging body of work associated with the industry's plans for the future of account-to-account payments and the associated changes to our settlement services that may be required. These achievements align with our focus on operational reliability, resilience and ability to deliver change in a dynamic and demanding operating environment.

While we met our availability targets in 2024/25, four incidents impacted performance:

- In July 2024, a procedural error delayed the early submission of settlement files from some low-value payment systems by four minutes. However, the scheduled settlement time was unaffected.
- In August 2024, an internal power supply issue disrupted the RITS Fast Settlement Service for nearly 26 minutes, affecting approximately 80,000 payments. We have since implemented several corrective actions to prevent similar incidents in the future.
- In April 2025, a network error delayed the submission of settlement files from some low-value payment systems for eight minutes.
- In May 2025, a procedural error during routine maintenance disrupted settlement for property batch feeder transactions for nine minutes.

The delivery of efficient and effective banking services to Australian government agencies

Purpose

The RBA must, insofar as the Commonwealth of Australia requires it to do so, act as banker for the Commonwealth. We provide the Australian Government and its agencies with access to high-quality, cost-effective and secure systems to collect, pay and manage government funds. This, in turn, supports the Commonwealth to serve the Australian people.

Results

Table 2.1.4: Performance Summary – The Delivery of Efficient and Effective Banking Services to Australian Government Agencies

| Key objectives | Key activities | Performance measures and targets | Results |
|--|---|--|--|
| The delivery of efficient and effective banking services to Australian government agencies | Provide banking services that are fit for purpose | Maintain and enhance banking services provided to Australian government agencies. | Our suite of services enabled us to extend service provision to several new customers during 2024/25, while retaining all existing agency customers. |
| | Satisfy financial performance benchmarks | Minimum return on capital for transactional banking business equivalent to the yield on 10-year Australian Government Securities plus a margin for risk. | Our banking services achieved the minimum required return in 2024/25. Pro forma accounts for the transactional banking business can be viewed in Part 2.3: Banking and Payment Services. |
| | Progress on activities to deliver convenient, secure, reliable and cost-effective banking services to customers | Enhance the banking services we provide, including: | |
| | | <ul style="list-style-type: none"> ongoing development of banking services and systems, including ISO 20022-based messaging standards | We successfully deployed ISO 20022 capabilities during 2024/25. |
| | | <ul style="list-style-type: none"> phased completion of the New Payments Platform-based Confirmation of Payee service | We successfully deployed a Confirmation of Payee component to allow our customers' account details to be checked using the service. |
| | | <ul style="list-style-type: none"> supporting agency customers with the transition away from cheques and BECS | <p>We led agency customers through planning and analysis to prepare for reduced reliance on cheques, industry's proposed decommissioning of BECS, and the need for richer information in payment and reporting messages.</p> <p>We participated in industry workshops and committees on the removal of cheques and industry's proposed decommissioning of BECS.</p> <p>We began a program of work to uplift our account-to-account payment offering.</p> |

Table 2.1.4: Performance Summary – The Delivery of Efficient and Effective Banking Services to Australian Government Agencies *(continued)*

| Key objectives | Key activities | Performance measures and targets | Results |
|---|--|--|--|
| The delivery of efficient and effective banking services to Australian government agencies <i>(continued)</i> | Progress on activities to deliver convenient, secure, reliable and cost-effective banking services to customers <i>(continued)</i> | <ul style="list-style-type: none"> supporting agency customer migration to new card acquiring and payments gateway | We migrated several agencies to the new gateway and are working with the remainder to complete migration in the coming year. |
| | | <ul style="list-style-type: none"> IT systems and infrastructure supporting our banking services and products are secure, resilient, efficient and fit for purpose. | We completed migration of our core transactional banking systems to a highly secure and available cloud environment. Our systems have been certified to the ISO 27001 information security standard. |

Analysis

We continued to provide the Australian Government with convenient, secure, reliable and cost-effective central banking and transactional banking services during 2024/25. This included supporting government agencies as they responded to natural disasters such as flooding on the east coast. We provided rapid delivery of support payments through the New Payments Platform on behalf of Services Australia.

We completed migration of our core transactional banking systems to the cloud in 2024/25. This work improves resilience and supports modern, efficient application management using software containers. We continued to participate in multi-year industry-driven initiatives, including uplifting capability to process payment-related messages using modern standards (ISO 20022). This includes increasing functionality for customers to supply and ingest richer data as part of payment and reporting messages, and to leverage improved security and fraud detection for card payments. We also delivered the capability to allow the public to confirm the details of our customers' accounts prior to payment through the New Payments Platform-based Confirmation of Payee service.

Alongside building new functionality, we continued to inform and support agencies as they transition to more modern payment solutions. In particular, we focused on the future of account-to-account payments and the removal of cheques. This included engaging with customers and policymakers, participating in industry workshops and committees, and formally commencing our own program of work ahead of industry's proposed decommissioning of the current BECS.

The provision of secure and reliable banknotes

Purpose

While Australians have reduced their use of cash for everyday transactions, it remains an important means of payment for many. In addition, cash continues to be used as a store of value and as a back-up payment method. Ensuring Australians have confidence in their banknotes is critical to meeting these needs. We work to preserve this confidence by designing, creating and issuing Australian banknotes that are secure and reliable. This is done in partnership with our wholly owned subsidiary, Note Printing Australia Limited.

Results

Table 2.1.5: Performance Summary – The Provision of Secure and Reliable Banknotes

| Key objectives | Key activities | Performance measures and targets | Results |
|--|--|---|---|
| The provision of secure and reliable banknotes | Ensure Australian banknotes provide a safe, secure and reliable means of payment and store of value, as follows: | Maintain public confidence in Australian banknotes, as measured in the Reserve Bank Online Banknotes Survey. | Our survey on perceptions, usage and behaviour related to Australia's banknotes showed that public perceptions of Australian banknotes remained favourable. 73 per cent of respondents perceived the Next Generation Banknote (NGB) series to be sufficiently secure against counterfeiters and 77 per cent noted they liked the NGB banknotes – broadly in line with previous years. |
| | <ul style="list-style-type: none"> • meet banknote demand | More than 95 per cent of banknote orders from commercial banks fulfilled by the RBA within three days of request. | We fulfilled all transactions on the day requested. |
| | <ul style="list-style-type: none"> • maintain the security, durability and cost-effectiveness of Australian banknotes | Monitor actual and emerging counterfeiting trends. | Counterfeiting is currently estimated at 6 counterfeits detected per million genuine banknotes in circulation, which is low by historical standards and down from a peak of 31 counterfeits per million genuine banknotes 10 years ago. We continue to track emerging counterfeiting trends through engagement with other central banks and law enforcement, both domestically and internationally. In 2024/25, we identified eleven emerging counterfeit sources that could become of concern for Australian currency. |
| | | Evaluate and develop security features that could be deployed on Australian banknotes (including options as part of the redesign of the \$5 banknote) to combat counterfeiting threats, extend circulation life and/or reduce production costs. | Our research and development program included ongoing projects to develop and test security features for future Australian banknotes, including for the forthcoming redesign of the \$5 banknote. The program successfully identified updated security features that will be included on the new \$5 banknote. |

Table 2.1.5: Performance Summary – The Provision of Secure and Reliable Banknotes *(continued)*

| Key objectives | Key activities | Performance measures and targets | Results |
|--|---|---|---|
| The provision of secure and reliable banknotes <i>(continued)</i> | <ul style="list-style-type: none"> maintain high-quality banknotes | RBA banknote production orders to be supplied by Note Printing Australia Limited to agreed quality standards. | There were no Australian banknotes printed in 2024/25. |
| | | Maintain the quality of banknotes in circulation above the minimum quality standards agreed with industry. | The quality of banknotes on issue was assessed as good, based on quality scores. This assessment is based on a sample of banknotes held at cash depots, using a quality framework published in the Banknote Distribution Terms and Conditions. An update of quality standards to include NGB security features has yet to be implemented due to ongoing challenges in the banknote distribution system. |

Analysis

The RBA continued to provide secure and reliable banknotes, supporting the ongoing use of cash as a means of payment and as a store of value. This, in turn, supports the Government's objective to retain cash as a means of payment for those who want to use it.

To support banknote security, we upgrade banknotes as required. In 2024/25, there was further progress on the \$5 banknote project, including the choice of a theme, artist selection and decisions around several enhanced security features to improve durability and increase counterfeit resilience. The new banknote is being developed with the support and expertise of Note Printing Australia. We also monitored and responded to emerging counterfeit threats. Australia's counterfeit rates remain low by international standards.

In addition to producing high quality banknotes, we continued to support the effective wholesale distribution of banknotes to the major banks, under the Banknote Distribution Framework, in 2024/25. (The major banks then distribute banknotes to the broader community.) As discussed in Part 2.4: Banknotes, we have also introduced various measures to support wholesale cash distribution during a period of significant challenges in recent years, including making changes to our operations and relaxing some requirements. A planned update of quality standards under the Note Quality Reward Scheme has been delayed as a measure to support industry. We are considering other measures that would support the sustainability of cash as a means of payment and are working with other members of the Council of Financial Regulators and the ACCC on a proposed regulatory regime for cash distribution.

Endnotes

- 1 As described in Part 1.2, from 1 March 2025 the former Reserve Bank Board was replaced with the Governance Board and Monetary Policy Board. References to 'the Board' in this part refer collectively to the Reserve Bank Board and the Monetary Policy Board.

2.2 Operations in Financial Markets

We operate in domestic and international financial markets to achieve our policy objectives. These operations include implementing the decisions of the Monetary Policy Board, providing liquidity to facilitate the smooth functioning of the payments system and support financial stability, and managing Australia's foreign exchange reserve assets.

Key outcomes in 2024/25

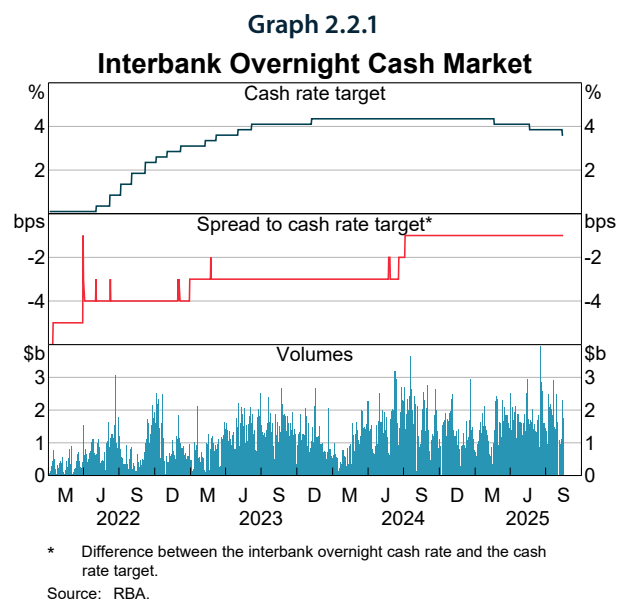
- The Reserve Bank Board and Monetary Policy Board decreased the cash rate target twice, to 3.85 per cent.
- Our balance sheet declined by around \$10 billion as bonds purchased during the pandemic continued to mature. The balance sheet is around 40 per cent smaller than at its peak during the COVID-19 pandemic.
- We are transitioning from a supply-driven to a demand-driven ('ample reserves') system for implementing monetary policy. Demand for liquidity by financial institutions was met at our weekly 'full-allotment' market operations. In preparation for the transition to the ample reserves system, we increased the price of those operations and began offering an additional shorter tenor.
- We did not intervene in the foreign exchange market.

Monetary policy implementation

The Board's¹ primary instrument for adjusting monetary policy is the target for the cash rate. The cash rate is the interest rate at which banks borrow and lend to each other on an overnight, unsecured basis in the cash market. The funds traded in the cash market are held by financial institutions in their Exchange Settlement (ES) accounts at the RBA. Around 100 financial institutions hold such accounts, which are used to settle payment obligations between these institutions.

The Board decreased the cash rate target twice in 2024/25 (at the February and May 2025 Board meetings), taking it from 4.35 per cent to 3.85 per cent (Graph 2.2.1). The rate paid to banks on ES balances was decreased by the same amount, from 4.25 per cent to 3.75 per cent.

Throughout the past year, the cash rate continued to trade slightly below the cash rate target – although this spread narrowed from recent years – and above the interest rate paid on ES balances (the 'ES rate'). The modest spread between the cash rate and the ES rate reflects the net effect of the opportunity costs to lenders of holding ES balances, transaction costs and some credit risk. The spread between the cash rate target and the ES rate was 10 basis points throughout the year, such that the actual cash rate remained close to the cash rate target.



Liquidity in the financial system (in the form of ES balances) declined by around \$11 billion over 2024/25, to a little over \$210 billion. This largely reflected the ongoing maturity of bonds that the RBA purchased during the pandemic, which had been acquired with payments that had added ES balances into the financial system. More generally, the aggregate level of ES balances can change due to transactions between RBA customers (mainly the Australian Government) and the customers of ES account holders. It is also affected by transactions we undertake on

our own behalf, including repurchase agreements (repos) collateralised with eligible securities, buying or selling government securities on an outright basis, or using foreign exchange (FX) swaps involving Australian dollars.

As the level of ES balances declines, we are transitioning to a new system for implementing monetary policy in which the level of ES balances will be determined by banks' underlying demand for reserves. Under this 'ample reserves' system, we will provide as many ES balances to counterparties at open market operations (OMO) as they demand; in contrast, the supply of ES balances was kept intentionally scarce in the system used before the pandemic. ES balances will be supplied at a fixed price to guide the cash rate and other money market rates. The benefits of the ample reserves system are that it is simple to operate, reduces the risk of unnecessary volatility or disruption to conditions in money markets, supports financial stability and is more resilient to any future expansion in the RBA's balance sheet.²

While the level of reserves has declined, it has remained above where we estimate ES balances will be 'ample'; that is, the level where the supply of ES balances roughly matches banks' underlying demand. This ample level could be somewhere between \$100 and \$200 billion, based on model estimates and bank surveys.³ However, these estimates are highly uncertain, and the underlying demand for ES balances will only become clear as supply approaches these levels. Given this, estimates of when ES balances may be ample are imprecise, and the true level could be reached as early as late 2025 or as late as 2028. To identify when this may happen, we continuously monitor conditions in money markets and conduct regular liaison with market participants. We also analyse OMO activity, because participation will increase once reserves are close to ample (discussed further below).

The Board discussed the transition to ample reserves in late-2024, following public consultation. It decided that the design of our liquidity management operations should be informed by three key principles:

1. *Sufficient monetary control*: this is the primary objective and involves the cash rate trading close to the target set by the Board, with other short-term money market rates tethered to the cash rate at levels that are consistent with the desired stance of monetary policy.
2. *Supporting private markets*: allowing modest deviations of the cash rate from its target can support activity in private markets, while still being consistent with monetary control. Well-functioning private markets help banks to better manage their funding needs, both in normal times and in times of stress. To achieve this, our operations will be designed to avoid the RBA having an overly large presence in any one market.
3. *Minimising risk to the RBA's balance sheet*: our operations to supply ES balances expose us to financial and operational risks. The size and nature of these risks depend on how many ES balances are supplied and the types of operations used to supply them. Our operations will be designed in a way to ensure we take on no more risk than is necessary to achieve sufficient monetary control and support private markets.

These principles need to be balanced, as there is some tension between them. The configuration of our OMOs, the level of the ES rate and the mix of other liquidity management operations we will use to supply ES balances carefully considers these trade-offs. We may need to recalibrate these settings as we learn more during the transition to ample reserves and as market conditions evolve, but we do not intend to adjust them frequently.

In April 2025, the RBA announced operational changes in line with these principles to support the transition to ample reserves (see below for further details). This included clarifying that the ES rate will be administered by the RBA and no longer be announced by the Board. The ES rate supports monetary control by setting a lower bound (or 'floor') on the cash rate, because banks face no incentive to lend below the ES rate in the cash market. The ES rate can also help us to support private markets and minimise risks to the RBA by influencing banks' demand for ES balances. The spread between the cash rate target and the ES rate has been maintained at 10 basis points.

Liquidity operations to implement monetary policy

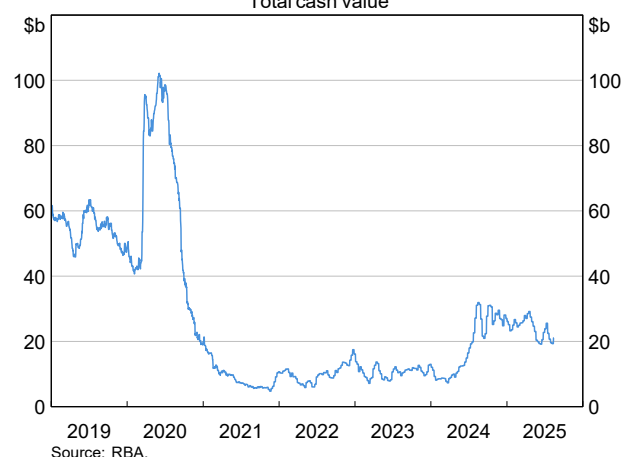
We undertake transactions in domestic financial markets when required to implement the policy settings of the Board, and to facilitate the smooth functioning of the payments system.

In 2024/25, the only type of operation we used to manage liquidity was weekly full allotment repurchase agreement auctions (OMO repos). These involve the temporary exchange of high-quality securities for ES balances. Under full allotment auctions, we offer to provide as many ES balances as counterparties demand at a rate closely linked to the cash rate target (conditional on the counterparty providing sufficient eligible collateral as security). These OMO repos are priced at a floating rate that can change over the term of the repos. In April 2025, this price was increased from a spread of 5 basis points over the average cash rate target prevailing during the repo term, to 10 basis points. We also commenced offering a seven-day tenor, in addition to the existing 28-day tenor.⁴ The value of OMO repos outstanding increased in 2024/25, to an average of \$25 billion (from \$11 billion in 2023/24; Graph 2.2.2). Following introduction of the seven-day tenor, most OMO repos continued to be transacted with a 28-day term (Graph 2.2.3).

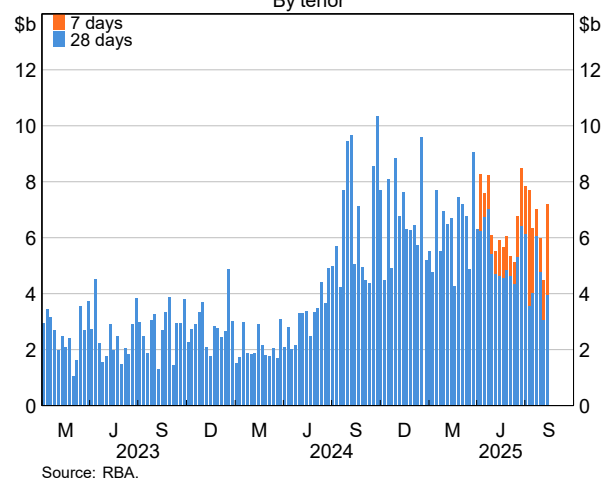
We have historically also used other types of transactions to implement monetary policy decisions, but did not need to use them in 2024/25. This includes FX swaps, in which Australian dollars are swapped for foreign currencies to increase the supply of ES balances in the same way as repo transactions, and outright purchases of near-maturity government securities (which can also smooth the impact of changes in the supply of Australian Government securities (AGS) on system liquidity).

In the coming years, the supply of ES balances will decline further as our remaining holdings of government bonds mature. When this supply falls short of banks' underlying demands, they will need to source additional liquidity via our full allotment OMO repos to meet their needs and our lending in the repo market will get progressively larger. To ensure that our presence in the repo market does not undermine the functioning of private markets, we plan to use FX swaps and purchases of short-term AGS to provide additional liquidity. The use of these operations for monetary policy implementation is expected to be some time away, and we will outline our plans for their use before actively using them.⁵

Graph 2.2.2
OMO Repo Outstanding
Total cash value



Graph 2.2.3
Open Market Operations
By tenor



Balance sheet

Over 2024/25, our balance sheet declined by \$10 billion to \$404 billion – around 40 per cent smaller than at its peak during the COVID-19 pandemic (Table 2.2.1).

Table 2.2.1: RBA Balance Sheet

\$ billion, 30 June

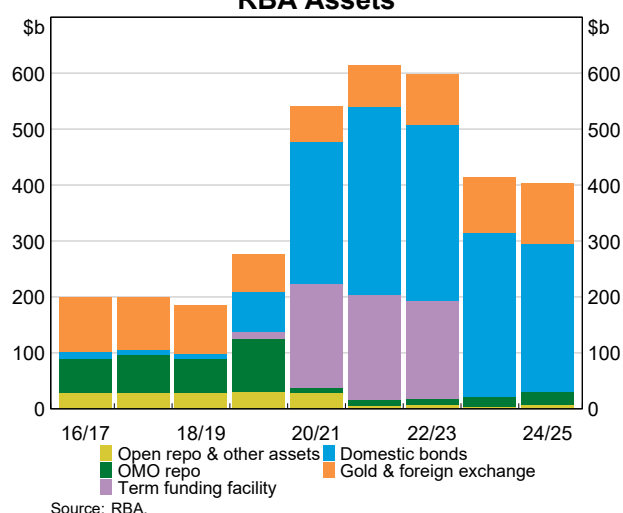
| | 2024 | 2025 | Change |
|--|------------|------------|------------|
| Assets | 414 | 404 | –10 |
| Foreign | 99 | 108 | 10 |
| Domestic | 315 | 295 | –20 |
| – Outright bond holdings | 294 | 266 | –28 |
| – OMO repos | 17 | 23 | 6 |
| – Open repos & others | 5 | 7 | 2 |
| Liabilities and Equity | 414 | 404 | –10 |
| Deposits | 318 | 290 | –28 |
| – ES balances | 223 | 212 | –11 |
| – Government & other | 95 | 78 | –17 |
| Banknotes | 101 | 104 | 3 |
| Other liabilities | 15 | 15 | 0 |
| Other reserves and current year earnings | –20 | –5 | 15 |
| Reserve Bank Reserve Fund and capital | 0 | 0 | 0 |

Source: RBA.

The decline in assets over 2024/25 was driven by the maturing of \$34 billion of AGS and \$4 billion of semi-government bonds. This was partly offset by an increase in the market value of our residual government bond holdings, reflecting a decline in bond yields, and a rise in outstanding OMO repos. Valuation effects also increased the value of our gold and foreign exchange holdings.

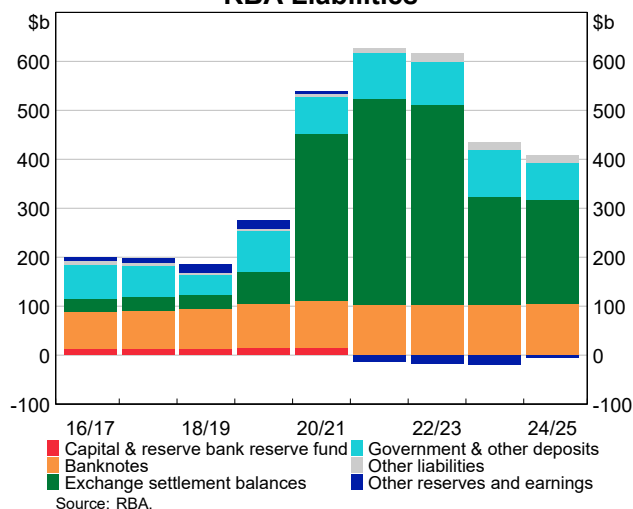
As at 30 June 2025, around three-quarters of our assets were domestic government bonds (Graph 2.2.4). Foreign exchange, OMO repo and gold make up most of the remainder.

Graph 2.2.4
RBA Assets



Liabilities declined by \$25 billion over 2024/25, as maturities of our bond holdings led to a reduction in ES balances and Australian Government deposits. As at 30 June 2025, ES balances comprised around half of all liabilities (Graph 2.2.5), with banknotes and Australian Government deposits comprising most of the remainder.

Graph 2.2.5
RBA Liabilities



Standing facilities

In addition to liquidity operations used to implement monetary policy, we also offer to provide liquidity via repos through our standing facilities, where eligible counterparties can temporarily exchange high-quality collateral for ES balances. These facilities are designed to support the smooth functioning of the payments system.

The most frequently used standing facilities are those for the provision of intraday liquidity to ES account holders. These carry no interest charge. There was little change in intraday repo activity in 2024/25 compared to the previous year, with account holders using an average of around \$3½ billion per day.

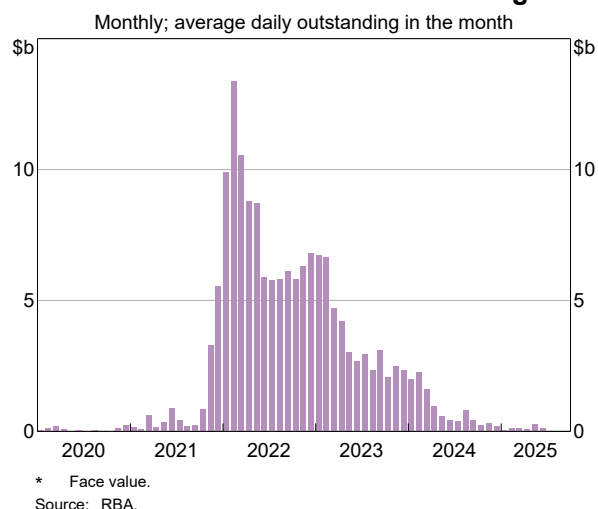
We also offer an overnight standing facility (OSF), through which ES account holders can exchange collateral for liquidity at an interest rate of 25 basis points above the cash rate target. In April 2025, the RBA and the Australian Prudential Regulation Authority (APRA) released a joint statement emphasising that use of the OSF by banks is consistent with routine liquidity management activities.⁶ Banks are expected and encouraged to use the OSF if they cannot find liquidity on suitable terms in private markets or via OMO. By providing an alternative source of liquidity to private markets, the OSF is designed to limit deviations in money market rates from the cash rate target. While the price is set high enough to avoid displacing private market activity, it provides an incentive for banks to use the facility if other sources are even more expensive. This facility was used six times during 2024/25, with a total of \$50 million borrowed. To support banks' operational readiness, we facilitate OSF repos for testing purposes.

Open repos are used to provide ES account holders with liquidity to facilitate their payments, particularly those made outside of standard business hours. ES account holders with after-hours payment obligations – such as 'direct-entry' payments and transactions through the New Payments Platform (see Part 2.3: Banking and Payment Services) – must hold sufficient ES balances at the close of each business day to settle these payments. Over 2024/25, open repo positions with the RBA rose from \$2 billion to \$4 billion.

Other market operations

To aid market functioning, we lend government securities that we own upon request from eligible counterparties. We also operate a Securities Lending Facility on behalf of the Australian Office of Financial Management (AOFM). Total securities lending activity declined considerably over 2024/25 but remained above pre-pandemic levels, reflecting the high (but declining) share of government bonds on our balance sheet (Graph 2.2.6). The value of outstanding securities lending from this facility averaged \$265 million per day in 2024/25 (compared with around \$2 billion per day in 2023/24). Activity on behalf of the AOFM remained much lower, averaging around \$5 million outstanding per day in 2024/25 (compared with around \$90 million per day in 2023/24).

Graph 2.2.6
RBA and AOFM Securities Lending*



We also consider proposals from eligible counterparties to sell semi-government bonds (semis) that we hold outright in exchange for offsetting (duration-neutral) purchases of other semis. In 2024/25, we conducted around \$920 million of these transactions, compared with \$2.6 billion in 2023/24.

Eligible collateral

We accept a range of eligible Australian dollar collateral for our market operations, as security in the event a borrowing counterparty does not meet its repurchase obligations. Acceptable collateral is listed in Table 2.2.2 and on the RBA website.⁷ To protect against a decline in the value of these securities, we require the value of the collateral to exceed the cash leg of the repo by a specific margin when a trade is first entered. We also require counterparties to post additional collateral over the term of the repo if the value of the posted collateral falls. These margins, which are also listed on the RBA website, are considerably higher for securities that are not issued by governments.⁸ As at 30 June 2025, around 45 per cent of the value of securities we held under repo were issued by authorised deposit-taking institutions (ADIs), with AGS and semis making up another 35 per cent. Participants in our market operations tend to be the fixed-income trading desks of banks and securities firms, as well as bank treasuries.

In February 2025, the eligible collateral criteria for intraday and overnight standing facility repos – but not for the open repo facility – was expanded and made the same as the criteria for OMO repos. Previously, for these facilities, smaller domestic banks and foreign bank branches could only deliver securities that could fulfil APRA's prudential liquidity requirements.⁹

Table 2.2.2: Australian Dollar Securities Held under Repurchase Agreements^(a)

As at 30 June

| | 2023 | | 2024 | | 2025 | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| | \$ billion | % of total | \$ billion | % of total | \$ billion | % of total |
| AGS | 1.5 | 1 | 1.9 | 9 | 4 | 14 |
| Semis | 6.3 | 3 | 3.5 | 17 | 6.7 | 23 |
| Supranational | 0.8 | 0 | 1.4 | 7 | 1.5 | 5 |
| ADI issued | 17.6 | 7 | 8.5 | 41 | 13.4 | 46 |
| Corporate issued | 0.6 | 0 | 0.6 | 3 | 1.7 | 6 |
| Asset backed securities | 218.5 | 89 | 4.1 | 20 | 1.2 | 4 |
| – of which: for Term Funding Facility | 217.2 | 88 | 0 | 0 | 0 | 0 |
| Other | 0.2 | 0 | 0.8 | 4 | 0.3 | 1 |
| Total | 245.5 | 100 | 20.6 | 100 | 28.8 | 100 |
| – of which: for open repo | 2.1 | 1 | 2.2 | 11 | 3.9 | 14 |
| – of which: for Term Funding Facility | 232.2 | 95 | 0.5 | 2 | 0 | 0 |
| – of which: for OMO | 11.3 | 5 | 18 | 87 | 24.8 | 86 |

(a) Market value of securities before the application of margins; includes securities held under triparty repos.

Source: RBA.

In 2024/25, our repo collateral holdings increased by around \$8 billion due to an increase in both open repo and OMO outstanding.

The domestic securities we own are held in an account that we maintain in Austraclear, the central securities depository operated by the Australian Securities Exchange (ASX). Securities transactions with our counterparties are settled in the Austraclear system, mostly on a bilateral basis. We also settle repo transactions contracted in our OMO within ASX Collateral, a collateral management service. During 2024/25, around 45 per cent of the value of securities we held under repo in OMO was settled within ASX Collateral, compared with around 40 per cent in 2023/24. The use of this system reduces the manual processing otherwise required to manage this collateral, including marking it to market and maintaining margins.

The cash rate

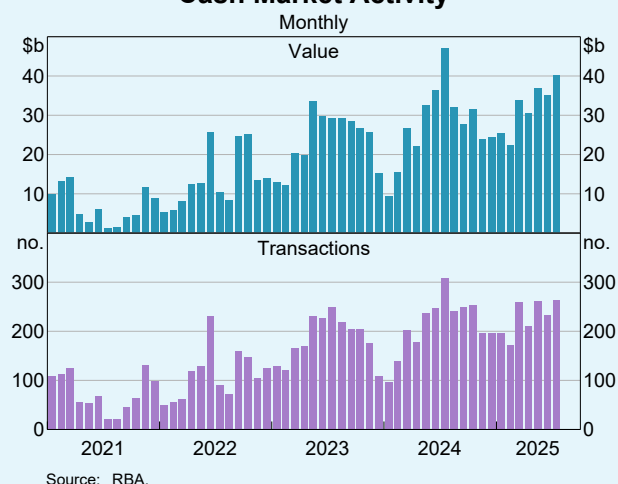
The RBA administers the cash rate, which is a significant financial benchmark referenced in overnight indexed swaps, the ASX's 30-day interbank cash rate futures contracts, and in securities and transactions requiring a (near) risk-free reference rate. The cash rate is also known as AONIA (AUD Overnight Index Average). As the risk-free reference rate for the Australian dollar, under definitions published by the International Swaps and Derivatives Association (ISDA) in 2020, it forms the basis of the fallback to the Bank Bill Swap Rate (BBSW); this fallback is calculated as AONIA plus a spread.¹⁰ The ISDA definitions were developed in the context of global benchmark reforms, which have included identifying alternatives to credit-based rates for use in securities and transactions.

Over the past few years, the high level of ES balances has meant that most banks have been able to settle payments without borrowing funds in the overnight cash market. Nonetheless, as ES balances fell over 2024/25, cash market activity increased from around \$1.2 billion per day in 2023/24 to around \$1.5 billion per day in 2024/25. This is still much less than the \$4 billion transacted per day prior to the COVID-19 pandemic.

Cash rate highlights

- The cash rate remained between the ES rate and the cash rate target throughout 2024/25.
- The cash rate was 1 basis point below the cash rate target for almost all of 2024/25 (other than a few days in July 2024, when it was 2 basis points below the target).
- Activity in the cash market increased during 2024/25 to an average daily volume of \$1.5 billion from \$1.2 billion in 2023/24 (Graph 2.2.7).
- The cash rate was determined by market transaction on 95 per cent of days in 2024/25, up from 87 per cent in 2023/24.
- On all occasions when the cash rate was set using expert judgement, rather than being based on market transactions, it was set as the previously published cash rate based on sufficient transactions.

Graph 2.2.7
Cash Market Activity



Foreign exchange operations

We transact in FX markets to provide services to our clients, manage our foreign currency assets and, if necessary, intervene in the FX market.

To provide FX services to our clients (principally, the Australian Government), we transact in the FX market almost every business day. During 2024/25, we bought A\$14 billion of foreign currency in the spot market (selling Australian dollars) to facilitate our client business. We also transact in the spot market to exchange one foreign currency for another, including to rebalance our reserves portfolio.

In addition, we regularly make use of foreign exchange (or 'cross-currency') swaps to manage our foreign currency assets. These swaps involve one currency being exchanged for another, with a commitment to unwind the exchange at a subsequent date and at an agreed (forward) rate. Short-term swaps between foreign currencies can be an efficient way to manage investments within the reserves portfolio. We also execute swaps against Australian dollars for terms of up to five years. The foreign currency obtained via these longer term transactions increases our capacity to conduct policy operations.

In May 2025, the Board approved a policy for intervening in the spot FX market to address any dysfunction that poses a risk to financial stability.¹¹ We also retain the capacity to intervene to address a significant misalignment in the value of the Australian dollar. Holding a stock of liquid foreign currency assets allows us to conduct such operations if needed (see below). However, we have not intervened in the FX market since 2008.¹²

Management of foreign reserves

Australia's official reserve assets include foreign currency assets, gold, Special Drawing Rights (SDRs; an international reserve asset created by the International Monetary Fund (IMF)) and Australia's reserve position in the IMF. Most of these assets are owned and managed by the RBA. The Australian Government owns Australia's reserve position in the IMF and around half of Australia's SDR holdings.

We hold foreign currency assets to facilitate policy operations in the FX market (described above) and to help the Australian Government meet its commitments to the IMF. One measure of our capacity to undertake these policy operations is foreign currency liquidity: the amount of foreign currency assets, net of any commitments due in the coming 12 months – including obligations to deliver foreign currency against Australian dollars on maturing swaps (Table 2.2.3; Graph 2.2.8).

Table 2.2.3: Foreign Assets

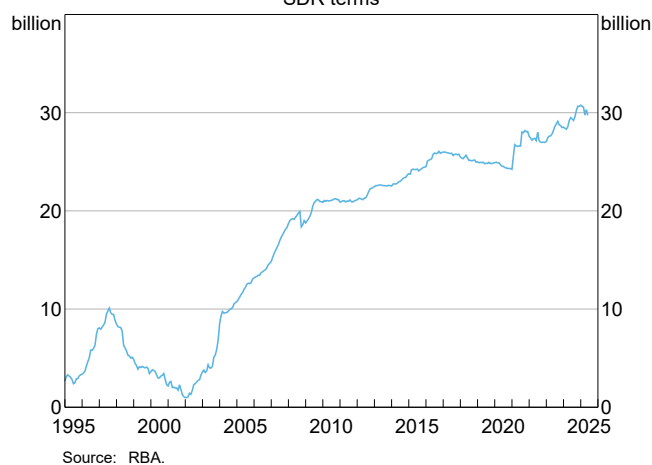
30 June 2025

| | A\$ million |
|--|-------------|
| Official reserve assets | |
| – Foreign currency | 61,022 |
| – Gold | 12,405 |
| – SDRs | 20,334 |
| – Reserve position in the IMF | 3,583 |
| – Other reserve assets | 4,604 |
| Other foreign currency assets | 91 |
| Net forward foreign currency commitments: Short term | |
| – Foreign currency | 467 |
| – Gold loans | 0 |
| Net forward foreign currency commitments: Long term | –8,374 |
| <i>Memo item:</i> | |
| <i>Foreign currency liquidity^(a)</i> | 62,332 |

(a) Foreign currency liquidity includes foreign currency holdings and other foreign currency assets, net of short-term foreign currency forward commitments (commitments with less than 12 months to maturity).

Source: RBA.

Graph 2.2.8
Foreign Currency Liquidity (FX)
SDR terms



The Board periodically reviews the amount of foreign currency assets required to meet our policy objectives for FX intervention, including through a potentially prolonged period of stress. The most recent review in March 2023 concluded that our capacity for intervention should increase gradually each year. Foreign currency liquidity can increase with earnings on our foreign currency assets and with purchases of foreign currency against the Australian dollar in either spot markets or via long-term swaps.

The foreign assets we hold expose us to market, liquidity and credit risk, which we seek to mitigate where possible. This includes holding a diversified portfolio and investing only in assets of high credit quality and appropriate liquidity (see also Part 3.3: Risk Management). Also, our foreign currency assets are managed against an internally constructed benchmark. Subject to our risk tolerances, the benchmark is assessed to be the combination of foreign currency assets that maximises our expected returns over the long run, while still providing sufficient liquidity to meet our policy objectives. The composition of the benchmark is reviewed periodically to account for updated data across a range of currencies.

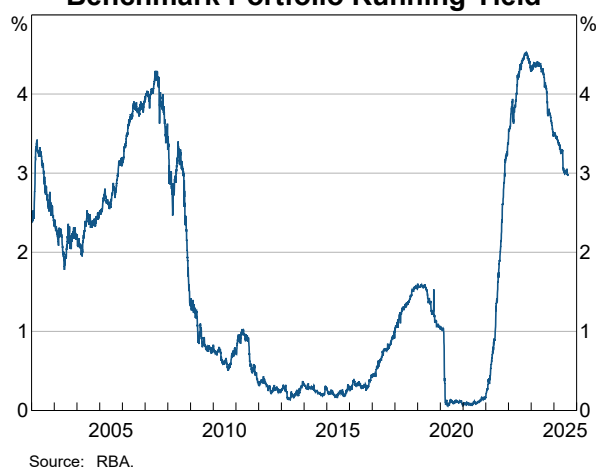
During 2024/25, the portfolio allocation to the US dollar was adjusted to 45 per cent from 55 per cent while the allocation to euro was adjusted from 20 per cent to 30 per cent. Our largest allocation remains the US dollar, reflecting the significant depth in US dollar currency and asset markets (Table 2.2.4). Duration targets remain relatively short for most of the foreign currency portfolios. At the end of June 2025, the running yield on the benchmark portfolio was around 3.0 per cent (Graph 2.2.9).

Table 2.2.4: Benchmark Foreign Currency Portfolio

| | US dollar | Euro | Japanese yen | Canadian dollar | Chinese renminbi | UK pound sterling | South Korean won |
|---|-----------|------|--------------|-----------------|------------------|-------------------|------------------|
| Currency allocation (per cent of total) | 45 | 30 | 5 | 5 | 5 | 5 | 5 |
| Duration (months) | 6 | 6 | <3 | 6 | 18 | 3 | 18 |

Source: RBA.

Graph 2.2.9
Benchmark Portfolio Running Yield



Investments in the benchmark currencies are limited to deposits at official institutions (such as central banks) and debt instruments issued (or guaranteed) by sovereign entities, central banks and supranational agencies (Table 2.2.5). Debt instruments issued by quasi-sovereign entities can also be accepted as collateral under reverse repos.

Table 2.2.5: Foreign Currency Assets^(a)

A\$ million, 30 June 2025

| Currency | Securities held outright | Securities lent under repos | Deposits at official institutions ^(b) | Total (gross) | Forward FX commitments ^(c) | | | Total (net) |
|-------------------|--------------------------|-----------------------------|--|---------------|---------------------------------------|--------------------------|--------|-------------|
| | | | | | Against A\$ | Against other currencies | Other | |
| US dollar | 7,577 | -751 | 846 | 7,672 | 165 | 9,563 | 6,437 | 23,836 |
| Euro | 5,631 | -1,097 | 89 | 4,623 | -3 | 7,702 | 4,013 | 16,335 |
| Japanese yen | 18,579 | - | 18,756 | 37,335 | -18,317 | -16,404 | - | 2,613 |
| Canadian dollar | 2,345 | - | 5 | 2,350 | - | 303 | - | 2,653 |
| Chinese renminbi | 1,619 | - | 1,013 | 2,632 | - | - | - | 2,632 |
| UK pound sterling | 2,271 | - | 8 | 2,279 | -1 | 400 | - | 2,678 |
| South Korean won | 4,127 | - | 3 | 4,130 | - | -1,458 | - | 2,672 |
| Total | 42,149 | -1,848 | 20,720 | 61,021 | -18,156 | 105 | 10,450 | 53,420 |

(a) Excludes gold, SDRs, the reserve position in the IMF, investments in the Asian Bond Fund, balances with overseas banks, futures margins and non-reserve currency holdings.

(b) Includes deposits at foreign central banks and the Bank for International Settlements.

(c) 'Forward FX commitments' reflect unsettled spot and forward transactions, converted to Australian dollars. Other forward commitments largely reflect cash lent under repos. This excludes forward commitments for non-reserve currencies and gold on loan.

Source: RBA.

As was the case in prior years, yields on yen and won investments generally exceeded those available in the other reserve currencies during 2024/25 after accounting for the cost of hedging the currency risk. Hence, we swapped other currencies in our reserves portfolio against the yen and won to enhance returns. And when long-term swaps against the Australian dollar have been used to increase our foreign currency assets, the yen was the preferred currency to purchase in the swap. Consequently, while our exposure to changes in the value of the yen and won remained small in 2024/25 (allocations in the benchmark to each of these currencies were only around A\$2.6 billion), an additional A\$34.7 billion of yen and A\$1.5 billion of won was held at the end of June 2025 due to swaps against other currencies.

Outside of the benchmark framework, we invest in several Asian debt markets through participation in the Executives' Meeting of East Asia-Pacific Central Banks Asian Bond Fund. This fund was set up in the early 2000s to assist in the development of bond markets in the region. At the end of June 2025, the total allocation of our reserves to these funds was around A\$880 million. In SDR terms, these investments delivered a return of 7.9 per cent over the year, reflecting returns on Asian government bonds and the effect of changes in currency valuations.

Our gold holdings (including gold on loan) have been unchanged since 1997 at 80 tonnes. We hold gold in an allocated account at the Bank of England. All bars meet the London Bullion Market Association's 'Good Delivery' standards. Four gold bars (less than 0.1 per cent of our total holdings) are held in Sydney.

Gold prices increased by 43 per cent in Australian dollar terms over 2024/25, increasing the value of the RBA's holdings of gold by around A\$4 billion to A\$13 billion. We seek to earn income on our holdings by lending gold. This lending was fully collateralised by cash (either Australian dollars or foreign currencies included in our benchmark portfolio). Returns from these activities totalled A\$2.8 million in 2024/25 – higher than in the previous year, due to increased activity and wider spreads. As at 30 June 2025, the RBA had 3 tonnes in gold loans outstanding.

Bilateral currency swaps

We have bilateral local currency swap agreements with four other central banks (Table 2.2.6). The purpose of these agreements is to allow each central bank to support trade settlement in local currencies in times of market stress or to support financial stability.

Table 2.2.6: RBA Bilateral Local Currency Swap Agreements

As at September 2025

| | Expiry | Maximum size (A\$ billion) |
|------------------------|---------------|---------------------------------------|
| People's Bank of China | July 2026 | 41 |
| Bank of Japan | March 2028 | 20 |
| Bank of Korea | February 2028 | 12 |
| Bank Indonesia | March 2030 | 10 |

Source: RBA.

Endnotes

- As described in Part 1.2, from 1 March 2025 the former Reserve Bank Board was replaced with a Governance Board and a Monetary Policy Board. References to 'the Board' in this part refer collectively to the Reserve Bank Board and the Monetary Policy Board.
- For a more detailed discussion, see Kent C (2024), 'The Future System for Monetary Policy Implementation', Bloomberg Australia briefing, Sydney, 2 April.
- See Bristow L (2024), 'Modelling Reserve Demand with Deposits and the Cost of Collateral', RBA Research Discussion Paper No 2024-08.
- See Kent C (2025), 'The RBA's Monetary Policy Implementation System – Some Important Updates', KangaNews Debt Capital Markets Summit, Sydney, 2 April.
- FX swaps are already used for managing our foreign currency assets.
- See APRA & RBA (2025), 'Joint APRA-RBA Statement on Use of the RBA's Overnight Standing Facility'.
- See RBA (2024), 'Eligible Securities'.
- See RBA (2023), 'Margin Ratios'.
- Larger domestically incorporated banks that are subject to APRA's Liquidity Coverage Ratio were already permitted to deliver any OMO-eligible securities as collateral for all standing facility repos. For the open repo facility, small banks and foreign bank branches can still only deliver securities that fulfil APRA's prudential liquidity requirements.
- See ISDA (2020), 'ISDA 2020 IBOR Fallbacks Protocol'.
- See Monetary Policy Board (2025), 'Policy on Financial Market Intervention to Address Market Dysfunction', May.
- At the time each annual report is published, intervention data for the year under review are published on the RBA website: RBA, 'Statistical Tables: Daily Foreign Exchange Market Intervention Transactions – A5'.

2.3 Banking and Payment Services

We provide banking and payment services to meet the needs of the Australian Government and its agencies, and to support an efficient and stable Australian financial system. These services support the timely and reliable provision of financial assistance to Australian households and businesses. We also operate national infrastructure that fulfils the settlement obligations created between financial institutions when Australian consumers, businesses and government agencies make payments.

Key outcomes in 2024/25

Banking

- We provided transactional banking services to over 100 Australian government agencies.
- We distributed 348 million domestic payments and 1 million international payments for the Australian Government, totalling \$846 billion and \$20 billion respectively. We also processed 58 million collection-related transactions for the Australian Government, amounting to \$876 billion.
- We completed our migration of core transactional banking systems to the cloud, and deployed functionality to support the New Payments Platform-based Confirmation of Payee initiative and the ongoing industry transition to ISO 20022 message types.

Payment services

- The Reserve Bank Information and Transfer System (RITS) settled an average of 69,000 transactions per day, worth \$288 billion. The Fast Settlement Service (FSS) of RITS settled a daily average of 3.6 million transactions – almost 19 per cent more than in 2023/24 – worth \$4.7 billion per day.
- Since late 2024, nearly all High Value Clearing System (HVCS) payments settled in RITS are using the new ISO 20022 message format. RITS now also supports ISO 20022-formatted reporting and enquiry messages, and members will migrate to this over two years. Our overseas accounts, and most accounts that official institution clients hold with us, have also been migrated to ISO 20022 messaging.
- We actively engaged with the payments industry during 2024/25 on the future of account-to-account payments. This involved contributing to wide-ranging discussions and considering potential changes to the RBA's payment settlement services to support future systems.
- We invested in strengthening the resilience of RITS and services that support it to remediate findings from two independent reviews into the major technology outage in 2022. We have made good progress in addressing these recommendations through enhancements to how we manage risk, changes to our investment framework, a review of resourcing and the creation of more effective controls and standards.
- We achieved our availability targets for RITS and the FSS.

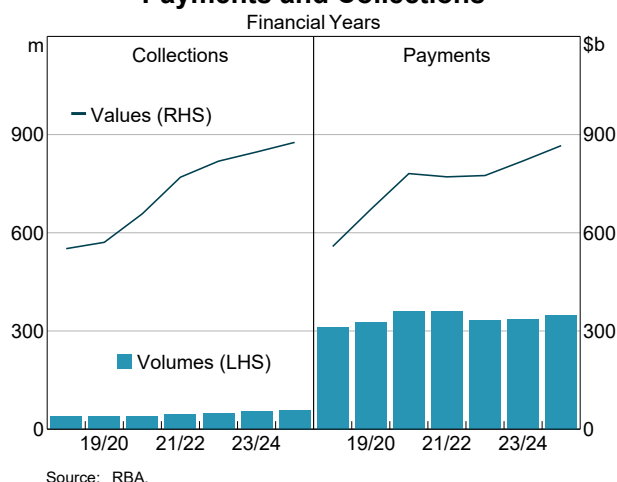
Transactional banking services

We aim to deliver secure, reliable and cost-effective banking and payment services to the Australian Government and its agencies, consistent with our responsibilities under the *Reserve Bank Act 1959*. These services enable the government, through its agencies, to make payments and collect revenue. These activities are critical – the vast majority of payments are welfare and age pension payments that are relied on by many Australians – and we prioritise these accordingly. We also work with industry to increase the resilience of the banking system and minimise outages.

We provide a broad range of payment and collection services to our customers. At present, most payments are delivered using cost-effective direct-entry systems, both domestically and overseas. Other payment methods used by our customers include the New Payments Platform (NPP), the real-time gross settlement system, cheques and BPAY. Government revenue is received by the above methods, by card (at a terminal, over the phone or via an online service) and, to a lesser extent, in cash.

In 2024/25, the number of payments processed for our government agency customers was larger than in 2023/24 but marginally less than in prior years which were boosted by payments related to the COVID-19 pandemic and natural disasters, such as floods in eastern Australia. We continued to see an increase in the number of collections-related transactions for the Australian Government during the year (Graph 2.3.1).

Graph 2.3.1
Payments and Collections



The transactional banking services we offer and the technologies we use are evolving in response to innovations in the industry. During 2024/25, we progressed work around technology, fraud, and the ongoing transformation of the payments landscape, including the following:

- *Completing the migration of our core transactional banking systems to the cloud:* This work improves the resilience of our systems, supports best practice and analytics, and avoids costly and complicated hardware upgrades.
- *Deploying a solution in support of the NPP-based Confirmation of Payee initiative:* The Confirmation of Payee service allows the public to confirm account details prior to making payments, to help reduce the risk of mistaken payments and invoice-related scams.
- *Commencing customer migration of card collections services to a new service provider:* This new solution delivers additional protections to combat fraud. Several of our customers have already migrated to the new solution, with the remainder scheduled to move over in 2025/26.
- *Enhancing several interbank messaging processes* to align with the ISO 20022 messaging standard and to support process automation, efficiency and interoperability. This work forms part of a multi-year domestic and international program as various payment systems and messages are progressively modernised.
- *Helping stakeholders phase out use of cheques:* This work ensures that government agencies are prepared for the anticipated closure of the cheque system in 2029 – the volume of cheque payments by government customers fell by a further 26 per cent in 2024/25.
- *Formally commencing our account-to-account transition program* to plan and build payment and collections solutions ahead of industry's proposed decommissioning of the current Bulk Electronic Clearing System (BECS). Any industry transition of payments away from BECS will involve significant work – over 85 per cent of our customers' payments and receipts (by volume) are processed through BECS. The direct entry payments we make on behalf of our transactional banking customers accounted for around 10 per cent of all direct-entry payments in Australia in 2024/25.

There are significant barriers to migrating direct-entry and cheque payments to alternative systems. This includes legislation that requires the use and acceptance of cheques, entrenched legacy systems at many stages in the payments process, and the current lack of a suitable alternative for bulk payments (such as regular pension payments). We will continue to work with our agency customers and industry to plan how these payments can be made securely, efficiently and cost-effectively in future.

In the coming year, we intend to further upgrade messages and processes to align with ISO 20022, including preparing for an industry-wide uplift of the NPP ISO 20022 message version.

Pro forma business accounts

Our transactional banking services are subject to the Australian Government's competitive neutrality guidelines. We deliver these services in competition with commercial financial institutions, including by bidding for business at tenders. We must cost and price the services separately from our other activities and meet a prescribed minimum rate of return. In 2024/25, we achieved our competitive neutrality target rate of return.

Pro forma business accounts for our contestable businesses are prepared in accordance with competitive neutrality guidelines. These accounts do not form part of the audited financial statements.

In 2024/25, after-tax earnings from our transactional banking services were \$4.2 million (Table 2.3.1).

Table 2.3.1: Transactional Banking Accounts

\$ million

| | 2023/24 | 2024/25 |
|--|---------|---------|
| Revenue | | |
| – Service fees | 164.3 | 210.6 |
| – Other revenue | 7.7 | 11.3 |
| Total | 172.0 | 221.9 |
| Expenditure | | |
| Total | 158.0 | 215.3 |
| Net profit/(loss) | 14.0 | 6.6 |
| Net profit/(loss) after taxes ^(a) | 10.3 | 4.2 |
| Assets^(b) | | |
| – Domestic markets investments | 7,004.0 | 6,488.1 |
| – Other assets | 20.1 | 25.6 |
| Total | 7,024.0 | 6,513.7 |
| Liabilities^(b) | | |
| – Capital and reserves | 25.0 | 25.0 |
| – Deposits | 6,983.7 | 6,464.0 |
| – Other liabilities | 15.3 | 24.7 |
| Total | 7,024.0 | 6,513.7 |

(a) In accordance with the competitive neutrality guidelines, income tax expense has been calculated but no such amount is directly transferred to the Australian Government. Instead, the amount is notionally captured within the RBA's annual profit distribution.

(b) As at 30 June.

Source: RBA.

Central banking services

As part of our central banking services, we manage the overnight consolidation of Australian government agency account balances. This requires the movement of agency account balances that are held with either commercial financial institutions or the RBA into the Official Public Account. We also process daily payment instructions from the Department of Finance to move funds from the Official Public Account to agency bank accounts to meet their payment obligations.

While we manage the consolidation of the government's accounts, the Australian Office of Financial Management (AOFM) is responsible for ensuring that there are sufficient cash balances to meet the government's day-to-day spending commitments and for investing excess funds in approved investments. We offer a cash management account to assist the AOFM in this regard. We also provide a limited short-term overdraft facility to accommodate any unexpected demand for government cash balances. This overdraft facility is used infrequently and was not used during 2024/25.

Settlement services

We own, operate and manage Australia's interbank settlement system, RITS. This system performs final and irrevocable settlement of interbank obligations arising from the wide range of non-cash payments in Australia. This includes card-related transactions, electronic retail payments and high-value transactions. These obligations are settled through the simultaneous debiting and crediting of Exchange Settlement (ES) accounts held at the RBA on behalf of RITS members.

RITS settles many transactions using real-time gross settlement (RTGS). This includes:

- high-value transactions from the HVCS (exchanged via Swift messaging services), Austraclear, and cash transfers (funds transfers between ES accounts entered directly into RITS)
- low-value payments initiated through the NPP (settled through the RITS FSS).

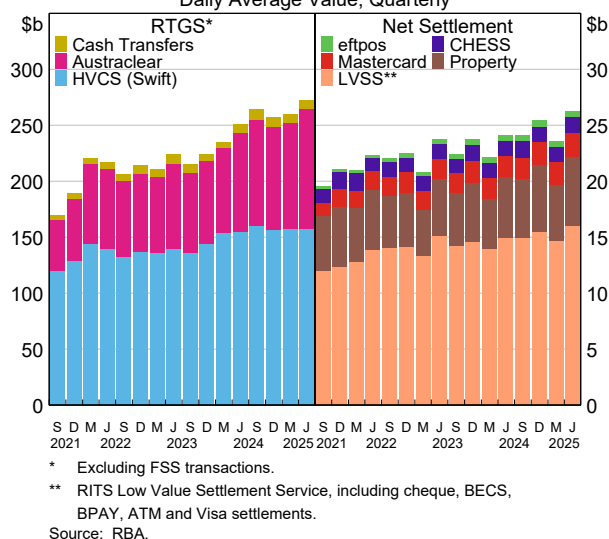
Most low-value payments are, however, still settled on a net basis in batches. The RITS Low Value Settlement Service collates and settles interbank payment obligations arising from some debit and credit cards, BPAY, ATM, cheques and BECS. The latter are known as direct entry or 'pay anyone'; many of these – including salaries and welfare payments – are exchanged in bulk files.

RITS also allows approved parties to submit netted batches for settlement, such as:

- card payments processed by eftpos and Mastercard
- equities transactions processed by the ASX Clearing House Electronic Subregister System (CHESS)
- electronic property transactions processed by Property Exchange Australia and Sympli Australia.

In 2024/25, RITS (excluding the FSS) settled an average of 69,000 transactions worth \$288 billion per business day. Transaction volumes remained at similar levels to the previous financial year, while the average daily value settled grew by around 13 per cent (Graph 2.3.2).

Graph 2.3.2
Interbank Settlement
Activity by Payment Type
Daily Average Value, Quarterly



In 2024/25, two organisations became RITS members and three resigned, bringing total membership to 156. Of these, 100 hold ES accounts (most of which are authorised deposit-taking institutions (ADIs)), five administer batches submitted to RITS for settlement, and the rest hold RITS membership to participate in the RBA's open market operations (see Part 2.2: Operations in Financial Markets). Fifteen ES account holders also directly settle NPP transactions through the RITS FSS.

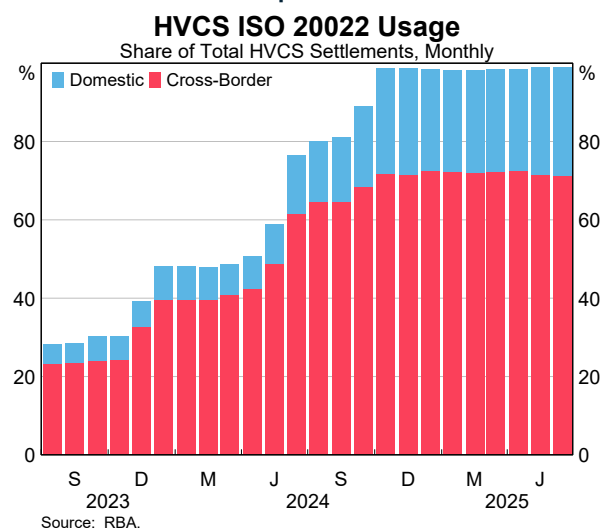
In November 2024, the RBA amended its Exchange Settlement Account Policy to streamline application requirements for ES accounts that are used by ADIs only for depositing funds and not for the settlement of payment obligations. These changes followed the release of guidance by the Australian Prudential Regulation Authority (APRA) to ADIs subject to minimum liquidity holding requirements, in which APRA indicated its expectation that these ADIs take steps to improve the diversification of their liquidity portfolios.¹

We continue to support the transition to modern, data-rich ISO 20022 messaging standards across Australia's payment systems. In 2024/25, this included the following:

- We worked with RITS members and the Australian Payments Network towards completion of the migration of the HVCS to ISO 20022 (Graph 2.3.3). Around 1 per cent of payments will use legacy formats until the late-2025 deadline set by Swift for the global migration of cross-border payments. Further enhancements to RITS are underway to support the first update of the HVCS ISO 20022 message guidelines since go-live in early 2023.
- We enabled ISO 20022 messaging for the RITS Automated Information Facility used for automated reporting, credit and liquidity management. Members are transitioning from the old format over a two-year period beginning in November 2024.
- We scoped changes to the RITS FSS to support an upgrade of the NPP ISO 20022 messages to a newer version that aligns with international standards.
- We completed the migration to ISO 20022 for the RBA's foreign currency accounts held with overseas central banks. The migration of client accounts that overseas central banks and official institutions maintain with the RBA is ongoing.

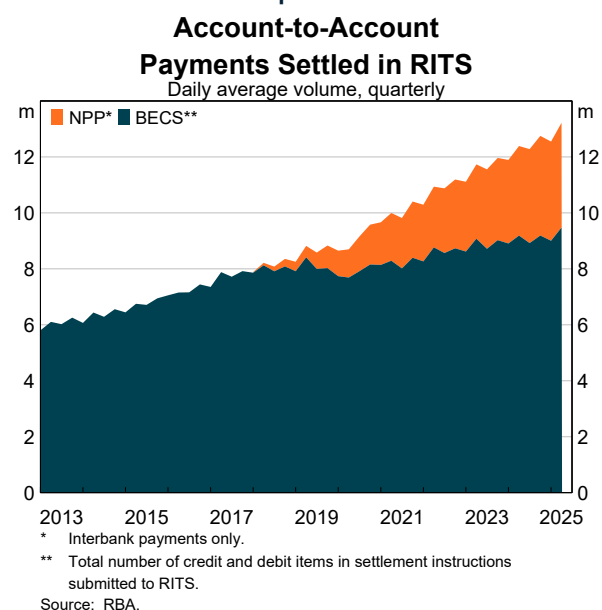
In 2025/26, we will start planning for the implementation of ISO 20022 for RITS batch settlement messages.

Graph 2.3.3



The Australian payments industry is developing a vision for the future of account-to-account payments, which are currently processed mainly through the BECS and NPP (Graph 2.3.4). As the provider of interbank settlement services for all account-to-account payments in Australia, we are engaging closely in industry discussions to assess what future changes to our services may be needed to support the agreed vision.

Graph 2.3.4



We have been progressing priority recommendations from a cyber simulation exercise, held in March 2024. This exercise with RITS members and payment system operators tested responses to a cyber-attack affecting parts of the payments system. Our current focus is on clarifying the roles and responsibilities of key industry and government stakeholders during a cyber event – a key shortcoming identified by the exercise. We are working closely on this with the National Office of Cyber Security, while also contributing to other initiatives to strengthen incident coordination and the overall resilience of the payments system.

Alongside our interbank settlement services, we also manage the settlement of the RBA's own transactions and those of our clients. We provide correspondent banking services to 62 overseas central banks and official institutions for the settlement of their Australian dollar transactions. Many of them also use our safe custody services, with the face value of securities held in custody around \$144 billion at the end of June 2025. Additionally, we provide registry services to eight supranational organisations that issue Australian dollar-denominated securities, as well as settlement services for banknote lodgements and withdrawals by commercial banks.

Strengthening the operating environment supporting RITS

A particular focus for the RBA in 2024/25 has been addressing the recommendations of the Deloitte review into the causes of a major technology outage in October 2022. This outage affected a range of key RBA systems, including aspects of the RITS settlement services (such as the FSS). The review, along with an assessment by Payments Policy Department of the extent to which RITS complies with the Principles for Financial Market Infrastructures, concluded that aspects of our systems and operating processes should be strengthened to achieve the high standards of service availability required when operating critically important national payments infrastructure.² We are committed to implementing these recommendations in full.

The work to address the recommendations spans the RITS operating model and associated resourcing requirements, IT system controls and asset management, knowledge management and investment prioritisation. It is led by the Payments Operations Program. Other recommendations relating to risk management, governance and broader cultural aspects are being addressed through the Future Hub transformation program.

We have made considerable progress in 2024/25, including to design and develop the RBA's enhanced risk management capabilities, practices, processes, and systems (see Part 3.3: Risk Management). The revised risk management operating model brings us into closer alignment with industry practice and strengthens clarity of accountability through the adoption of a 'three lines of accountability' standard. A pilot that began in 2024/25 is testing the practical application of an enhanced risk management framework within Payments Settlements Department, ahead of a planned enterprise-wide rollout. In 2025/26, the focus of the work in this area will be to drive the adoption of these enhanced practices across all departments, including by reinforcing risk ownership and ensuring all staff understand their role in managing risk.

In addition to strengthening risk management and governance, we made progress in 2024/25 across several other areas:

- We completed a new prioritisation framework for use by our Investment Committee. This will be implemented in the September 2025 quarter. The changes to this framework aim to support the resilience of RITS through ongoing investment.
- The new RITS operating model and an associated resourcing review has been substantially completed and will be implemented progressively through late 2025 and early 2026.
- A new industry standard IT controls library has been developed, along with documents setting out software development lifecycle requirements for infrastructure change, test and environment management standards and log management standards. Work has also begun on assessing RITS-related systems and our broader IT approaches against these standards. This will guide the RBA's work to enhance systems and processes to ensure they focus on areas that will have the largest impact on reducing operational risk.

Endnotes

- 1 See APRA (2024), 'APRA Finalises Targeted Changes to Strengthen Banks' Liquidity and Capital Requirements', Media Release, 24 July.
- 2 See RBA (2023), 'Strengthening the RBA's Payments Infrastructure', Media Release No 2023-12, 30 May.

2.4 Banknotes

We are responsible for producing and issuing Australia's banknotes, and for supporting their quality and security so that Australians have confidence in them. While the use of cash for payments has declined over recent decades, it remains an important means of payment for many Australians. Cash also continues to be used as a store of value and a back-up method of payment. It is important that Australians continue to have reasonable access to cash and confidence in banknotes to meet their needs.

Key outcomes in 2024/25

- We worked closely with government agencies and key participants in the cash distribution industry on business continuity arrangements in the event of a disruption to the supply of cash services and on options to support the long-term availability of cash in the community.
- We selected a theme for the redesigned \$5 banknote to honour the enduring connection that First Nations peoples have to Country and commenced work to translate this theme into an artwork and banknote design.

Our response to recent developments in wholesale cash distribution

The decline in the use of cash for transactions over recent decades has contributed to pressures in the cash distribution system in Australia. In mid-2023, the two largest cash-in-transit companies in Australia – Linfox Armaguard and Prosegur Australia – merged. The merger was approved by the Australian Competition and Consumer Commission (ACCC), subject to a three-year undertaking regarding pricing and service levels. Despite the merger having taken place as proposed, Armaguard indicated in late 2023 that it was facing financial difficulties. In June 2024, Armaguard's major banking and retail customers agreed to provide Armaguard funding support in 2024/25, allowing more time for Armaguard to embed efficiency gains arising from the merger and improve its financial sustainability. In July 2025, the parties extended their financial contributions for a further six months to December 2025.

Over the past year, Armaguard and its major customers have worked together to improve the efficiency of cash-in-transit operations and have initiated discussions regarding a pricing mechanism to support sustainability of the industry. The major banks, the broader cash distribution industry, the RBA and other government agencies have been discussing how to evolve the operating model to support the future viability of cash. In July, the Council of Financial Regulators and the ACCC issued a consultation paper regarding potential

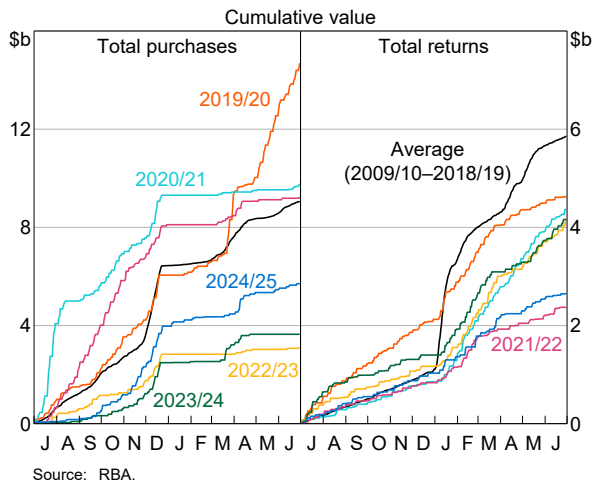
regulation to better manage risks in the cash distribution system.¹ In addition, the RBA has continued to work closely with government agencies and key participants in the cash distribution industry on business continuity arrangements in the event of a disruption to the supply of cash services. Maintaining cash as a useable and accessible payment method is in the public interest, and our work in this area supports the government's objective to maintain adequate access to cash for as long as Australians want or need to use it.

Distribution activities

We sell banknotes to the four major commercial banks under the Banknote Distribution Framework.² The banks, in turn, have arrangements in place to distribute banknotes around Australia to meet the demands of their customers.

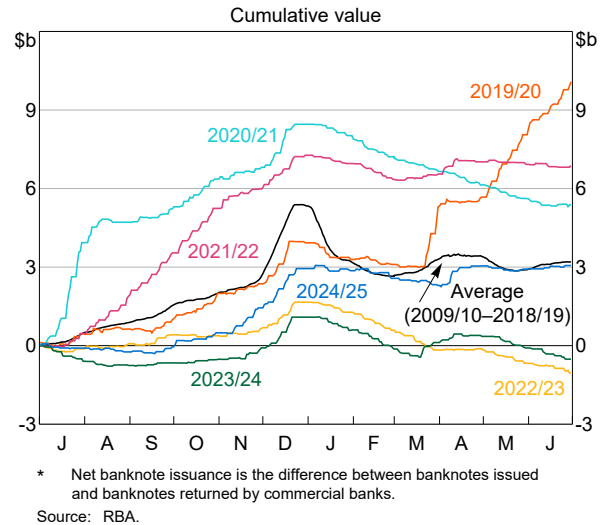
Banknote distribution activities in 2024/25 picked up from the previous year with around \$5.7 billion of banknotes issued, but remain lower than the average issuance in pre-COVID-19 years. Returns by commercial banks to us decreased, with around \$2.6 billion of banknotes returned in 2024/25, mainly consisting of the previous banknote series (Graph 2.4.1). In net terms, banknote issuance was around the pre-COVID-19 historical annual average (Graph 2.4.2). Around 92 per cent of transactions were carried out from the National Banknote Site in Craigieburn, Victoria, with the remainder carried out from our contingency site in Sydney.

Graph 2.4.1

Total Purchases and Returns

With a greater value of banknotes being purchased from us than was returned by commercial banks, the value of banknotes in circulation increased by 3.0 per cent over 2024/25 (Table 2.4.1). The growth was broadly based across all denominations in circulation, with strongest growth for the \$100 banknote. At the end of June 2025, the value of banknotes in circulation was \$103.8 billion, equivalent to around 4 per cent of GDP (Graph 2.4.3). There are currently around 2 billion banknotes in circulation.

Graph 2.4.2

Net Banknote Issuance*

Graph 2.4.3

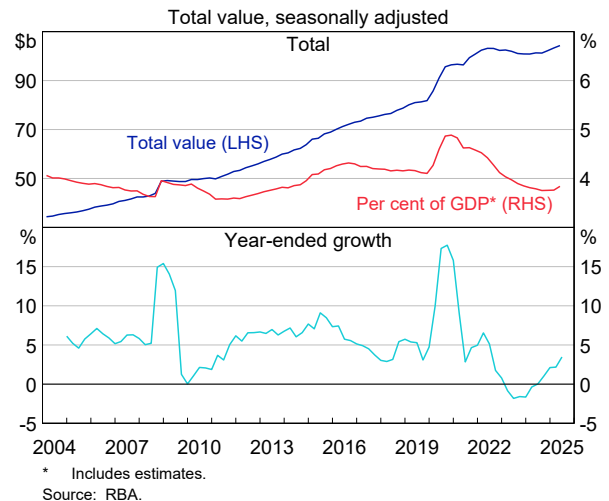
Banknotes in Circulation

Table 2.4.1: Banknotes in Circulation

End-June 2025; by denomination

| | \$5 | \$10 | \$20 | \$50 | \$100 | Total |
|--|-----|------|------|------|-------|-------|
| Value (\$b) | 1.1 | 1.5 | 3.8 | 47.3 | 50.3 | 103.8 |
| Year-ended growth ^(a) (%) | 2.2 | 2.5 | 2.3 | 1.6 | 4.5 | 3.0 |
| 10-year annualised growth ^(b) (%) | 2.6 | 2.5 | 1.7 | 4.9 | 5.9 | 5.2 |

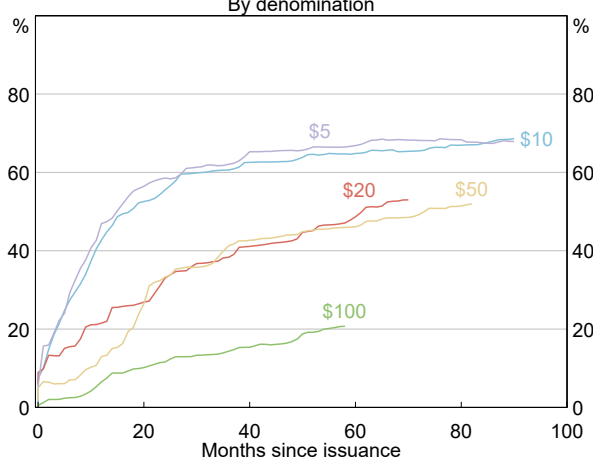
(a) Growth by value since end-June 2024.

(b) Annualised 10-year growth up to end-June 2024.

Source: RBA.

The proportion of all banknotes in circulation that are part of the Next Generation Banknote (NGB) series (the saturation rate) increased over 2024/25. NGB \$20 and \$50 banknote saturation increased by around 6 and 3 percentage points from the previous year, to represent just over half of these banknotes on issue (Graph 2.4.4). The NGB \$100 banknote saturation rate increased to 20 per cent. By contrast, the saturation rate for the two lower denominations was little changed at around 70 per cent. Saturation of NGB \$5 and \$10 banknotes is unlikely to rise substantially from their current rates, since many of the earlier series banknotes are stored, lost or held abroad, and so are unlikely to be returned to us in the near term.

Graph 2.4.4
Saturation Rates of NGB Series*
By denomination



* Percentage of each denomination in circulation that is part of the NGB series – Next Generation Banknotes.
Source: RBA.

Banknote quality and counterfeits

We aim to have high quality banknotes in circulation. Such notes are more easily handled by machines and reduce the possibility of counterfeits being accepted. Accordingly, there are arrangements in place to encourage the major commercial banks and cash-in-transit companies to sort the banknotes they handle to agreed quality standards. Based on this sorting, banknotes that remain fit for circulation are redistributed, while those that are deemed unfit are returned to the RBA, removed from circulation and destroyed.

In 2024/25, we received \$2.1 billion worth of banknotes deemed unfit for recirculation and paid nearly \$15 million to the commercial banks under our incentives framework to promote quality sorting. A project to commission two new banknote processing machines at the National Banknote Site, which will replace four machines that have reached end of life, will be completed in the last few months of 2025.

We make interest compensation payments on banknotes that the major commercial banks store in approved private cash depots. The interest compensation payments are in line with the interest that would have been paid to the banks were they to instead hold Exchange Settlement balances at the RBA. This arrangement is designed to support cash availability and efficiency in banknote distribution by encouraging banks that participate in the Banknote Distribution Framework to hold their banknotes at cash depots around Australia, in turn supporting trading of banknotes between banks and reducing the incentive to return banknotes to the RBA. These payments also incentivise quality sorting because only banknotes that have been quality sorted are eligible. In 2024/25, we paid \$119 million in interest compensation, which was lower than in 2023/24. Lower interest rates in the second half of the year and lower average holdings of banknotes at cash depots contributed to this reduction.

We also remove banknotes from circulation through our damaged banknotes facility. The facility is offered to holders of Australian banknotes who have come into possession of damaged banknotes unwittingly or whose banknotes have been accidentally damaged. Claims that meet the requirements set out in the Damaged Banknotes Policy are paid based on their assessed value.³ In 2024/25, the damaged banknotes facility processed around 9,600 claims and made \$3.7 million in payments.



Heat-damaged banknotes assessed at the RBA's laboratory. Source: RBA.

Counterfeiting activity has been low compared with the historical average. In 2024/25, almost 8,000 counterfeits, with a nominal value of just under \$600,000, were detected in circulation (Table 2.4.2).

This corresponds to a counterfeiting rate of around four counterfeits detected per million banknotes in circulation, but this is expected to rise to six once all counterfeits detected in 2024/25 have been received by the RBA. This is well below the 20-year average of just over 12 counterfeits detected per million banknotes in circulation (Graph 2.4.5). The subdued

counterfeiting rate can be attributed to two key factors: effective law enforcement and the increasing saturation of the NGB series of banknotes, which is more difficult to counterfeit than older series due to the enhanced security features of NGBs. At the end of 2024/25 there was a modest increase in the counterfeit threat in Australia, which corresponds to increased counterfeiting of polymer banknotes in a number of countries including the UK, Canada and New Zealand. This is likely to continue into 2025/26.

Table 2.4.2: Counterfeit Banknotes in Australia – 2024/25^(a)

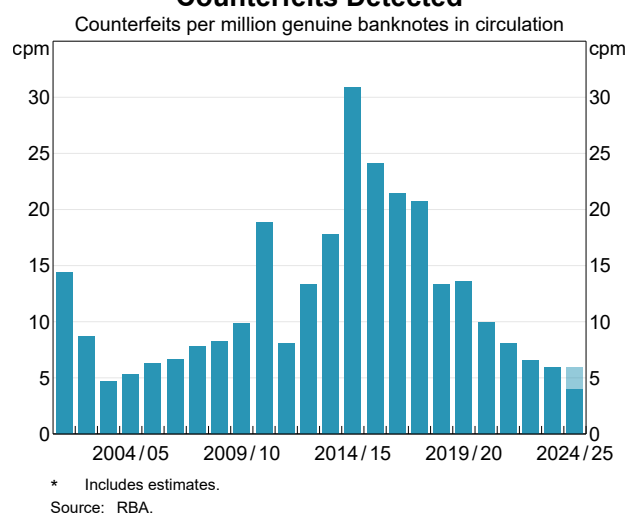
| | \$5 | \$10 | \$20 | \$50 | \$100 | Total |
|------------------------------------|-------|------|-------|---------|---------|---------|
| Total number | 1 | 6 | 302 | 3,338 | 4,223 | 7,870 |
| – First polymer series | 0 | 6 | 299 | 3,256 | 4,191 | 7,752 |
| – NGB series | 1 | 0 | 3 | 82 | 32 | 118 |
| Total nominal value (\$) | 5 | 60 | 6,040 | 166,900 | 422,300 | 595,305 |
| Counterfeiting rate ^(b) | 0.005 | 0.04 | 1.6 | 3.5 | 8.6 | 3.9 |

(a) Figures are preliminary and subject to upward revision because of lags in counterfeit submissions to the RBA.

(b) Counterfeits per million banknotes in circulation.

Source: RBA.

Graph 2.4.5
Counterfeits Detected



Counterfeiting rates in Australia continue to be highest for the \$100 denomination, particularly the older polymer series. Since the introduction of the first NGB banknote in 2016, only 854 NGB counterfeits have been detected. In 2024/25, around 0.2 counterfeits for the NGB series were detected per million banknotes in circulation, compared to 11 counterfeits detected per million banknotes in circulation of the previous series. The average quality of the NGB series counterfeits is also lower than counterfeits from the previous series.

Law enforcement plays a key role in managing the threat of counterfeiting through investigations and prosecutions. We support court proceedings around Australia by providing information about counterfeit banknotes and expert witness statements. In 2024/25, we completed 86 statements concerning 12,922 counterfeits. We are aware of five court proceedings that occurred during the year related to the possession of counterfeit currency.

Redesign of the \$5 banknote

In February 2023, we announced the redesign of the current \$5 banknote. Work is underway to redesign the portrait side of the \$5 banknote, which currently features the late monarch, Her Majesty Queen Elizabeth II. The Australian Parliament will continue to feature on the reverse side. The new design will honour the history and culture of First Nations peoples of Australia. In 2024/25, an Imagery Selection Panel, which includes First Nations representatives and representatives from the RBA and Note Printing Australia Limited (NPA), selected the theme for the

redesigned \$5 banknote. The theme honours the enduring connection that First Nations peoples have to Country – including the land, sea and sky. We have engaged with relevant communities throughout this project, and will continue to do so, to ensure the appropriate use and interpretation of cultural heritage (see Part 2.6: Community Engagement).

Research and development

We maintain an active banknote research and development program to develop and assess cost-effective, counterfeit-resistant security features and detection technologies for Australian banknotes. The primary purpose of this program is to ensure that Australia's banknotes remain durable, secure against counterfeiting and easy to authenticate for a wide range of users. This is achieved, in part, through collaboration with domestic and international experts from various external organisations, including universities, public and private companies, research institutes and other central banks.

Continuous assessment of several issues is fundamental to this program. These include:

- the vulnerability of banknotes to different forms of counterfeiting
- the mechanisms by which banknotes wear in circulation
- production capability
- how the public and banknote-processing machines use and authenticate banknotes.

This work is complemented by the design and manufacture of new equipment, and the development of new methods for testing banknote quality and assessing damaged banknotes. There was a strong focus in 2024/25 on the selection of enhanced security features in the project to redesign the \$5 banknote. There was also work to understand the circulation wear properties of the NGB series. This included how the public rates banknote quality and how this rating influences their ability to distinguish genuine banknotes from counterfeits. It also included product and process improvements that might reduce costs and improve circulation life. The program also assisted NPA with the provision of technology and expertise for its export customers.

Note Printing Australia Limited

NPA is a wholly owned subsidiary of the RBA that produces banknotes and passports for Australia. The volume of Australian banknotes printed each year varies depending on the RBA's needs to issue notes or add to its stocks.

More detail on NPA is provided in Part 1.2: Governance and Accountability and Part 1.6: Operational Structure.

NPA also provides printing services to other Australian government agencies and overseas central banks. In 2024/25, NPA:

- produced around 2.4 million R-series passports for the Australian Department of Foreign Affairs and Trade
- printed 1.5 million births, deaths and marriages certificates for all state governments in Australia
- delivered around 800 million banknotes under contract to Papua New Guinea, the Solomon Islands and the Philippines, dealing directly with the central banks in those countries.

Endnotes

- 1 See CFR (Council of Financial Regulators) (2025), 'Consultation on a Regulatory Framework for Cash Distribution in Australia', Media Release No 2025-04, 16 July.
- 2 RBA, 'BDF Legal Framework'.
- 3 See Burton A and H Winata (2022), 'What Can You Do With Your Damaged Banknotes?', *RBA Bulletin*, June.

2.5 International Financial Cooperation

We participate in international efforts to address challenges facing the global economy and financial system, and to improve the international financial architecture. We do so through membership of global and regional forums and through bilateral relationships with other central banks.

Key outcomes in 2024/25

- We continued to engage in international forums to support better regional and global outcomes and enable Australia's interests to be considered.
- We maintained and built relationships with overseas counterparts – including with other central banks, international organisations and overseas regulators – allowing us to share and gain knowledge, and cooperate in various ways from time to time.
- This year, discussion on the global economic outlook focused on macroeconomic policy settings, the effects of the increase in tariffs and geopolitical risk.
- Work also continued on a range of financial sector issues, including identifying risks emerging because of increased policy uncertainty, considering financial risks arising from areas such as non-bank financial intermediation and climate change, and enhancing cross-border payments.

Bank for International Settlements

Purpose

The Bank for International Settlements (BIS) and its associated committees support collaboration among central banks and other financial regulatory bodies. They bring together officials to exchange information and views about the global economy, vulnerabilities in the global financial system and issues affecting central bank operations.

RBA involvement

The RBA is one of 63 central banks and monetary authorities that hold shares in the BIS. The Governor participates in the bimonthly meetings of governors and in meetings of the Asian Consultative Council. The Assistant Governor (Financial Markets) is a member of the BIS Markets Committee and the Committee on the Global Financial System. Staff also participate in working groups and sub-groups of these committees. Over the past year, this included a joint working group on central bank reserves, the regulation of liquidity and financial stability that involved these committees and the Basel Committee on Banking Supervision (BCBS; see below).

RBA staff also participate in various BIS-organised engagements focusing on topics related to economics, central bank operations and communication. Participants include the Assistant Governor (Economic), the Chief Operations Officer and the Chief Communications Officer.

The bimonthly meetings of governors discuss macroeconomic and financial developments in advanced and emerging market economies, and provide guidance to other BIS committees.

The Committee on the Global Financial System seeks to identify potential sources of stress in the global financial system and promotes the development of well-functioning and stable financial markets. The Markets Committee considers how economic and other developments, including regulatory reform and technological change, affect financial markets, particularly central bank operations. These committees also establish working groups on topical issues.

In 2024/25, these committees and the bimonthly meetings of governors all discussed the implications of increased global uncertainty and tariffs for financial conditions, and closely monitored market movements during the period of increased volatility. Other areas of focus included the use of artificial intelligence in financial institutions and developments in payment systems, including tokenised assets.

Basel Committee on Banking Supervision

Purpose

The Basel Committee on Banking Supervision (BCBS) is hosted by the BIS and is the primary international standard-setting body for the banking sector. It provides a forum for regular cooperation on banking supervisory matters among its 28 member jurisdictions. It enhances understanding of key supervisory issues and improves the quality of banking supervision worldwide.

RBA involvement

The RBA Governor is a member of the Group of Governors and Heads of Supervision, which is the oversight body for the BCBS. The RBA Assistant Governor (Financial System) is a member of the BCBS.

Committee on Payments and Market Infrastructures

Purpose

The Committee on Payments and Market Infrastructures (CPMI) is hosted by the BIS. It serves as a forum for central banks to monitor and analyse developments in payment, clearing and settlement infrastructures, and sets standards for these facilities. The CPMI has 28 member institutions.

Joint working groups of the CPMI and the International Organization of Securities Commissions (IOSCO) bring together members of these two bodies to coordinate policy work on the regulation and oversight of financial market infrastructures.

RBA involvement

RBA staff are members of the CPMI, the CPMI-IOSCO Steering Group, the CPMI-IOSCO Implementation Monitoring Standing Group, the CPMI-IOSCO Policy Standing Group, the CPMI Future of Payments Working Group and the CPMI-IOSCO Operational Resilience Group. A staff member was the Chair of the CPMI messaging workstream contributing to the G20 Roadmap to enhance cross-border payments.

Financial Stability Board

Purpose

The Financial Stability Board (FSB) promotes international financial stability by coordinating national financial sector authorities, finance ministries and international standard-setting bodies as they develop strong regulatory, supervisory and other financial sector policies. It also plays a central role in identifying and assessing evolving global financial sector trends and risks.

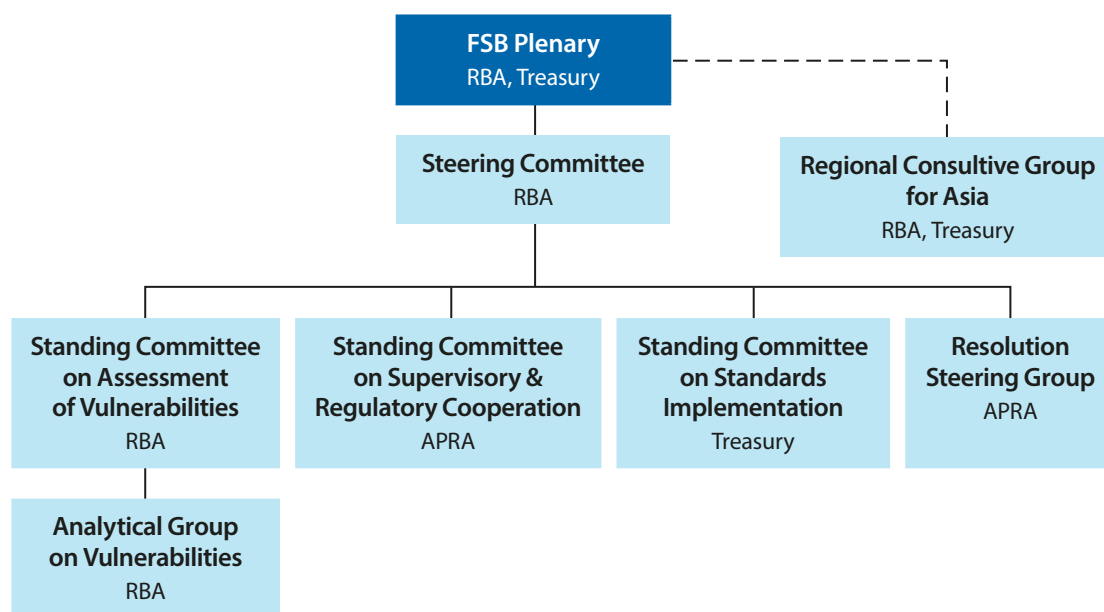
FSB members include representatives from 24 economies and the main international financial institutions – including the BIS and the International Monetary Fund (IMF) – and standard-setting bodies such as the BCBS.

RBA involvement

The decision-making body of the FSB is the Plenary. The RBA Governor is a member of the Plenary, the Steering Committee and the Standing Committee on Assessment of Vulnerabilities. The Governor is also co-Chair of the FSB's Regional Consultative Group for Asia, taking up a two-year appointment in July 2025.

Senior RBA staff participate in meetings of various FSB groups (Figure 2.5.1). This includes the Analytical Group on Vulnerabilities, which supports the work of the Standing Committee on Assessment of Vulnerabilities, and the Financial Innovation Network.

Figure 2.5.1: Australian Involvement in Key FSB Committees



Source: RBA.

The FSB's work over the year included:

- *Ongoing monitoring of global vulnerabilities:* Senior RBA executives participated in meetings assessing the financial stability outlook given increased uncertainty and bouts of market volatility.
- *Assessing and addressing the risks arising from intermediation by non-bank financial institutions (NBFI):* The current focus of this work is on monitoring NBFI activity, including developing policy proposals to enhance the ability of authorities and market participants to monitor vulnerabilities from NBFIs. An RBA staff member is on the FSB's Non-bank Monitoring Experts Group.

- *Analysing the financial stability implications of digital innovation, such as tokenisation and artificial intelligence, and monitoring of crypto asset developments:* Much of the FSB's work in this area is undertaken by the Financial Innovation Network, which includes a senior RBA staff member.
- *Addressing climate-related financial risks:* The FSB has developed a framework and toolkit for assessing how climate-related risks can be transmitted and amplified by the global financial system and is continuing to develop metrics to monitor climate-related vulnerabilities. This work was led by the FSB's Climate Vulnerabilities and Data Working Group, which includes an RBA staff member.
- *Enhancing the efficiency of cross-border payments:* The FSB has been monitoring international progress against a program of priority initiatives to help achieve the G20 cross-border payments targets set in October 2020. We have been tracking Australia's performance against the G20 targets and taken several policy actions to promote the adoption by industry of new functionality and messaging capabilities in cross-border payments infrastructure. We also participated with central bank partners in Project Mandala, which developed a common technical protocol to automate policy and regulatory compliance requirements for cross-border payments.

Trans-Tasman Council on Banking Supervision

Purpose

The Trans-Tasman Council on Banking Supervision (TTBC) membership comprises the agencies on Australia's Council of Financial Regulators (CFR), the New Zealand Treasury, the Reserve Bank of New Zealand and the New Zealand Financial Markets Authority.

The TTBC provides a forum for cooperation and information-sharing between the regulators of the banking sectors in Australia and New Zealand. It supports the development of a single economic market in banking services and promotes a joint approach to trans-Tasman banking supervision that delivers a seamless regulatory environment. The TTBC considers issues relating to financial stability, efficiency and integration throughout the financial sector, with a particular focus on the banking system and bank supervision, including crisis preparedness and vulnerability mitigation.

RBA involvement

We are represented on the TTBC by the Governor, Deputy Governor and Assistant Governor (Financial System).

In 2024/25, the TTBC considered trans-Tasman bank supervision and regulation, the 2024 trans-Tasman crisis simulation, operational resilience and the changing nature of risks affecting the stability of the financial sector. The TTBC also updated its terms of reference and Memorandum of Cooperation.

The 2024 trans-Tasman crisis simulation, completed in September 2024, helped TTBC agencies better prepare for managing a bank failure. TTBC members continued to collaborate in relation to cybersecurity events and to improve cyber incident preparedness.

Cooperative oversight arrangements

Purpose

These multilateral and bilateral arrangements support cross-border oversight of financial market infrastructures that play an important role in the Australian financial system and of Australian-based financial market infrastructures that operate in foreign countries.

RBA involvement

In 2024/25, RBA staff participated in forums to oversee or share information relating to CLS Bank International, LCH Ltd, CME Inc, Swift, Clearstream Banking S.A. and Euroclear Bank SA/NV. The RBA also has information-sharing arrangements with the Reserve Bank of New Zealand, the New Zealand Financial Markets Authority, the European Securities and Markets Authority, the US Commodity Futures Trading Commission and the Australian Securities and Investments Commission.

International Monetary Fund

Purpose

The IMF oversees the stability of the international monetary system and provides financial assistance to members experiencing actual or potential balance of payments problems.

The IMF also monitors, analyses and provides advice on the economic and financial policies of its 191 members and the linkages between them. Article IV consultations are a key mechanism for achieving this and are conducted with Australia every year. It plans to launch a Financial Sector Assessment Program review of Australia over the next 12 months.

RBA involvement

Australia holds a 1.38 per cent quota share in the IMF and is part of the Asia and the Pacific Constituency, which is represented by one of the IMF's 25 executive directors. Australia also contributes to the IMF's supplementary borrowed resources, including the Poverty Reduction and Growth Trust and the Resilience and Sustainability Trust. The RBA supports the Constituency Office at the IMF by seconding an expert advisor and working with the Australian Treasury to provide support on matters discussed by the IMF's Executive Board.

Group of Twenty

Purpose

The Group of Twenty (G20) is a forum for the world’s largest economies – including Australia – and international organisations to discuss economic, financial and other policy issues, and to explore ways to collectively address global challenges. The G20 was chaired by Brazil from December 2023 to November 2024 and has been chaired by South Africa since December 2024. The United States will take over as chair in late 2025.

RBA involvement

The Governor, Deputy Governor and Assistant Governor (Economic) represent the RBA at high-level meetings of the G20, while other staff participate in G20 working groups and contribute to the G20’s work on financial sector issues.

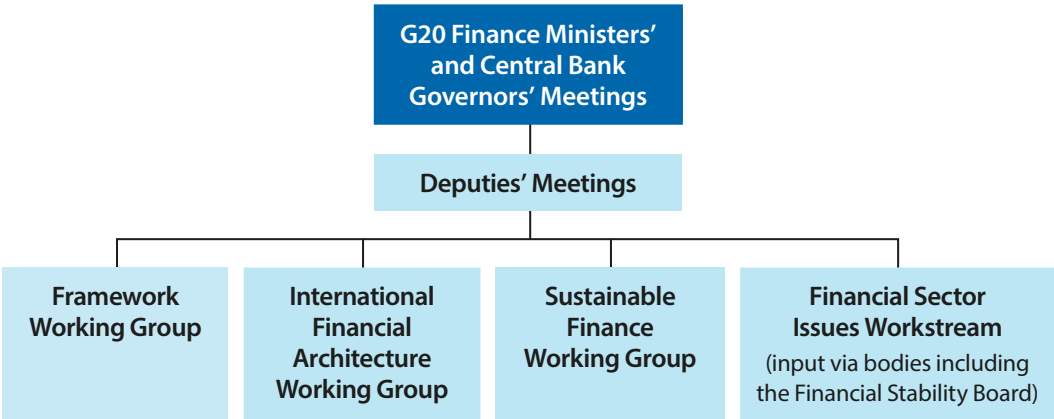
Our staff participated in three G20 working groups during 2024/25 (Figure 2.5.2):

- The *Framework Working Group* focused on identifying and monitoring global economic risks, macroeconomic policies in the context of climate change and the effects of artificial intelligence on productivity.
- The *International Financial Architecture Working Group* focused on the resilience and stability of the international financial system.

- The *Sustainable Finance Working Group* identified institutional barriers to sustainable finance and options to mobilise private capital for sustainable investment.

There is also the G20’s work on financial sector issues, which progresses work related to the financial sector in collaboration with the FSB, the BCBS and other international bodies.

Figure 2.5.2: RBA Involvement in the G20



Source: RBA.



Rachel Adeney (Manager, International Policy & Engagement) and Governor Michele Bullock at the G20 Finance Ministers' and Central Bank Governors' Meeting in February 2025, Cape Town. Source: RBA.

Executives' Meeting of East Asia-Pacific Central Banks

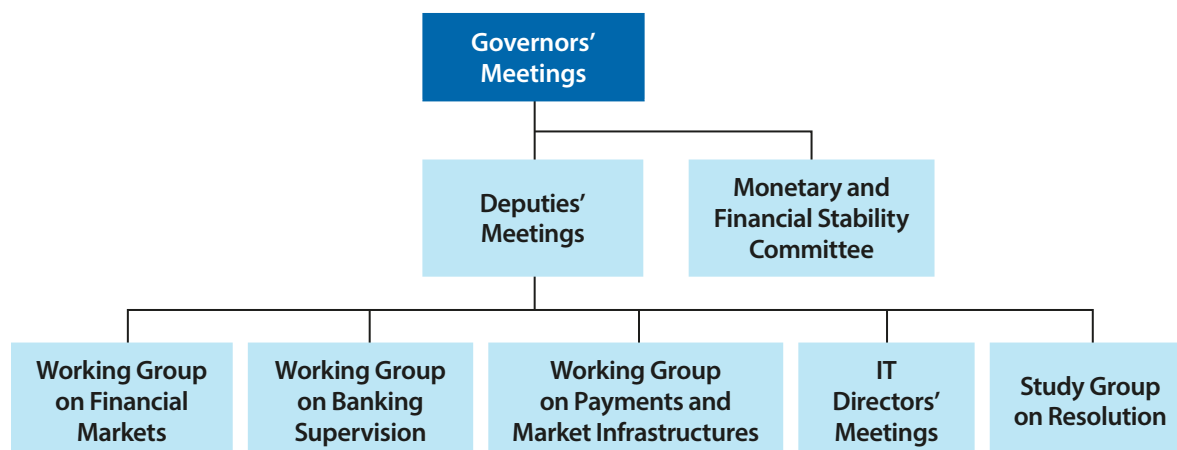
Purpose

The Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) brings together central banks in the east Asia-Pacific region to discuss issues relevant to monetary policy, financial markets, financial stability and payment systems. Its members are Australia, China, Hong Kong SAR, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea and Thailand.

RBA involvement

We participate in EMEAP, including at the Governor and Deputy Governor level (Figure 2.5.3). Our staff also participate in several working groups.

Figure 2.5.3: RBA Involvement in EMEAP



Source: RBA.

EMEAP governors meet annually to discuss key issues in the region. The July 2024 EMEAP governors' meeting covered the impact of global macroeconomic uncertainty, how central banks have responded to external challenges, and regional developments in local currency settlement for trade and investment. Governors also meet annually with the heads of supervisory authorities in the region to discuss issues related to the financial system.

The EMEAP Monetary and Financial Stability Committee discusses current economic and financial market developments and the associated policy challenges for EMEAP members. In 2024/25, the committee met twice and discussed topics including external trade and fragmentation risks, the growing prominence of NBFIs and associated vulnerabilities, and the impact of artificial intelligence developments on regional growth and financial stability. EMEAP has also been reflecting on its achievements over the last 30 years (since its founding in its current form) and discussing some potential reforms to ensure its continued effectiveness in the period ahead.

Technical cooperation and bilateral relations

The RBA shares experiences and best practices with other central banks through our technical cooperation program. While we predominantly focus on capacity building in the areas of monetary policy and financial stability, we engage across all areas of central banking, including payment systems, note issue operations and risk management. In 2024/25, we shared knowledge with the central banks of a number of countries in our

region and participated in the Australian Government's Prospera Program to help build the capacity of government institutions in Indonesia.

Engagement in the South Pacific

We foster close ties with South Pacific countries through participation in high-level meetings and staff exchanges, and by providing technical assistance across a wide range of central banking issues.

In November 2024, we participated in the annual meeting of the South Pacific Central Bank Governors. The governors discussed recent economic and financial developments, improving central bank resilience and the challenges presented by financial institutions de-risking in the region. In 2024/25, we continued our participation in work to address the loss of correspondent banking relationships in the Pacific. This included engaging with the Pacific Islands Forum and the World Bank on their initiatives to strengthen correspondent banking relationships in the region.

International secondments

In 2024/25, we hosted secondees from the Bank of England. In turn, our staff were seconded to a range of other central banks and international organisations, including the BIS, the Bank of England, the IMF, the Federal Reserve Bank of New York and the Swiss Financial Market Supervisory Authority. These arrangements provide a valuable opportunity for the exchange of skills and expertise between the RBA and the broader global economic and financial policymaking community.

Network for Greening the Financial System

Purpose

The Network for Greening the Financial System is a voluntary coalition of central banks and supervisors which shares best practices to contribute to the development of climate and environment-related risk management in the financial sector.

RBA involvement

We joined the Network for Greening the Financial System in July 2018 and contribute to several workstreams.

In 2024/25, we contributed to workstreams on scenario design and analysis and on monetary policy. This resulted in a published set of short-term climate scenarios and several reports that outline the physical and transition impacts of climate change on the

macroeconomy and their implications for monetary policy.¹ We are also members of the workstream on net zero for central banks and the experts' network on legal issues.

Global Foreign Exchange Committee

Purpose

The Global Foreign Exchange Committee brings together central banks and private sector participants in the wholesale foreign exchange market to promote a robust and liquid market. It does this in part through the maintenance of the FX Global Code, which is a set of principles of good practice for market participants.

RBA involvement

We sponsor the Australian Foreign Exchange Committee – one of 20 regional committees that comprise the membership of the Global Foreign Exchange Committee. The RBA Assistant Governor (Financial Markets) is Chair of the Australian Foreign Exchange Committee and is our representative on the Global Foreign Exchange Committee.

In 2024/25, the Global Foreign Exchange Committee completed a review of the FX Global Code, following a consultative process with market participants. The code's guidance on foreign exchange settlement risk

was strengthened while other updates promoted greater transparency for clients around certain types of transactions.

Organisation for Economic Co-operation and Development

Purpose

The Organisation for Economic Co-operation and Development (OECD) is an international organisation of 38 countries that promotes policies to improve the economic and social wellbeing of people worldwide. It provides a forum in which governments can work together to share experiences and seek solutions to the economic, social and governance challenges they face.

RBA involvement

Our Chief Representative in Europe participated in the OECD's Committee on Financial Markets on behalf of the RBA and in the Advisory Task Force on the OECD Codes of Liberalisation on behalf of the Australian Treasury. The RBA has passed responsibility for the Committee and the Task Force to the Australian Securities and Investments Commission.

Endnotes

- 1 Network for Greening the Financial System (2025), 'NGFS Publishes the First Vintage of Short-term Climate Scenarios', Press Release, 7 May; Network for Greening the Financial System (2024), 'Climate Change, the Macroeconomy and Monetary Policy', Technical Document, October.

2.6 Community Engagement

We are committed to being open, transparent and accountable. To do this, we work to understand the economic issues concerning communities across Australia and, in turn, share and explain our policies and decisions in ways that build trust. This happens through a longstanding regional and industry liaison program, consultation programs, public speeches, roundtables, publications, social media and a public education program. We are also accountable to the public through appearances before parliamentary committees and our responses to public enquiries. We support academic research, publish a broad range of statistics and operate an online museum where visitors can discover the history of Australia's banknotes and economic development.

Key outcomes in 2024/25

- We hosted media conferences after each meeting of the Reserve Bank Board and Monetary Policy Board. An average of 2,300 unique people viewed the live stream on the RBA's website per conference, with extensive media coverage significantly amplifying the reach of the Governor's messages beyond that. We also continued to uplift our flagship publications by streamlining and layering our content to reach a broader audience and we expanded our social media following.
- We engaged with around 6,600 students at talks and careers expos across six states. We also supported economics education through ongoing research, refreshed educational resources and held a professional development day, which was attended by around 70 high school economics teachers.
- We held more than 1,000 liaison meetings with business, industry representatives, government agencies, community organisations, banks and financial market participants to better understand conditions in the economy, financial markets and payments industry.
- We provided \$660,000 in sponsorship for research and participated in, or hosted, a wide range of conferences domestically and internationally. A further \$230,000 was donated to charitable activities.
- We digitised and published a growing number of archival records, while expanding the online offering of our museum.

Communication with the public

We deliver transparent, timely and regular communication to continuously engage the Australian public in several different ways. We communicate about our policy decisions, analysis and operations to the public through publications, media releases, social media, and appearances by senior staff, all of which are accessible via our website. Our email and SMS subscriber lists alert our stakeholders to key information in real time. We also hear from the public through their enquiries to us and share key insights from the feedback we receive with senior staff to deepen their understanding of public views.

In 2024/25, we continued to make communication a more central and strategic part of the monetary policy process, as recommended by the 2023 RBA Review. We also continued to provide strategic

communications advice to the RBA's executive leaders and to our two policy boards. By focusing on listening to the public, we are better able to understand their diverse perspectives. One message comes through clearly: Australians want to better understand how the economy works and the role we play in shaping it. We recognise that trust is built and maintained through clear, accessible communication, and we are committed to continuously improving how we explain our decisions and our mandate.

To that end, we continued our focus on being more transparent and making our communication easier to understand.

- We held media conferences following the meetings of the Reserve Bank Board and the Monetary Policy Board. These allow the Governor to explain the decisions of the boards and the economic outlook in plain language, while answering questions from

attending journalists. The Governor answered an average of 23 questions from 16 media outlets at each conference. Media conferences were broadcast live via our website, with the recording published online after the event. Media coverage significantly expands the reach of these conferences beyond the direct audience.

- We held media lock-ups shortly before the release of our policy publications. These include the *Statement on Monetary Policy* (SMP), the *Financial Stability Review* (FSR) and minutes of monetary policy meetings. These lock-ups facilitate timely and accurate reporting of content to the public.
- We engaged proactively with the media in between press conferences.
- We continuously improved our publications and website to make them more accessible and engaging for a broader audience. A notable example is the quarterly Current Economic Conditions video – targeted at high school economics students – which was transformed into a shorter, more dynamic format.

Public appearances and enquiries

Public appearances allow our senior leaders to outline what we do, share our views and talk about our policies with a wide range of people in the community. These engagements also provide an opportunity for our people to hear directly from businesses, households and

government agencies, helping us to gather meaningful perspectives on local economic and financial conditions and on other issues related to our role.

In 2024/25, the Governor, Deputy Governor and other senior leaders participated in 39 public speaking engagements across five states. This included 14 interactive sessions (such as ‘fireside chats’ and panel discussions) and many formal speeches. All public addresses by the Governor and Deputy Governor, including question and answer segments, were live streamed on our website. Transcripts, video and audio recordings were also made available online to ensure transparency and broad accessibility, with an average of around 4,000 page views across all speeches.

The Governor, Deputy Governor and a selection of executive staff collectively attended two hearings of the House of Representatives Standing Committee on Economics, two hearings of the Senate Economics Legislation Committee and several other hearings of parliamentary committees (see Part 1.2: Governance and Accountability).

In 2024/25, we responded to around 3,300 public enquiries. These covered a broad range of topics, including monetary policy, banknotes, financial services and regulation of the payments system. Key themes and messages from public enquiries were shared regularly with senior staff to provide feedback on how our actions and communications are being received.



Governor Michele Bullock delivering the keynote address to the 2024 Anika Foundation Fundraising Lunch in Sydney.
Source: RBA.

Flagship publications

We explain our analysis through key publications such as the quarterly SMP, the biannual FSR and the quarterly *Bulletin*. We saw consistently high engagement across these publications over the year, averaging over 12,000 active readers per release (including ‘In Brief’ publication summaries). In 2024/25, we continued to work to improve the transparency, clarity and readability of our publications to ensure our messages that relate to our core functions can be easily understood by the Australian community. This work has included the following:

- We further developed the design of the SMP, enhanced its layering of content and adopted a structure that is responsive to current economic events. We also made increasing use of scenario analysis in the SMP to illustrate some of the ways that uncertain global events could affect the Australian economy.
- We communicated our assessment of the current resilience of the financial system and potential risks to financial stability in the FSR, layering content for different audiences, including through focus topics on the opportunities and risks from digitalisation and artificial intelligence, the increase in company insolvencies and how we assess the resilience of the financial system.
- We published 23 articles in the *Bulletin*, spanning a range of topics related to the RBA’s mandate. These included articles on mortgages and bank lending, conditions in the labour market and the functioning of financial markets.

Our website and social media presence

We continue to publish new and refreshed content on our website and social media accounts. The number of followers of our social media accounts on X, LinkedIn, Facebook and Instagram increased by around 4 per cent over the year, to almost 270,000. The number of subscribers to the email alert service for publications grew by around 10 per cent to around 22,000. These emails achieved an average click-through rate to our website content that was above industry benchmarks.

We made meaningful improvements to the accessibility of our website in 2024/25, with the overall accessibility score increasing by 17 per cent to now be above the industry benchmark. The website’s content quality score – which assesses how quickly and accurately users can comprehend it – also substantially exceeds the industry benchmark.

Research engagement

We publish the findings of research conducted by staff in a number of Research Discussion Papers to stimulate discussion and comment on issues relevant to policy. The views expressed in these papers are those of the authors and do not necessarily represent those of the RBA.

In 2024/25, eight Research Discussion Papers were published. These covered a diverse range of topics central to the RBA’s core functions, including the transmission of demand and supply shocks to households and the formation of wage and inflation expectations. Staff also published their research in various external publications, including the *Economic Record* and in the discussion paper series of the Centre for Economic Policy Research.

Research conducted at the RBA is frequently presented at external conferences and seminars, with around 50 presentations in 2024/25. RBA staff presented in Australia and abroad, including at the:

- Asian Innovation and Entrepreneurship Association – National Bureau of Economic Research conference
- Australian Bureau of Statistics and RBA Joint Conference
- Australian Conference of Economists
- Central Bank Business Surveys and Liaison Programs Conference
- Chicago Federal Reserve
- Bank for International Settlement’s IFC Workshop on Data Science in Central Banking
- International Monetary Fund (IMF) Monetary and Capital Markets Policy Forum
- Organisation for Economic Co-operation and Development
- Women in Macroeconomics Workshop.

The most recent RBA Annual Conference (on central bank communication) was held in October 2024 and the annual Quantitative Macroeconomic Workshop was held in December 2024. The RBA co-hosted a conference with the Australian Bureau of Statistics in June 2025.

We regularly host policymakers and academics from various domestic and international institutions. During 2024/25, these included staff from the Asian Development Bank, the central banks of Norway and Sweden, the Bank for International Settlements, the Federal Reserve Bank of New York and various Australian and overseas universities.

In 2024/25, we continued a collaborative research project with the Digital Finance Cooperative Research Centre. The project is exploring design options for how money issued by central banks and associated infrastructure could be used to facilitate the settlement of wholesale tokenised asset transactions. This work is part of a broader research agenda on shaping the future of money in Australia, as discussed in our 2025/26 Corporate Plan.¹

We undertook collaborative research with international partners during the year on the development of next-level security features that could be deployed on a future banknote. In addition, we collaborated on research to promote counterfeit deterrence with a number of central banks including the Five Nations group of central banks (Australia, USA, UK, Canada and Mexico). This work supports our mandate to maintain Australian banknotes as a safe and secure means of payment.

Research sponsorship

In 2024/25, we provided \$660,000 in support of external research and debate. This included continued financial support of:

- a monthly survey of inflation expectations, undertaken by the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne
- a quarterly survey of inflation and wage expectations, undertaken by the Australian Council of Trade Unions
- the pilot Wealth and Housing Asset Module collaboratively undertaken by the Australian Bureau of Statistics and a consortium of government agencies
- the *International Journal of Central Banking*
- the Group of 30's program of research into issues of importance to global financial markets
- the Economic Society of Australia's Central Council

- fourteen conferences in economics and closely related fields.

In addition, we continued:

- our associate membership of the South-East Asian Central Banks Research and Training Centre
- to sponsor the Brian Gray Scholarship Program in conjunction with the Australian Prudential Regulation Authority – in 2025 four scholarship were awarded at a cost of \$30,000
- to sponsor a PhD student under the Digital Finance Cooperative Research Centre's industry PhD program, at a cost of \$77,000.

Corporate memberships

We are a corporate member of several policy institutes and similar entities in Australia. Our criteria for such memberships are that the entity is independent and not aligned with a political party or some other institution, is not for profit, regularly produces research reports and makes those research reports publicly available, covers a broad range of economic and financial issues that are relevant to our mandate (rather than specific issues), offers corporate membership that is assessed to provide good value for money, and promotes the public interest. In 2024/25, we renewed our corporate memberships of the:

- Centre for Independent Studies
- Committee for Economic Development of Australia
- Ethics Alliance
- McKell Institute
- Lowy Institute.

Comparable principles also underpinned the decision to renew corporate membership of the South Australian Centre for Economic Studies and the American Australian Association in New York. We also supported the Grattan Institute by seconding a staff member there until January 2025.

The RBA is also a member of various organisations that are aligned to our inclusion, diversity and belonging aims:

- ACON
- Australian Disability Network
- Reconciliation Australia
- Supply Nation
- Women in Banking and Finance.

In June 2025, the RBA also awarded two inaugural scholarships under the RBA First Nation's Scholarship agreement with James Cook University. These scholarships assist our First Nations employment plan by supporting promising First Nations students that are studying disciplines aligned to our workforce requirements.

Our liaison activity

Our extensive program of liaison on economic conditions is conducted by staff based in our offices in Adelaide, Brisbane, Melbourne, Perth and Sydney. In 2024/25, we held around 1,000 liaison meetings with more than 800 different contacts, spanning businesses, industry associations, government agencies and community organisations. We held a number of these meetings during visits to Hobart, Darwin and 15 regional centres across all states.

Timely information from liaison contacts helps us to understand real-time trends in the Australian economy and in specific industries. De-identified high-level and thematic information from liaison contacts is regularly shared with the Monetary Policy Board to better inform board members' understanding of issues affecting businesses and the wider economy, and in turn the Board's policy decisions. We also publish insights from liaison in a dedicated section of the quarterly SMP. Broad messages from liaison also contribute to our public statements, publications and speeches.²

Staff in our state offices play an important role in communicating with members of the public. In 2024/25, state office staff presented at schools, conferences, business roundtables and regional chambers of commerce. In addition, our staff presented summaries of the SMP and the FSR to around 500 participants in the liaison program.



Deputy Governor Andrew Hauser (centre) and Regional and Industry Analysis staff Kate Davis and Tamika Stasiuk in Gladstone to discuss local economic conditions. Source: RBA.

Staff from Financial Markets Group and Financial Stability Department continued to meet regularly with banks, non-bank financial institutions, investors, issuers, dealers and other financial markets participants, including as observers on a number of markets committees of the Australian Financial Markets Association. These meetings covered conditions in fixed income, securitisation, equity and other markets, as well as insights about credit demand and supply

and loan performance. The insights obtained from these meetings enhance our staff's understanding of developments in financial markets, contribute to our assessment of financial conditions, and inform staff advice to the Monetary Policy Board. De-identified high-level messages from these meetings were also reflected in relevant publications such as the SMP and FSR.

In July 2025, we convened our annual Small Business Finance Advisory Panel. The panel, which has met each year for over 30 years, discusses issues relating to the provision of finance and the broader economic environment for small businesses. Membership is drawn from a range of industries across the country. Insights from the panel's discussions and other sources of information on small business finance are shared with the Monetary Policy Board and are published in an annual *Bulletin* article. Staff from the economic liaison program also meet with representatives from the small business sector throughout the year to better understand the conditions they face.

Similarly, staff from Payments Settlements Department conduct regular liaison meetings with members of the Reserve Bank Information and Transfer System and industry groups, such as the Australian Payments Network (AusPayNet). Participating in these groups, and a number of other industry forums, helps us remain well informed about developments in these areas.

Consultations and stakeholder engagement

We engage with a wide variety of groups to inform our policy and operational activities. Senior staff meet regularly with representatives of various domestic and international official agencies, business groups and financial market participants to discuss economic, financial and industry developments. In 2024/25, this included consultations with financial market participants on the design of a new system for monetary policy implementation (see Part 2:2 Operations in Financial Markets).

The Governor, Deputy Governor and other senior staff hold regular panel discussions with market economists and academics to gain insights on monetary policy and the economy. The RBA hosted a panel of academics in June 2025 and panels of market economists in November 2024 and April 2025. Each panel included up to a dozen participants. We also consult regularly, in less formal ways and at multiple levels of seniority, with academics, think tanks, government agencies and various regulators to gather insights on matters relevant to the economy.

During 2024/25, we consulted various stakeholders on policy options to further enhance the competitiveness and efficiency of the card payments system as part of our ongoing Review of Retail Payments Regulation. We also consulted a wide range of industry participants as part of a risk assessment on the payments industry's proposal to decommission the Bulk Electronic Clearing System, which we published in March.

Staff from Payments Settlements and Banking departments also participated in various industry forums during the year, including AusPayNet's High Value Clearing System Management Committee and Bulk Electronic Clearing System Committee, and a senior staff member sits on the Board of AusPayNet. Staff from Payments Settlements and Banking departments also represent the RBA on various New Payments Platform committees (see also Part 2.3: Banking and Payment Services).

We actively engage with banknote stakeholders to inform our work on banknotes. These consultations cover a range of stakeholders and span the entire lifecycle of banknotes, from design and planning through to manufacturing, public usage, functionality testing and counterfeit resistance.

In 2024/25, there were two areas of focus for our engagement with banknote stakeholders, both of which are discussed further in Part 2.4: Banknotes:

- The redesign of the \$5 banknote in line with the theme 'Connection to Country' to honour First Nations culture and history in Australia. We have engaged – and will continue to engage – with relevant communities to ensure the appropriate use and interpretation of cultural heritage.
- Liaison with the cash-handling industry – which includes equipment manufacturers, financial institutions and other high-volume cash handlers. In 2024/25, we continued to support the industry in ongoing research and development and equipment upgrades to maintain confidence against counterfeiting. Our staff also attended industry events and engaged with industry representatives in preparation for testing that will be conducted as the \$5 redesign project progresses. And we engaged extensively with government agencies and key participants in the wholesale cash distribution system to establish business continuity arrangements and on options to support the long-term availability of cash for Australians who want and need to use it.

Our education program

This program seeks to introduce economics to a broader and more diverse student population and, more broadly, improve economic literacy. The program connects with students and educators by delivering school presentations, tailored learning resources and professional development opportunities. Our focus is on senior high school economics, but we also support learners from junior high school through to university.

We collaborate with a range of stakeholders, including other government agencies and economics and education sector representatives. Our Educators

Advisory Panel met twice, providing expert guidance to inform our educational initiatives. In 2024/25, this collaborative approach has allowed us to contribute to the NSW Education Standards Authority's review of the years 11 and 12 economics syllabus.

We continued to add to the body of research on the economics education landscape and to use this research to inform the strategic direction of the program. This included a *Bulletin* article, which used university admissions data to ascertain which subjects students are choosing to study at university – if not economics.



Members of the Educators Advisory Panel at their mid-year meeting at the H.C. Coombs Centre. Source: RBA.

The public education program continued to deliver talks by RBA economists to students. This included engagements with individual classes (in-person and online) and multi-school events. In 2024/25, these talks reached around 4,600 students.

The education program increased its in-person reach in 2024/25, responding to feedback from teachers and students that in-person talks have a greater impact than those conducted online. To broaden the program's

geographic reach, additional student events were organised to coincide with speaking engagements by our senior leaders in locations outside of central Sydney. The Governor visited Armidale Secondary College, the Deputy Governor addressed students in Hobart, and Assistant Governor Sarah Hunter delivered a presentation to students in Brisbane and participated in an International Women's Day Panel with other female RBA economists at Macarthur Girls High School in Western Sydney.



Sarah Hunter addressing economics students at a multi-school talk held at the University of Queensland. Source: RBA.

Major careers fairs continue to provide an opportunity to introduce a diverse group of students to economics. In 2024/25, the team directly engaged with 1,700 individual students about their subject and career choices at events in Sydney and Melbourne. Other events provided an opportunity to engage with high-potential students. For example, national winners of the Australasian Economics Olympiad attended an 'experience day' at the RBA, hearing from Assistant Governor Sarah Hunter and RBA economics graduates about their work as economists.

In 2024/25, we continued to support educators through professional development activities. Foremost was the annual in-person Teacher Immersion Event, which was attended by 66 teachers from across the country, including from regional areas. The Governor, Deputy Governor and other senior staff gave presentations and answered questions on key economics topics, with sessions recorded and posted online to broaden access.

We also launched a new Explore Economics careers hub on our website, providing students with resources illustrating the breadth of applications of economics across society. Explainers continue to be the most popular resource on the education section of the website, averaging 3,000 views each month.

Our Museum

The Reserve Bank of Australia Museum has traditionally displayed a permanent collection of artefacts related to the history of currency in Australia, along with thematic exhibitions about our other collections. Given the decommissioning of the Museum while we renovate our head office building, content has been made available online. The conversion of the interactive touchscreen in the Museum to a website application that is accessible on mobile devices has allowed the public to continue exploring the unique cultural and security features of our current series of banknotes.³ It has been well used. Online exhibitions have been promoted according to their topicality or additional content, such as our exhibition about First Nations representation on Australian banknotes.⁴ The Museum also participated digitally in History Week NSW 2024 'Marking Time'. At this event we promoted our content on the introduction of decimal currency in Australia and the role of the character 'Dollar Bill' as a significant marker of time for this important episode in the nation's economic and financial history.⁵ In addition, we made further progress with our oral history, with selected content being prepared for sharing with online museum audiences.



Australia's \$50 Next Generation Banknote featuring David Unaipon can be explored on the museum's interactive application 'Exploring the Next Generation of Banknotes'. Source: RBA.

Following the decommissioning of our physical Museum, work commenced on plans for its redevelopment and ultimate restitution in a reconstructed head office building. This has entailed significant research and interpretation of our collections in relation to the RBA's role in the economic life of the nation. It has also involved conceptual redesign of the physical space so that the public can interact more effectively with Museum content and services over the decades ahead. This will support our aims for communication, education and public trust.

Our Archives

We have a unique and rich archives collection. In addition to records about the RBA's own operations, our archives contain records about Australia's economic, financial and social history over the past 200 years. The records predate the RBA as it is known today because we stem from the original government-owned Commonwealth Bank of Australia, which had a central banking function and had absorbed other banks with a colonial history.

In 2024/25, there were 126,000 views of volumes, individual records and collection items in our digital archive, Unreserved. This was a significant increase from the previous year. Digitisation of archival records is ongoing. In 2024/25, two major tranches were publicly released through Unreserved, along with selective additions that complemented previous releases.

Digitised records released during the past year included:

- *Board papers*: of the Reserve Bank Board from 1960 to 1991.
- *Foreign exchange*: records on the development of Australia's foreign exchange arrangements, which evolved from our assumption of exchange rate powers in the 1930s, to the Bretton Woods system of fixed exchange rates after the Second World War, through to the international economic crisis of 1968 and the breaking of the historic link between British and Australian currencies in December 1971.
- *International organisations*: records on Australia's involvement with international organisations, particularly the establishment of the IMF and the International Bank for Reconstruction and Development (World Bank) and Australia's membership.

In 2024/25, we also published research guides to help users of Unreserved understand the legislation that created and developed the original Commonwealth Bank of Australia and to assist them to conduct independent research into international organisations, such as the IMF, World Bank and Bank for International Settlements, and the history of our interactions with these entities.



From the Reserve Bank's archival photographic collection, Reserve Bank Board meeting at Head Office, July 1971.

Source: RBA Archives PN-013825.

The RBA Archives continued to provide public access to RBA records in the open access period (20 years from the closure of a record) despite disruption to the archives repositories from the renovation of our head office. Public access has been supported by the growing expectation from researchers to receive digitised records, and by the active use of our secure external collaboration tool, RBA Box. This tool allows records to be sent to researchers quickly and efficiently. We also hosted researchers on our premises who required supervised access to original materials.

Our archivists continued to respond to requests for information by the public on a range of topics. In 2024/25, nearly 120 requests were received and acted upon, entailing around 300 hours of research by the archivists. Topics of interest included the RBA's role as banker to the Commonwealth, the bank failures of the 1890s, the RBA's gold holdings and movements of gold during the 1960s, the unissued banknote designs of TS Harrison, and the release of the first polymer banknotes along with the innovative technology used to create them.

Given the refurbishment of our head office building at 65 Martin Place, we began a program to prepare the large archival collection for offsite storage for the duration of these building works. This has included records and collection items being audited, repaired, crated and secured ahead of relocation to offsite storage in 2026. The equivalent of over 4.6 kilometres of records will have been relocated by the end of this project. Some items requiring specific conditions have already been relocated, including photographs and glass plate negatives. All facilities meet the standards set by the National Archives of Australia for storage and management of the RBA's archival collection.

The archivists continued to support the RBA's Historian, Associate Professor Selwyn Cornish of the Australian National University, who is completing the 1975–2000 period of the RBA's official history.

Our charitable activities

In 2024/25, we contributed \$231,628 to charitable activities.

This included our 23rd annual contribution of \$50,000 to the Financial Markets Foundation for Children, which is managed by a Board of Directors chaired by the Governor. The RBA has made an annual donation of \$50,000 to the Foundation since 2002/03. The decision to continue making this donation is subject to confirmation that the Financial Markets Foundation for Children is operating as intended. The Governor addressed the Anika Foundation's annual fundraising event in July 2025 to support research into adolescent depression and suicide.

We also contribute to charitable activities through staff-led initiatives. Key among these is dollar-matching staff payroll deductions organised by the Reserve Bank Benevolent Fund. The fund supports 14 recognised charities, which are chosen based on the preferences of staff, the effectiveness and transparency of the charities themselves, and a desire to support a diverse range of activities. The charities currently supported operate in the areas of welfare, education, mental health, illness, disability, international medical aid and animal protection. We also facilitate staff salary sacrificing under a workplace giving program. In 2024/25, dollar-matching of staff payroll deductions totalled \$171,348.

Other staff-led initiatives over the past year included matching staff donations for the Benevolent Fund's Christmas appeal for Foodbank Australia, Barnardos Australia and Women's and Girls' Emergency Centre. In December 2024, we matched staff donations to Barnardos Gifts for Kids Christmas Gift Appeal. In March 2025, we matched staff donations to support relief and recovery for the 2025 North and Far North Queensland Floods Appeal. We also allow volunteer leave for teams that engage in particular charitable activities.

Endnotes

- 1 See RBA (2025), 'Corporate Plan 2025/26'.
- 2 See, for example, Johal A, J Kemp, K McLoughlin and M Zang (2024), 'What Do Firms Tell Us About the Inflation Outlook?', *RBA Bulletin*, January; RBA (2025), 'Box C: Insights from Liaison', *Statement on Monetary Policy*, May.
- 3 See Exploring the Next Generation of Banknotes.
- 4 See First Nations Peoples and Australian Banknotes.
- 5 See The Decimal Revolution.

