

Part 2:

Performance



2.1 Annual Performance Statement

Annual Performance Statement for 2025/26

We, as the accountable authority of the Reserve Bank of Australia, present the Annual Performance Statement of the Reserve Bank for the 2025/26 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
9 September 2026

Introduction

This statement outlines the key objectives of the Reserve Bank as set out in the 2025/26 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 statutory objectives for both price stability and full employment through monetary policy 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: - price stability - the maintenance of full employment	Consumer price inflation is between 2 and 3 per cent, as part of a flexible medium-term inflation target.	Consumer price inflation was 3.8 per cent over the year to June 2026, above the 2–3 per cent target range. This partly reflected international conditions, in particular the conflict in the Middle East earlier in the year. Inflation is expected to fall back inside the target range in the first half of 2027.
		Labour market is close to sustainable full employment, which is the maximum level of employment that is consistent with low and stable inflation.	The unemployment rate was 4.4 per cent in June 2026. This is below the average rate seen in recent decades. Throughout 2025/26, the staff judged there to be some tightness in labour market conditions relative to full employment, though there was uncertainty around this assessment.
	Operate in money markets to achieve the Monetary Policy Board's desired monetary policy stance	Cash rate trades close to the target set by the Monetary Policy Board, and other short-term interest rates trade at levels that are broadly consistent with the cash rate. Achieve this while enabling and encouraging private financial markets and keeping associated risks to the RBA no larger than necessary.	The cash rate was within a few basis points of the cash rate target on each business day throughout 2025/26. Overnight repo rates were consistent with the cash rate target, and transaction volumes in the private repo market were steady at a high level. The RBA's financial risk exposure was high but declined as bonds purchased during the COVID-19 pandemic gradually matured, while credit risk management – including collateral requirements and daily margining of positions – kept credit risk low.
	Formalise a suite of additional monetary policy tools	Progress a framework for the use of additional monetary policy tools.	We developed and published, in June 2026, a framework for the use of additional monetary policy tools. This framework was approved by the Monetary Policy Board.

Analysis

Consumer price inflation was above the Reserve Bank's 2–3 per cent target range throughout 2025/26. This follows a year when inflation was within the 2–3 per cent target range. Inflation initially picked up over the second half of 2025 as stronger domestic demand added to capacity pressures and tightness in the labour market, and as some government energy subsidies granted to households in the prior year expired. The conflict in the Middle East then led to a sharp increase in oil and other key commodity prices from March 2026, which added further to headline inflation. Trimmed mean inflation – which looks through some of the direct impacts of more temporary price movements (such as subsidies and oil prices) and therefore provides an indication of the underlying momentum in inflation – also increased to be above the 2–3 per cent range, consistent with capacity pressures in the economy being broad based.

The labour market was assessed to be tighter than estimates of full employment throughout the year, though there was some uncertainty around this assessment. The unemployment rate increased a little in 2025/26 to average around 4¼ per cent. Other measures of labour underutilisation remained at low levels. The employment-to-population ratio declined from its historical high in 2024/25, consistent with an easing in labour market conditions over that period, though the participation rate remained near its historical high.

Wages growth moderated a little over 2025/26. Annual growth in the Wage Price Index was 3.3 per cent in the March quarter 2026, having peaked at 4.3 per cent over 2023. Both private and public sector wages growth moderated over the year. Growth in broader measures of firms' labour costs also moderated, although it remained above the level consistent with sustainably maintaining inflation at target.

These developments led the Monetary Policy Board to increase the cash rate target by 75 basis points in the first half of 2026, having lowered the target by 25 basis points in August 2025. The increases were considered necessary to tighten financial conditions and slow growth in the economy to reduce domestic inflationary pressure. The May 2026 staff forecasts were for higher interest rates to contribute to slower GDP growth over the next couple of years, a gradual increase in the unemployment rate (albeit only to rates that would be below those seen before the pandemic) and for inflation to move back within the target range. The Monetary Policy Board will continue to assess whether its policy settings are appropriate to achieve this within a reasonable timeframe.

The RBA met its operational objectives for implementing monetary policy over 2025/26. The cash rate remained close to its target at all times. The cash rate was guided by the rates on the RBA's Exchange Settlement balances and open market operations. 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 above financial institutions' underlying demand. The RBA's open market liquidity operations continued to offer reserves to counterparties at a predetermined interest rate set by the RBA, although demand remained modest given high system liquidity.

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 growth and innovation. We contribute to financial stability by working closely with the Council of Financial Regulators (CFR) to identify, communicate and address risks, by overseeing financial market infrastructures that are central to the effective operation of the financial system, and by providing adequate liquidity to the financial system.

Results

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

Key objectives	Key activities	Performance measures and targets	Results
Contribute to the stability of Australia's financial system	Assess and communicate risks to financial stability	Publish financial stability assessments on a regular basis, including in Monetary Policy Board communications and the half-yearly <i>Financial Stability Review</i> .	We published regular assessments of financial stability during 2025/26. These assessments used a wide set of data and information sources, as well as scenario analysis, to identify and assess evolving vulnerabilities in the Australian financial system and potential cross-border channels of risk. The RBA's semi-annual assessment of these and other risks were: - considered by the Monetary Policy Board at its September 2025 and March 2026 meetings (with this reflected in the meeting minutes) - communicated to the public in the October 2025 and March 2026 <i>Financial Stability Reviews</i>. The RBA also published <i>Bulletin</i> articles and gave speeches on financial stability issues.
	Work with domestic agencies, the Australian Government and international bodies to identify, monitor and coordinate policies to address risks to financial stability	Cooperate with agencies comprising the CFR to identify, monitor and coordinate policies to address risks to financial stability, and how those risks might interact with monetary policy.	The RBA continued to work closely with CFR agencies to identify and monitor systemic vulnerabilities and coordinate actions to mitigate them, supporting better regulation and maintaining crisis management readiness. In December 2025, the CFR published its annual update on cross-CFR agency initiatives to address risks and vulnerabilities in the Australian financial system, and key focus areas for the coming year.
		Provide advice to the CFR on financial stability and to the Australian Prudential Regulation Authority (APRA) on macroprudential policy.	The RBA provided regular advice to the CFR on financial stability risks and vulnerabilities, including to support APRA's considerations on macroprudential policy. This is in line with the approach set out in the CFR Charter and the memorandum of understanding between APRA and the RBA, both of which were updated in July 2025.

Table 2.1.2: Performance Summary – The Stability of the Financial System *(continued)*

Key objectives	Key activities	Performance measures and targets	Results
Contribute to the stability of Australia's financial system <i>(continued)</i>	Work with domestic agencies, the Australian Government and international bodies to identify, monitor and coordinate policies to address risks to financial stability <i>(continued)</i>	Coordinate across CFR agencies to build crisis response readiness.	The RBA continues to work with other CFR agencies to strengthen crisis readiness. This includes developing, maintaining and regularly testing inter-agency coordination arrangements to respond in a crisis if needed.
			The CFR updated its Memorandum of Understanding on Crisis Management in July 2025. The memorandum sets out a framework for coordination across agencies during periods of potential or actual financial instability.
		Engage with international forums (including the Financial Stability Board (FSB), Basel Committee on Banking Supervision and G20) to support regional and global financial stability and promote effective standards and cooperation.	The RBA has regularly attended meetings of the FSB, the Basel Committee on Banking Supervision, the Executives' Meeting of East Asia-Pacific Central Banks, the Bank of International Settlements and the G20, all of which discussed regional and global financial stability issues.
	Be ready to intervene in the financial system if necessary to mitigate the risk of financial instability	Ensure clear and well-documented arrangements exist for when and how to provide liquidity to financial institutions, as is necessary to support the effective flow of credit and smooth functioning of financial markets.	Financial institutions were able to draw on liquidity as required during the year, using the RBA's weekly open market operations and wider standing facilities. The RBA also strengthened elements of its framework for providing Exceptional Liquidity Assistance to eligible financial institutions that are experiencing acute liquidity difficulties but remain solvent, if that is ever needed to contribute to financial stability.
		Ensure clear and well-documented arrangements exist for when and how to address dysfunction in key financial markets if that is deemed necessary to preserve financial stability.	The RBA had clear and well-documented procedures in place to address financial market dysfunction, if necessary. The RBA successfully addressed a past episode of market dysfunction in early 2020.
		Foreign reserves portfolio matches the size and liquidity target set by the Monetary Policy Board.	Foreign exchange reserves were equivalent to the Monetary Policy Board's target size and were managed to achieve its targets for liquid asset holdings. This was done within predefined limits for market risk. No foreign exchange interventions were required.

Analysis

The RBA continued to conduct extensive analysis of resilience, vulnerabilities and emerging risks in the financial system, covering financial institutions, markets, households and businesses. This work underpinned our assessment of financial stability and informed the Monetary Policy Board's policymaking process. Much of this analysis was published in the half-yearly *Financial Stability Review* and quarterly *Bulletin* articles or was communicated through public speeches.

We closely engaged with APRA and other CFR agencies during 2025/26 to identify, monitor and appropriately address evolving systemic vulnerabilities and risks. In July 2025, the CFR charter was updated, including to articulate more clearly the outcomes it aims to achieve and the respective roles in financial stability of its member agencies. The RBA also updated its memorandum of understanding with APRA around that time to strengthen cooperation commitments in promoting financial stability. This includes APRA's commitment to consult the CFR on macroprudential policy, supported by advice on financial stability from the RBA. During the year the RBA also continued to contribute to the analysis of international financial sector issues with overseas counterparts during meetings held by global bodies (see Part 2.5: International Financial Cooperation).

Global financial stability risks were heightened in 2025/26 due to geopolitical tensions and several other sources of uncertainty. The Australian financial system has established a good degree of resilience to navigate through a high-risk international environment, but a financial or operational shock – if severe enough – could create financial stability challenges in Australia.

The escalation of the conflict in the Middle East sparked a sharp increase in volatility in global financial markets in 2025/26. Leverage and concentration risk in key global asset markets has also risen materially over recent years, amid a period of low risk premia; this has increased the potential for a disorderly repricing of assets in response to further adverse developments. These could arise from several sources, including from shifts in sentiment regarding the outlook for AI investment returns or sovereign debt sustainability. The risk of significant operational, cyber and security incidents also increased further, against a backdrop of heightened geopolitical tensions. Growing operational complexity and interconnectedness across the financial system is increasing the potential for operational incidents to have systemic financial consequences. In addition, the development of 'frontier AI' models – with greatly advanced capabilities to identify and exploit cybersecurity vulnerabilities – represents a material step-change in the cyber threat landscape. The RBA has worked with the CFR, security agencies and key industry participants to understand and respond to these developments in the financial system.

Domestically, the Australian financial system remained well positioned to continue providing services to Australian households and businesses under a range of adverse scenarios. Banks have maintained strong levels of capital and liquidity, alongside prudent lending standards and provisioning. The strong financial positions of most Australian households and businesses mean they are unlikely to be a source of instability and are generally well placed to weather higher interest payments and cost pressures. Even so, the heightened global risk environment requires financial institutions to maintain focus on their resilience. The CFR agencies, including the RBA, have been engaging closely with industry to ensure that Australian financial institutions continue to build resilience and readiness to respond to extreme – but plausible – liquidity, operational and geopolitical shocks. Prudent lending standards and regulatory settings that continue to limit the build-up of systemic risk can also foster confidence and resilience in the financial system.

A secure, stable and efficient payments system

Purpose

Australians expect payments to be cost effective, convenient and accessible. Having a reliable payments system is also critical for the smooth functioning of the economy and financial system. We promote these objectives both as supervisor and regulator of the payments system and operator of critical payments settlement 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 resilience of the payments system	Complete consultation on guidance on the conduct of crisis management powers for clearing and settlement facilities.	Guidance on the Australian Clearing and Settlement Facility Resolution Regime was published in February 2026 following consultation with industry.
	Promote a competitive, accessible and innovative payments system	Complete the review of merchant card payment costs and surcharging.	The Conclusions Paper for the Review of Merchant Card Payment Costs and Surcharging was published in March 2026, following an extensive public consultation process.
	Shape the future of money so it meets the evolving needs of the economy, financial system and community	Complete Project Acacia and publish a report on its findings.	The Final Report for Project Acacia, developed with the Digital Finance Cooperative Research Centre, was published in May 2026 following collaboration with a broad range of industry participants. It set out a roadmap for future initiatives to assist with industry planning efforts.
	Align the RBA's regulatory framework for payments and market infrastructures to the Australian Government's principles of regulator best practice	Conduct research and engagement with stakeholders 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 2026 to obtain feedback on our regulatory performance. Overall, respondents continued to view the RBA's regulatory approach positively, particularly in regard to understanding emerging issues and communicating expectations. They also highlighted opportunities to strengthen coordination with other regulators and to make engagement more timely, practical and transparent for regulated entities.
		Regulatory requirements are streamlined, proportionate to risks and coordinated with other regulators.	Respondents to our survey of clearing and settlement facilities indicated that our engagement was constructive, that we sought to understand emerging issues, and that our regulatory requirements were streamlined and proportionate to risks. Communication of regulatory requirements and priorities was also assessed as clear, consistent and timely. Most respondents agreed that we coordinate our regulatory activities effectively with other Australian regulators, although some noted there is scope to further improve coordination, including agreeing regulatory activities sufficiently in advance to support stakeholders' planning.

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 <i>(continued)</i>	Communicate with regulated entities in a timely, clear and consistent way, including on regulatory priorities.	Feedback from participants in the retail payments system was also broadly positive, with responses providing constructive feedback on some aspects of our operational engagement. While respondents generally agreed that we listen to views on emerging issues and communicate clearly, some reported that engagement could be more practical and timely when issues become more operational in nature. Some respondents also suggested further streamlining of reporting and compliance requirements to reduce duplication and burden.
	Deliver reliable interbank settlement services	RITS availability is 99.95 per cent during core hours.	RITS availability was 99.869 per cent in 2025/26, below the performance target, because of an operational incident on 27 January 2026.
		RITS Fast Settlement Service availability is 99.995 per cent on a 24/7 basis, with most transactions processed in less than one second.	RITS Fast Settlement Service availability was 100 per cent in 2025/26, and most transactions were processed within one second.
	Ensure RITS and related infrastructure are secure, well-maintained and operationally efficient	Design and begin to implement improvements to meet the recommendations of the 2023 external review of the RITS operating environment.	Design of the new RITS operating model is complete, with implementation well underway across several areas. The uplift of the project prioritisation framework was completed. IT control gap remediation is underway. Design of the new release management arrangements, an infrastructure-focused software design lifecycle framework, and testing and log-management standards have also been completed and are being tested before full rollout.
		Migrate critical settlement infrastructure to a third-party-owned co-location data centre without business disruption.	We completed detailed planning and design activities and commenced the build work. A comprehensive risk assessment was undertaken to inform the approach for the planned migration in 2027/28. This will support a controlled transition that minimises the risk of business disruption.
		Invest in cyber resilience, including by implementing the Australian Cyber Security Centre's Essential Eight (E8) cyber strategies.	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, including lifting the share of E8 controls that are assessed as effective and significantly improving our server monitoring capability.
		Progress priority recommendations from the Cyber Attack Simulation Exercise (CASE2024).	In collaboration with the National Office of Cyber Security and other government and industry partners, we developed new resources to enhance our response to major cyber incidents affecting the Australian payments system (addressing a priority recommendation from the CASE2024).

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 interbank settlement services meet the needs of the payments system and promote the public interest	Deepen engagement with industry and overseas peers to inform the strategic development of our interbank settlement services, with account-to-account payments a near-term focus.	We participated as a member of the Account-to-Account (A2A) Roundtable (which includes AusPayNet, AP+, the RBA and the Australian Treasury). The A2A Roundtable published a Vision for A2A Payments in July 2026, drawing on input from industry and end users, and established governance arrangements for developing an associated roadmap over 2026 and 2027.
		Support the payment industry's migration to ISO 20022 message formats, including by upgrading relevant functionality in RITS and embedding a framework for ongoing changes to the standard.	We retired old message formats for High Value Clearing System (HVCS) payments settled in RITS following final migration to the new ISO 20022 messaging in late 2025. Member migration to the upgraded ISO 20022-based reporting and enquiry service continued over 2025/26 and will be complete by the end of 2026. The final official institution client accounts were also migrated to ISO 20022 messaging.

Analysis

We continued to make progress in 2025/26 on delivering the RBA's payments policy strategy, which focuses on:

- strengthening the resilience of the payments system
- promoting a competitive, accessible and innovative payments system
- shaping the future of money so it meets the evolving needs of the community, economy and financial system.

Analysis of this work is published in the *Payments System Board Annual Report 2026*.

We continued to work productively with the Australian Treasury and the other financial regulators during the year, including on the government's payments and market infrastructure regulatory reforms. The RBA made progress implementing the crisis management powers for systemically important clearing and settlement facilities that were legislated in 2024/25. Legislative reforms to modernise our regulatory powers for the payments system were passed in 2025/26, and the RBA commenced a Review of Payments System Regulation under these broader powers to promote a safe, efficient and competitive payments system. We also contributed to the development of the cash distribution regulatory framework, which provides the RBA with crisis management powers to support the continuity of cash distribution services.

The RBA advanced key strategic priorities for interbank settlement services in 2025/26, focusing on operational reliability, resilience and ensuring that these services continue to meet the needs of the evolving payments system. We made progress in addressing the recommendations from the independent review of the October 2022 outage of RITS, by strengthening governance, risk management and operational arrangements (for further detail, see Part 2.3: Banking and Payments Services). Despite this, we continue to operate in a complex, demanding and high-risk environment, which will require significant further operational and risk management responses over the coming year (as discussed in Part 3.3: Risk and Compliance Management).

We also worked with industry partners and government agencies to enhance our coordinated response to major incidents affecting the Australian payments system. We continued to support the payments industry's migration to ISO 20022 message formats. As a member of the A2A Roundtable we contributed to the Vision for A2A Payments published in July 2026.¹ The next step is to develop a roadmap for the future of account-to-account payments to help shape future changes to our services.

We met the Fast Settlement Service availability target in 2025/26, with no incidents causing service downtime. However, we did not meet the RITS availability target due to two incidents:

- In July 2025, an internal system issue delayed the submission and response of settlement instructions for the RITS Low Value Settlement Service (LVSS) for 3 hours and 15 minutes.
- In January 2026, a technology incident disrupted the Low Value Clearing System (LVCS) and LVSS for 6 hours and 49 minutes, and delayed property settlement in RITS for 10 hours and 20 minutes. In addition, there were 25 minutes of deliberately initiated downtime of system-wide RITS settlement processing as part of service restoration activities. The disruption was caused by the expiry of an intermediate certificate on the database platform supporting several RITS applications, and an internal system failure to handle the submission of duplicate property settlement files under peak load. (Further discussion of this incident can be found in Part 2.3: Banking and Payments Services.)

Both incidents highlight the scale, complexity and interdependence of the challenges associated with managing the technology supporting RITS to the standards required of our high-reliability ambition. These incidents have strengthened our resolve to complete the work set out in our 2026/27 Corporate Plan,² under the priority of achieving highly reliable payment and banking services.

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	Implement banking strategy focused on efficient technology development, enhanced customer connectivity and development of best practice banking services.	In 2025/26, we commenced customer satisfaction surveys to gauge sentiment regarding our transactional banking services. Our overall customer satisfaction score for 2025/26 was 4.9 out of 5.
	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.	The financial performance of our banking services was above the minimum required return in 2025/26. 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	Ensure banking strategy incorporates enhancements to future banking services, including: ongoing development of banking services and systems, including ISO 20022-based messaging standards	We enhanced several payments and reporting processes using the ISO 20022 messaging standard, supporting greater automation, efficiency and interoperability across payment systems. These enhancements form part of a multi-year domestic and international modernisation program as various payment systems and messages continue to evolve.
		advancing our New Payments Platform-based Confirmation of Payee service	We commenced the next phase of development of a solution leveraging the New Payments Platform-based Confirmation of Payee service to enable our government customers to verify account details before making payments. This service is expected to reduce the risk of mistaken payments and invoice-related scams.

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>	reducing customer usage of legacy payment channels (e.g. cheques), in line with industry timeframe	We worked closely with government agencies to support the transition away from cheques and ensure they are prepared for the anticipated closure of the cheque system in 2029. The volume of cheque payments from our government customers declined by a further 19 per cent in 2025/26.
		IT systems and supporting infrastructure that ensure our banking services and products are current, secure, resilient, efficient and fit for purpose.	Our overall system availability remained close to our target. Availability of our Tier 0 services was 99.995 per cent, in line with our target of 99.995 per cent. Availability of our Tier 1 systems was 99.970 per cent, above our target of 99.95 per cent.

Analysis

We continued to provide the Australian Government with convenient, secure, reliable and cost-effective central banking and transactional banking services in 2025/26. At the same time, we progressed a range of strategic improvement initiatives, as discussed in Part 2.3: Banking and Payment Services. These initiatives included:

- enhancing several payment and reporting processes to align with the ISO 20022 messaging standard
- advancing our solution to enable our government customers to access the Confirmation of Payee capability
- completing migration to a new card collections provider that offers improved digital and security capabilities
- preparing for regulatory changes to designated card schemes that will take effect later in 2026.

We maintained active collaboration with government agencies and industry partners to support the continued evolution of Australia's payments system. We continued to support agencies transitioning to modern payment methods, including preparing for the phase-out of cheques ahead of their planned closure in 2029; cheque usage declined further during the year. And we contributed to industry discussions about the future of account-to-account payments and how to strengthen payments resilience, while also progressing our internal work in these areas.

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 people. 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 preserve this confidence by designing, printing 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. The majority (68 per cent) of respondents perceived the Next Generation Banknote (NGB) series to be sufficiently secure against counterfeiters, and 79 per cent noted they liked the NGB banknotes – broadly in line with previous years.
	• meet banknote demand	Fulfil 100 per cent of banknote orders from commercial banks within three business days of request.	We fulfilled all transactions on the day requested.
	• maintain the security of Australian banknotes	Issue secure banknotes, as evidenced by a counterfeiting rate below 25 counterfeits per million genuine banknotes. Implement effective responses to a realised counterfeit threat.	Counterfeiting rates have increased and are projected to slightly exceed 25 counterfeits per million genuine banknotes in 2025/26. We have increased public education around authenticating banknotes and have close engagement with law enforcement authorities in Australia and abroad. New security features have been trialled and selected as options for future Australian banknotes, if required, to combat counterfeiting.
	• maintain high-quality banknotes.	Quality of banknotes in circulation exceeds the minimum quality standards agreed with industry.	The quality of banknotes in circulation was assessed as good. This assessment is based on sampling of banknotes held at cash depots across Australia, using a quality framework published in the Banknote Distribution Terms and Conditions. The RBA is currently reviewing the arrangements in place to manage the quality of banknotes in circulation.

Analysis

The value of banknotes in circulation increased over 2025/26 to be around historical highs (see Part 2.4: Banknotes). However, nominal growth for most denominations was below historical averages. We have continued to meet demand for banknotes by ensuring orders are fulfilled. The banknotes in circulation continue to be in good condition and reliable for use by people and in machines. The effectiveness of the security features of the NGB series of banknotes has supported public confidence in banknotes. Australia's rate of counterfeiting remains consistent with comparable countries.

Endnotes

- 1 A2A Payments Roundtable (2026), 'The Vision for Account-to-account Payments in Australia', July.
- 2 RBA (2026), '2026/27 Corporate Plan', August.

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 2025/26

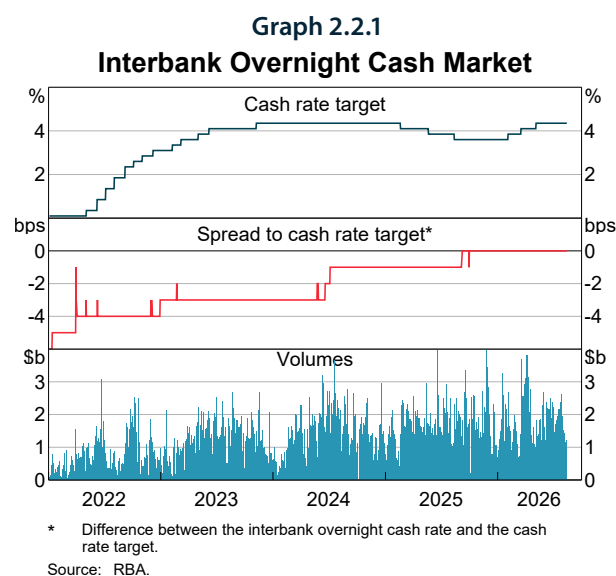
- The Monetary Policy Board decreased the cash rate target once, before increasing it three times, taking it from 3.85 per cent to 4.35 per cent.
- The size of our balance sheet declined by around \$40 billion and the market risk we face fell as bonds purchased during the COVID-19 pandemic continued to mature. The balance sheet is around 45 per cent smaller than at its peak during the pandemic.
- We are transitioning from a supply-driven to a demand-driven ('ample reserves') system for implementing monetary policy as pandemic-era bond purchases mature. Demand for liquidity by financial institutions was met at our weekly 'full-allotment' market operations.
- We did not intervene in the foreign exchange market.

Monetary policy implementation

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

The Monetary Policy Board decreased the cash rate target once (in August 2025), before increasing it three times (in February, March and May 2026), taking it from 3.85 per cent to 4.35 per cent in net terms (Graph 2.2.1). The rate paid to banks on ES balances was increased by the same amount, from 3.75 per cent to 4.25 per cent.

Throughout the past year, the cash rate was above the interest rate paid on ES balances (the 'ES rate'). The cash rate was 1 basis point below the cash rate target from June to early September, and equalled the cash rate target thereafter. The modest spread between the cash rate and the ES rate reflects the net effect of the opportunity costs to lenders of lending 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.



Liquidity in the financial system (in the form of ES balances) declined by around \$30 billion over 2025/26, to \$185 billion. This largely reflected the ongoing maturity of bonds we purchased during the pandemic, which had been acquired with payments that added to banks' ES balances. The aggregate level of ES balances can also change due to transactions between our customers (mainly the Australian Government) and the customers of ES account holders, transactions between the RBA and its counterparties that are undertaken to implement policy (including repurchase agreements, or 'repos'), the purchase or

sale of government securities on an outright basis, or the use of 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. Under this new 'ample reserves' system, the level of ES balances will be determined by banks' underlying demand for reserves, since 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 created at OMO are being supplied at a fixed price to guide the cash rate and other money market rates into line with the Monetary Policy Board's objectives.¹

While the level of reserves has declined, it has remained above what we estimate will be 'ample', that is, the level where the supply of ES balances roughly matches banks' underlying demand. Estimates for this ample level remain imprecise, with a recent survey of banks pointing to a range of between \$70 billion and \$105 billion. The underlying demand for ES balances will become clear only as supply approaches whatever the true level of 'ample' is. Based on current forecasts for ES balances, the estimated ample level could be reached between mid-2028 and mid-2029. To identify when this may happen, we monitor conditions in money markets, conduct regular liaison with market participants and analyse OMO activity. We would expect to see some upward pressure on money market rates and increased participation at OMO once reserves are close to ample (discussed further below).

Liquidity operations to implement monetary policy

We undertake transactions in domestic financial markets as needed to implement the policy settings of the Monetary Policy Board and to facilitate the smooth functioning of the payments system.

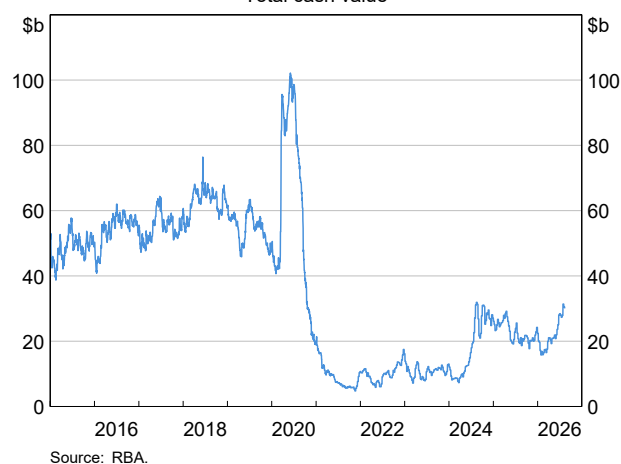
In 2025/26, the main type of operation used to supply reserves to implement monetary policy was weekly full-allotment repurchase agreement auctions (OMO repos). These involve the temporary exchange of high-quality securities for ES balances. Under these full-allotment auctions, we offer to provide as many ES balances as counterparties demand at a given 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 equal to 10 basis points over the average cash rate target prevailing during the term of the repo. The value of OMO repos outstanding decreased in 2025/26 to an average of \$21 billion (from \$25 billion in 2024/25; Graph 2.2.2). Most OMO repos continue to be transacted with a 28-day term (Graph 2.2.3).

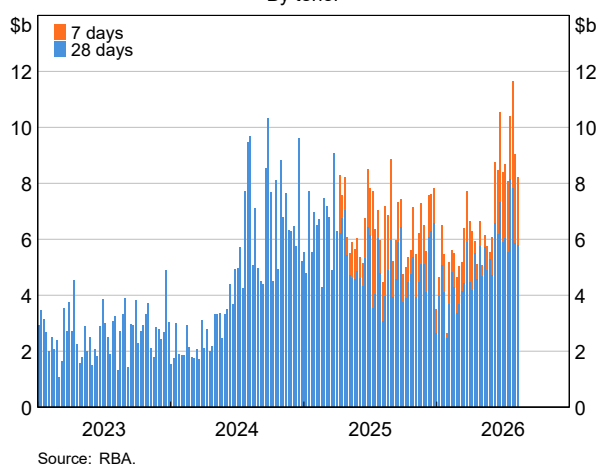
We have historically also used other types of transactions to implement monetary policy decisions, but did not need to use them in 2025/26 for these purposes. This includes FX swaps, in which Australian dollars are swapped for foreign currencies to increase the supply of ES balances in the same way as 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 approaches banks' underlying demand, and bonds continue to mature, banks will need to source additional liquidity via our full-allotment OMO repos to meet their needs. Hence, our lending in the repo market will get progressively larger. In time, we will also use FX swaps, cross-currency basis swaps and purchases of short-term AGS if necessary to provide additional liquidity so as to ensure that our presence in the repo market does not undermine the recycling of reserves or market function. The need to use these operations for monetary policy implementation is expected to be some time away, and we will outline our plans for their use before beginning to actively use them.²

Graph 2.2.2
OMO Repo Outstanding
Total cash value



Graph 2.2.3
Open Market Operations
By tenor



Balance sheet

Our balance sheet declined by \$39 billion over 2025/26, to \$365 billion – around 45 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

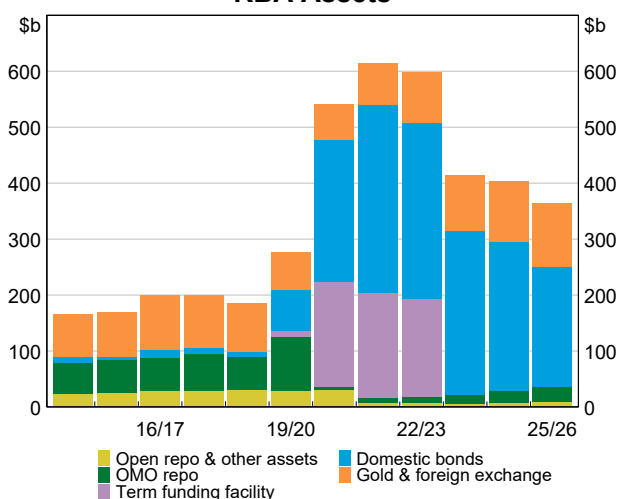
	2025	2026	Change
Assets	404	365	-39
Foreign	108	113	5
Domestic	295	252	-43
– Outright bond holdings	266	216	-50
– OMO repos	23	28	5
– Open repos & others	7	8	1
Liabilities and Equity	404	365	-39
Deposits	290	253	-37
– ES balances	212	183	-29
– Government & other	78	70	-8
Banknotes	104	107	3
Other liabilities	-35	-33	2
Other reserves and current year earnings	44	37	-7
Reserve Bank Reserve Fund and capital	0	0	0

Source: RBA.

The decline in assets over 2025/26 was largely driven by the maturing of \$39 billion of AGS and \$8 billion of semi-government bonds. The effects of changes in the valuation of the RBA's bond holdings were small and largely offsetting.

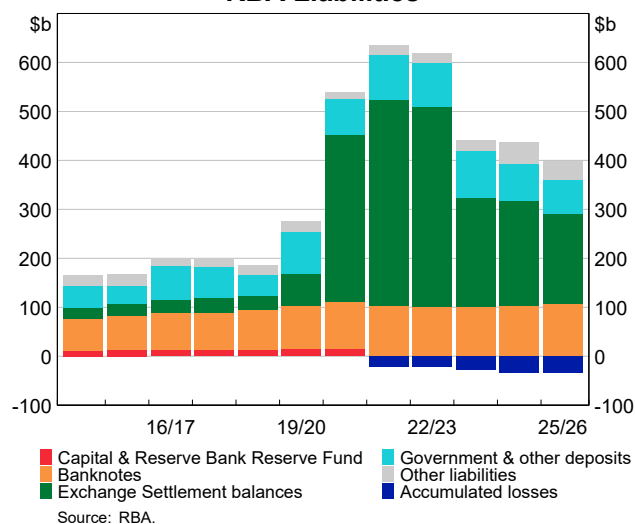
As at 30 June 2026, around 60 per cent of our assets were domestic government bonds (Graph 2.2.4). Foreign exchange, OMO repos and gold make up most of the remainder.

Graph 2.2.4
RBA Assets



The corresponding decline in liabilities over 2025/26 arose from a reduction in ES balances as our bond holdings matured. As at 30 June 2026, 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 standing facilities to provide liquidity via repos as needed. These allow eligible counterparties to exchange high-quality collateral temporarily 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. Intraday repo activity in 2025/26 was slightly lower than in the previous year, with account holders using an average of just under \$3 billion per day.

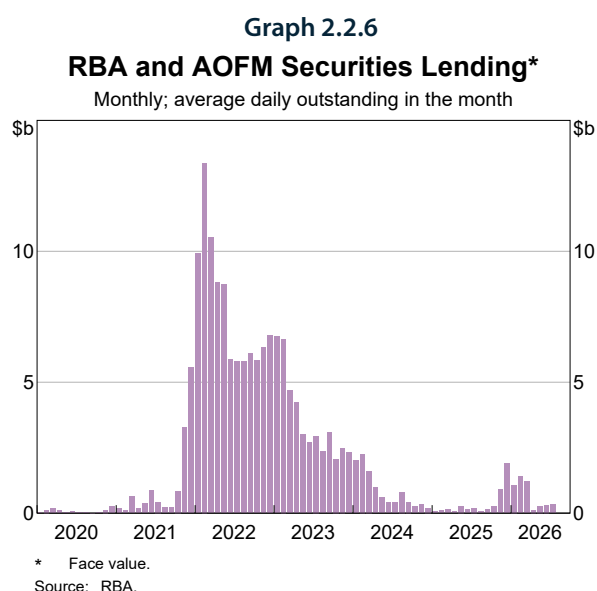
We also offer an overnight standing facility (OSF) through which ES account holders can exchange collateral for liquidity at an interest rate of 25 basis points above the cash rate target. This facility was used 18 times during 2025/26, with a total of \$2 billion borrowed. To support banks' operational readiness, we facilitate OSF repos for testing purposes, which accounted for some use of this facility over the past year. The RBA and APRA see use of the OSF by banks as consistent with routine liquidity management activities. Both agencies are comfortable with banks using the OSF as needed.

Our third standing facility is open repos. These were introduced in 2013 to provide ES account holders with sufficient liquidity to facilitate payments made outside of standard business hours. At that time we operated a scarce reserves system with only around \$1 billion of aggregate liquidity available to banks, which was insufficient to smoothly facilitate such after-hours payments. In our new ample reserves system, where reserves are no longer scarce, open repos are no longer required. Reflecting this, open repo positions have fallen from around \$27 billion in 2018/2019, to around \$4 billion currently. Given this, we will discontinue open repos during 2026/27.³

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 increased in 2025/26, but remained well below the levels seen in the post-pandemic period

as the share of government bonds on our balance sheet continued to decline (Graph 2.2.6). The value of outstanding securities lending from this facility averaged \$600 million per day in 2025/26 (compared with \$265 million per day in 2024/25). Our activity on behalf of the AOFM also increased, averaging around \$60 million outstanding per day in 2025/26 (compared with around \$5 million per day in 2024/25).



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 2025/26, we conducted around \$860 million of these transactions, compared with around \$920 million in 2024/25.

Eligible collateral

We accept a range of eligible Australian dollar collateral for our market operations as security in the event that a borrowing counterparty does not meet its repurchase obligations. Acceptable collateral is listed in Table 2.2.2 and on the RBA website.⁴ 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.⁵ As at 30 June 2026, around 50 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 25 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.

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

As at 30 June

	2024		2025		2026	
	\$ billion	% of total	\$ billion	% of total	\$ billion	% of total
AGS	1.9	9	4.0	14	3.7	10
Semis	3.5	17	6.7	23	4.8	14
Supranational	1.4	7	1.5	5	3.1	9
ADI issued	8.5	41	13.4	46	18.3	52
Corporate issued	0.6	3	1.7	6	2.2	6
Asset-backed securities	4.1	20	1.2	4	2.7	8
Other	0.8	4	0.3	1	0.4	1
Total	20.6	100	28.8	100	35.2	100
– of which: for open repo	2.2	11	3.9	14	4.2	12
– of which: for Term Funding Facility	0.5	2	0	0	0	0
– of which: for OMO	18.0	87	24.8	86	31.0	88

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

Source: RBA.

In 2025/26, our repo collateral holdings increased by around \$3 billion, largely due to an increase in OMO outstanding.

The domestic securities we own are held in an account 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, either on a bilateral basis or within ASX Collateral, a collateral management service. At 30 June 2026, around 50 per cent of the value of securities we held under repo through OMO was settled within ASX Collateral, compared with around 45 per cent a year earlier. The use of this system reduces the manual processing otherwise required to manage this collateral, including marking it to market and maintaining margins.

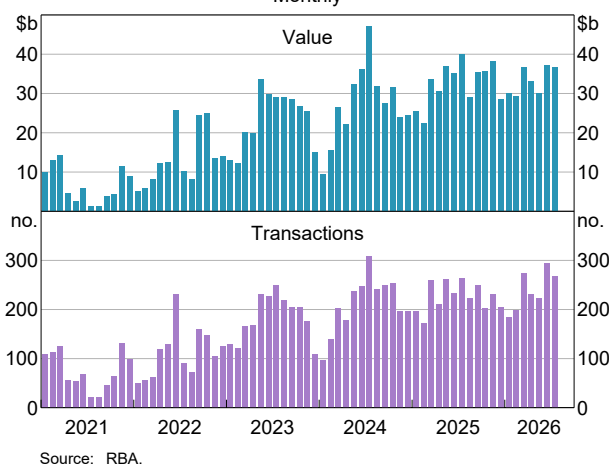
The cash rate

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 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.⁶ 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 continued to fall over 2025/26, cash market activity increased from around \$1.5 billion per day in 2024/25 to around \$1.6 billion per day in 2025/26 (Graph 2.2.7). This continues a gradual trend rise in activity since the low point reached during 2021.

The cash rate was determined by market transactions on 97 per cent of days in 2025/26, compared with 95 per cent in 2024/25. 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
Monthly



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 for Australian dollars.

The RBA has not intervened in the FX market since 2008.⁷ Nevertheless, the Monetary Policy Board is prepared to address dysfunction in the spot FX market if it is judged to pose a risk to financial stability.⁸ We also retain the capacity to address a significant misalignment in the value of the Australian dollar if such intervention was thought to be necessary to meet the Board's objectives. Holding a stock of foreign reserve assets allows us to conduct operations for these purposes if needed (see below).

To provide FX services to our clients (principally the Australian Government), we transact in the FX market almost every business day. During 2025/26, we bought A\$18 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 swaps increases our capacity to conduct policy operations.⁹

Management of foreign reserves

Most of Australia's official reserve assets are owned and managed by the RBA. The Australian Government owns Australia's reserve position in the International Monetary Fund (IMF) and around half of Australia's Special Drawing Rights (SDRs, an international reserve asset created by the IMF) (Table 2.2.3).

Table 2.2.3: Official Reserve Assets

30 June 2026

	A\$ million
Official reserve assets	
– Foreign currency	59,563
– Gold	15,049
– SDRs	20,778
– Reserve position in the IMF	3,579
– Other reserve assets ^(a)	3,552
Other foreign currency assets	822
Net forward foreign currency commitments:	
– Short term	15,500
– Long term	–27,470
<i>Memo item:</i>	
Foreign currency liquidity (FX + Gold) ^(b)	93,222

(a) Includes the market value of derivatives with non-resident entities, holdings in the Asian Bond Fund and loans to the IMF's Poverty Reduction and Growth Trust (PRGT), and holdings in the deposit and loan accounts of the IMF's Resilience and Sustainability Trust (RST).

(b) Foreign currency liquidity (FX + Gold) is the sum of official reserve assets, other foreign currency assets and net short-term forward foreign currency commitments (commitments with less than 12 months to maturity) less SDRs, the Reserve position in the IMF, loans to the PRGT and the deposit and loan accounts of the RST.

Source: RBA.

The RBA's reserve assets – including foreign currency, gold and SDRs – are held to facilitate policy operations in the FX market (described above) and to help the Australian Government meet its commitments to the IMF. The Monetary Policy Board periodically reviews our reserve holdings, considering what amounts might be required to meet our policy objectives, including through potentially prolonged periods of stress. The most recent review in December 2025 reaffirmed that our capacity for FX policy operations should continue to increase gradually each year to keep pace with expected growth in the size of financial markets and the economy. Foreign reserves can increase with earnings on our existing assets and with purchases of foreign currency against the Australian dollar in either spot markets or via long-term swaps. As in preceding years, when long-term swaps

were used to increase our foreign currency assets, the Japanese yen was the preferred currency to purchase in the swap during 2025/26. This was because, when hedged for exchange rate risk, the Japanese yen offered the highest return of any reserve currency. Consequently, all our outstanding long-term foreign currency commitments are to deliver yen.

The foreign assets we hold expose us to market, liquidity and credit risks, which we seek to mitigate where possible. We mitigate these risks by holding a diversified portfolio and investing only in assets of high credit quality and appropriate liquidity (see also Part 3.3: Risk and Compliance Management). Our foreign currency assets are also managed against an internally constructed benchmark. Subject to our risk tolerances, the benchmark is set as 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.

Within the portfolio, the largest allocation is to 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 2026, the running yield on the benchmark portfolio was around 3.0 per cent (Graph 2.2.8).

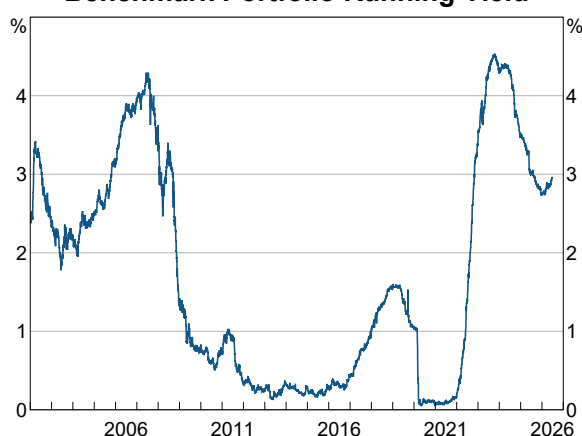
Table 2.2.4: Benchmark Foreign Currency Portfolio

30 June 2026

	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 2.2.8
Benchmark Portfolio Running Yield**



Source: RBA.

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. Debt instruments issued by quasi-sovereign entities can also be accepted as collateral under reverse repos.

While gold holdings also contribute to our FX policy capacity, they are managed outside of the benchmark framework. Our gold holdings (including gold on loan) have been unchanged since 1997 at 80 tonnes. We hold almost all of our 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 17 per cent in Australian dollar terms over 2025/26, increasing the value of our holdings by around A\$2 billion, to A\$15 billion. We seek to earn income on our holdings by lending gold; this lending is fully collateralised by foreign currency cash. During 2025/26, returns from these activities totalled A\$0.5 million – lower than in the previous year, due to reduced activity and narrower spreads. As at 30 June 2026, the RBA had no gold loans outstanding.

We also 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 2026, the total allocation of our reserves to these funds was around A\$815 million. In SDR terms, these investments recorded a return of –1.0 per cent over the year, with performance influenced by returns on Asian government bonds and changes in currency valuations.

Bilateral currency swaps

We have bilateral local currency swap agreements with four other central banks (Table 2.2.5). 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 2.2.5: RBA Bilateral Local Currency Swap Agreements

As at September 2026

	Expiry	Maximum size (A\$ billion)
People's Bank of China	July 2031	46
Bank of Japan	March 2028	20
Bank of Korea	February 2028	12
Bank Indonesia	February 2030	10

Source: RBA.

Endnotes

- 1 For a more detailed discussion of the ample reserves framework, see Kent C (2024), 'The Future System for Monetary Policy Implementation', Bloomberg Australia Briefing, Sydney, 2 April.
- 2 FX swaps are already used for managing our foreign currency assets and cross-currency basis swaps are already used for reserves adequacy.
- 3 For a more detailed discussion of the decision to discontinue open repos, see Jacobs D (2026), 'The Road to Ample – Towards a Demand-driven Liquidity Regime', Speech at the RBA Head Office, Sydney, 25 August.
- 4 See RBA (2024), 'Eligible Securities'.
- 5 See RBA (2023), 'Margin Ratios'.
- 6 See ISDA (2020), 'ISDA 2020 IBOR Fallbacks Protocol'.
- 7 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'.
- 8 See Monetary Policy Board (2025), 'Policy on Financial Market Intervention to Address Market Dysfunction', May.
- 9 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 2025/26

Banking

- We provided transactional banking services to over 100 Australian government agencies.
- We distributed 352 million domestic payments and 1 million international payments for the Australian Government, totalling \$907 billion and \$21 billion respectively. We also processed 60 million collection-related transactions for the Australian Government, amounting to \$911 billion.
- We progressed a number of initiatives to improve our service offering and continued to support efforts to modernise and strengthen the resilience of payments.

Payment services

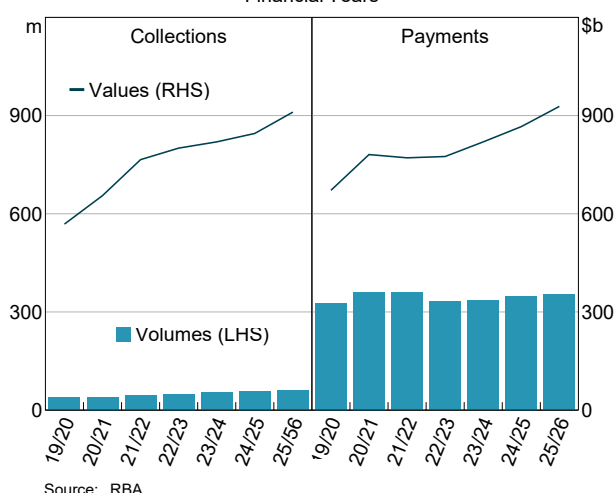
- The Reserve Bank Information and Transfer System (RITS) settled an average of 69,000 transactions per day worth \$314 billion. The Fast Settlement Service (FSS) of RITS settled an average of 4 million transactions per day worth \$5.9 billion. We achieved our availability target for the FSS this year but, due to a technology outage in January 2026, did not meet the availability target for RITS.
- Since November 2025, all High Value Clearing System payments settled in RITS have used the new ISO 20022 message format. RITS also supports ISO 20022-formatted reporting and enquiry messages, with member migration to this standard to be finalised by the end of 2026.
- We continued to invest to strengthen the resilience of RITS and the services that support it. We began implementing a new internal operating model for RITS and developed new technology processes and controls to address findings from the independent review of the October 2022 outage of RITS. We also actively engaged in initiatives to strengthen the operational and cyber resilience of the payments system and its participants, and progressed work to migrate critical settlement infrastructure to a new data centre.
- We continued to engage with the payments industry on the future of account-to-account payments. We also enhanced the technology supporting the FSS and commenced work required to support updated New Payments Platform message formats that align with international guidance. More broadly, we commenced early planning on how to modernise RITS, to ensure it will support Australia's future payment needs and preserve the role of central bank money.

Transactional banking services

Consistent with our responsibilities under the *Reserve Bank Act 1959*, we deliver secure, reliable and cost-effective central banking and transactional banking services to the Australian Government. These services enable the government and its agencies to make payments and collect revenue. Most payments are processed through the cost-effective, direct-entry Bulk Electronic Clearing System (BECS), particularly the critical welfare and aged pension payments that are relied on by many Australians. Real-time payments are also made by government customers using the New Payments Platform (NPP) and the High-Value Clearing System (HVCS), while other payments by our customers use BPAY or cheques. Government revenue is received by the same methods, by card (at a terminal, over the phone or via an online service) and, to a lesser extent, in cash. We worked with the industry to maximise payment availability and to increase the resilience of the payments industry.

In 2025/26, we processed more payments for government agency customers than in 2024/25. Volumes were marginally below historic highs reached during periods of elevated government disbursements associated with the COVID-19 pandemic and natural disasters. During 2025/26, we continued to see an increase in the number of collections-related transactions for government agency customers (Graph 2.3.1).

Graph 2.3.1
Payments and Collections
Financial Years



In 2025/26, we progressed a range of initiatives to respond to the continuing evolution of the payments industry and strengthen payments resilience, including:

- **Enhancing several payments and reporting processes** to align with the ISO 20022 messaging standard, supporting greater automation, efficiency and interoperability across payment systems. These enhancements form part of a multi-year domestic and international modernisation program, ensuring our services remain aligned with evolving industry standards and messaging framework.
- **Advancing our NPP-based Confirmation of Payee services**, enabling government customers to verify account details before making payments. Development will be completed in 2026/27, and it is expected to reduce the risk of mistaken payments, misdirected funds and invoice-related scams.
- **Completing the customer migration of card collection services to a new service provider**, delivering enhanced digital capabilities and strengthened security capabilities to support a more modern, secure and resilient customer payment experience.
- **Continuing to support government agencies in transitioning from cheques to modern payment methods**, ahead of the planned closure of the cheque system in 2029. Cheque payment volumes declined by a further 19 per cent in 2025/26, reflecting ongoing progress towards digital payment alternatives. However, significant barriers remain, including legislative requirements that mandate the use and acceptance of cheques in some circumstances.
- **Progressing work on the future of account-to-account payments and strengthening payments resilience**, including extensive engagement across the payments industry level, with customers and internal stakeholders to support the development of future payment solutions and resilience strategies.

An industry-wide transition of payments away from the BECS payment rails to more modern systems will involve significant cost and effort across the industry, because there are entrenched legacy systems at many stages in the payments process. There are also challenges associated with migrating large volume bulk payments (such as pension payments) to

alternative payment channels. This is an important issue for the RBA as over 85 per cent of our customers' payments and receipts (by volume) were processed through BECS in 2025/26 – equivalent to around 10 per cent of all BECS payments in Australia. We will continue to work with government agency customers and industry to plan how these payments can be made securely, efficiently and cost-effectively in future.

As part of the Industry Resilience Initiative, we made solid progress on strengthening payments resilience. We expect to begin implementing specific initiatives in the coming year, consistent with our critical role as a participant in the payments system.

Pro forma business accounts

Our transactional banking services are subject to the Australian Government's competitive neutrality guidelines, since we deliver these services in competition with commercial financial institutions (including by bidding for business at tenders). These guidelines require us to cost and price the services separately from our other activities and meet a prescribed minimum rate of return. In 2025/26, 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 2025/26, after-tax earnings from our transactional banking services were \$9.0 million (Table 2.3.1).

Table 2.3.1: Transactional Banking Accounts

\$ million

	2024/25	2025/26
Revenue		
– Service fees	210.6	239.3
– Other revenue	11.3	11.3
Total	221.9	250.6
Expenditure		
Total	215.3	237.7
Net profit/(loss)	6.6	12.9
Net profit/(loss) after taxes ^(a)	4.2	9.0
Assets^(b)		
– Domestic markets investments	6,488.1	6,192.7
– Other assets	25.6	37.0
Total	6,513.7	6,229.6
Liabilities^(b)		
– Deposits	6,464.0	6,177.8
– Other liabilities	24.7	26.9
Total	6,488.7	6,204.6
Equity		
– Capital and reserves	25.0	25.0
Total	25.0	25.0

(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 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 2025/26.

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).

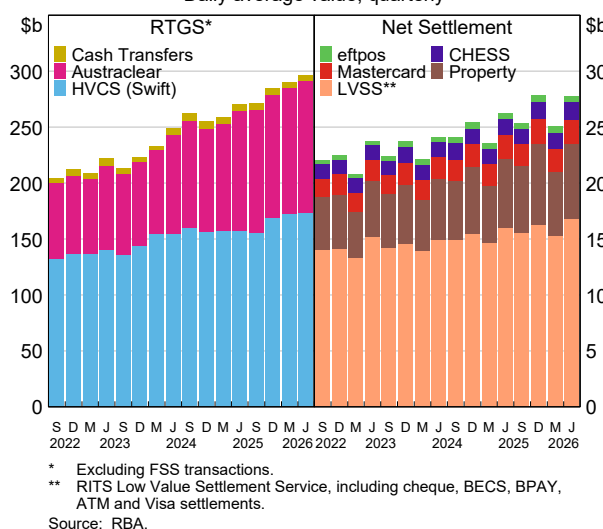
Most low-value payments are, however, still settled on a net basis in batches. The RITS Low Value Settlement Service (LVSS) collates and settles interbank payment obligations arising from some debit and credit cards, BPAY, ATMs, cheques and BECS. The latter are known as direct entry or 'pay anyone' payments; 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 Sub-register System (CHES)
- electronic property transactions processed by Property Exchange Australia and Sympli Australia.

In 2025/26, RITS (excluding the FSS) settled an average of 69,000 transactions worth \$314 billion per business day. Transaction volumes remained at similar levels to 2024/25, while the average daily value settled grew by around 9 per cent (Graph 2.3.2). FSS transaction volumes increased by 13 per cent to over 4 million worth \$5.9 billion per day.

Graph 2.3.2
Interbank Settlement Activity by Payment Type
Daily average value, quarterly



In 2025/26, two organisations became RITS members and eight resigned, bringing total membership to 150 at the end of June. Of these, 97 hold ES accounts (most of these are authorised deposit-taking institutions), five administer batches submitted to RITS for settlement, and the remainder 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.

Alongside our interbank settlement services, we provided correspondent banking services to 64 overseas central banks and official institutions for the settlement of their Australian dollar transactions; this service averaged \$6 billion per day in 2025/26. Many of them use our safe custody services, with the face value of securities held in custody being around \$148 billion at the end of June 2026. In addition, we provided registry services to eight supranational organisations that issue Australian dollar-denominated securities, and settlement services for banknote lodgements and withdrawals by commercial banks.

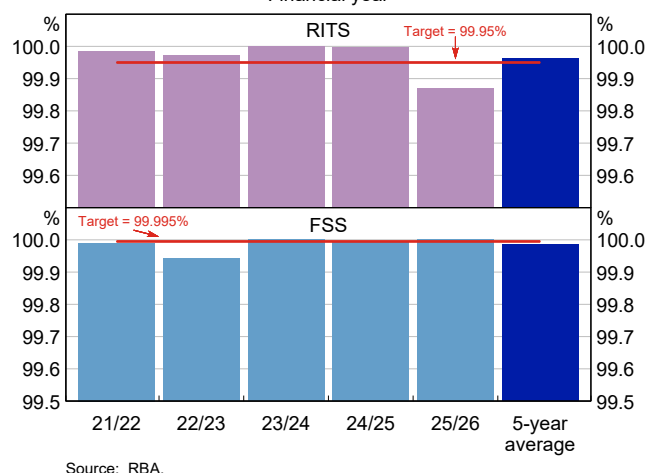
January 2026 technology incident

On 27 January 2026, the RBA experienced an issue that affected the Low Value Clearing System (LVCS), LVSS and property settlements.¹ The initial disruption was caused by the expiry of an intermediate certificate on a database platform. A second separate disruption occurred later that day when RITS received duplicate property settlement batches. The system was under heavy load, and the duplicate checking mechanism failed to handle duplicate submissions smoothly. The incident led to 6 hours 49 minutes of downtime for the LVCS and LVSS, and 10 hours and 20 minutes of downtime for property settlement. There was also 25 minutes of deliberately initiated downtime of system-wide RITS settlement processing undertaken as part of service restoration activities.

In response to the incident, we committed to undertake a comprehensive set of actions. These include a review of the governance and control arrangements related to the certificate renewal and lifecycle processes for RITS, and a review of the duplicate checking mechanisms for property settlement under peak load. We are currently progressing these commitments and will update RITS stakeholders on the outcomes.

Our availability targets are 99.95 per cent for RITS and 99.995 per cent for FSS. The January 2026 incident means we did not achieve the RITS availability target for 2025/26 (with availability of 99.869 per cent). FSS availability was above the target at 100 per cent over the same period (Graph 2.3.3; see also Part 2.1: Annual Performance Statement).

Graph 2.3.3
RITS and FSS Availability
Financial year



Strengthening the operating environment supporting RITS

We have continued to address the recommendations of the Deloitte review of the October 2022 outage of RITS. We have invested heavily in 2025/26 to progress the recommendations to strengthen governance, risk management and operational arrangements for RITS. This includes ongoing implementation of a new internal RITS operating model, uplifted IT controls and associated testing, and reviewing and updating the RBA's management committees and their charters. We intend to complete the remaining program of work by December 2027. In the interim, we expect to be operating with an elevated operational risk profile.

We also made progress on several other initiatives to strengthen the resilience of RITS and the broader payments ecosystem. This included completing detailed planning and design activities and commencing the build work to migrate critical settlement infrastructure to a third party-owned co-location data centre. We also successfully completed a technological refresh of RITS infrastructure nearing obsolescence and application enhancements to improve resilience and simplify system architecture. At the same time, we began improving the RITS FSS technology that settles payments made across Australia's 24/7 fast payment system (the New Payments Platform), including replacing end-of-life technology and upgrading capacity for testing environments.

In collaboration with the National Office of Cyber Security and other government agencies, we made progress on clarifying the roles and responsibilities of key industry and government stakeholders during a cyber event – a key shortcoming identified in the 2024 Cyber Attack Simulation Exercise (CASE2024). We also participated in the ongoing Industry Resilience Initiative, working with the major banks and industry bodies to enhance capabilities to ensure essential payment services can continue to operate in the event of a significant disruption to the payments system.

Supporting the future of the payments system

We have continued to prioritise work to ensure that interbank settlement services evolve to support the future of the Australian payments system. As a member of the Account-to-Account Payments Roundtable, along with the Australian Treasury, Australian Payments Network and Australian Payments Plus, we are developing a common vision for the future of account-to-account payments. 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. We have started early planning for the development of a vision for the longer term strategic modernisation of the RBA's interbank settlement services. The vision planning phase, which is expected to take until mid-2028, aims to determine the future capabilities that will be required for RITS to remain resilient and secure while also enabling innovation to meet the evolving needs of users over the longer term. This phase of the work will be exploratory (with no decisions to be made yet on solutions) and will involve discovery activities, stakeholder engagement and the development of high-level delivery options. It will help inform the potential scope, priorities and foundations of any future modernisation program, while supporting informed decision-making.

In November 2025, we completed the multi-year program to migrate HVCS payments settled in RITS to the modern, data-rich ISO 20022 message standard, including the migration of payment messages for overseas central banks and official institutions. Migration to the upgraded message standard for the Automated Information Facility – an enquiry and reporting service for ES account credit and liquidity management – will be finished in late 2026. We also began to plan and scope what is required to implement ISO 20022 messaging for RITS batch settlement. Further upgrades to NPP ISO 20022 messages to align with the latest international standards are expected to be completed in October 2026.

Endnotes

- 1 See RBA (2026), 'Technology Outage', Statement No 2026-02, 29 January; RBA (2026), '27 January 2026 Payments Settlements Outage', Report, March.

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. The use of cash for consumer payments has stabilised in recent years and it continues to be an important means of payment for many Australians. Cash also continues to be used as a store of value and is a valuable back-up for electronic payment methods. It is important that Australians continue to have reasonable access to cash and confidence in banknotes to meet their needs.

Key outcomes in 2025/26

- We worked closely with government agencies and key participants in the cash distribution industry to develop policies and initiatives to support the long-term availability of cash in the community. One outcome of this was the RBA received new crisis readiness and resolution powers to safeguard the continuity of critical cash distribution services.
- We progressed work on the design and security features for the redesigned \$5 banknote to honour the enduring connection that First Nations Peoples have to Country.

Supporting wholesale cash distribution

We support the government's priority of maintaining access to cash for Australians who want or need to use it. Cash continues to play an important role in society and remains widely valued by Australians. The use of cash for transactions has stabilised in recent years, at around 15 per cent of consumer payments.¹ Convenient access to cash for consumers and businesses is underpinned by the wholesale cash distribution system, which moves banknotes and coins to where they are needed around the country.

The cash distribution system in Australia has faced pressures, as the use of cash for transactions has declined over recent decades and the high fixed costs of cash distribution have challenged the economics of providing cash services. In mid-2023, the two largest cash-in-transit (CIT) companies in Australia – Linfox Armaguard and Prosegur Australia – merged. Following the merger, Linfox Armaguard indicated in late 2023 that it was facing financial difficulties. Armaguard's major banking and retail customers agreed to provide Armaguard funding support to allow more time for Armaguard to embed efficiency gains arising from the merger and improve its financial sustainability. Over the past year, Armaguard and its major customers have continued discussions regarding a pricing mechanism to support financial sustainability of the cash distribution industry. The RBA has also

continued to work closely with government agencies and participants in the cash distribution industry on business continuity arrangements in the event of a disruption to the supply of cash services.

The *Cash Distribution Framework Act 2026* came into force in August 2026. It gives the RBA and the Australian Competition and Consumer Commission (ACCC) new powers to help support a cash distribution system that is accessible, sustainable, resilient and efficient. The framework empowers the RBA to designate entities that play a significant role in cash distribution and gives it new crisis preparedness and resolution powers in relation to those designated entities. These powers enable the RBA to take actions to support the continuity of critical cash distribution services in Australia and to respond to a crisis if needed. Under the new framework, the ACCC is responsible for overseeing pricing and other terms in agreements covering critical cash distribution services. It has the ability to set service-level standards to support reliable, fair and transparent access to cash.

The regulatory framework was informed by recommendations from the Council of Financial Regulators (CFR) and the ACCC on appropriate safeguards for critical cash distribution services.² The CFR and the ACCC consulted a broad range of stakeholders, including banks, retailers, CIT companies, ATM providers, payments and banking industry associations, consumer advocacy and retailer groups, and individuals.

Industry participants have also continued to work on initiatives to support the viability of wholesale cash distribution and access to cash in the community. In April 2026, the Australian Banking Association applied to the ACCC for authorisation to conduct a multibank ATM trial in regional Australia. The proposed trial would allow fee-free banknote withdrawals from ATMs installed or converted in regional and remote locations. We are an observer on the Regional ATM Trial Steering Committee.

In May 2026, the major banks applied to the ACCC to form a joint venture to manage a new, jointly owned cash pool. Under the proposed arrangements, the new joint venture would supply banknotes and coins from the joint cash pool to CIT providers, which would continue to provide commercial cash services to their business customers (including other banks, retailers and Australia Post). The major banks would also use the joint cash pool for banknotes and coins for their own branches and ATMs. The proposed arrangements would replace the major banks' existing separate cash pools and Westpac's commercial cash facility, which is currently used by CIT providers to supply commercial cash.

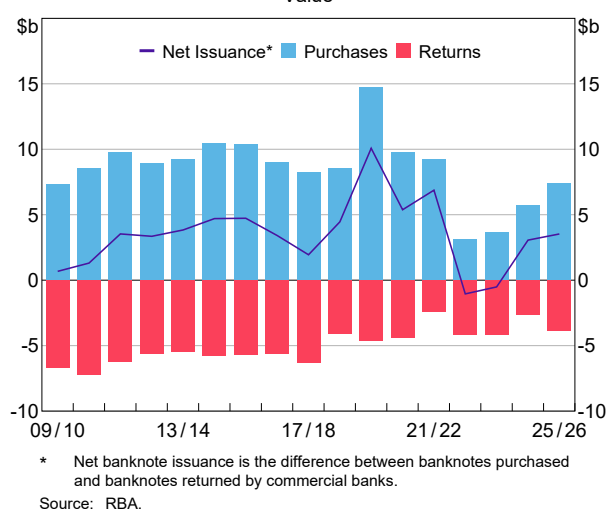
The proposed joint venture could help move the cash distribution system towards a more sustainable footing. However, the public benefits will depend on the details of how it is implemented. The arrangements would also require amendments to our Banknote Distribution Framework (BDF), which is the legal framework that underpins banknote transactions between the RBA and the four major banks.³ If the proposal is authorised by the ACCC, we will work with the major banks to support implementation of new arrangements for wholesale banknote distribution.

Distribution activities

We sell banknotes to the four major banks under the BDF. The banks, in turn, have arrangements in place to distribute banknotes around Australia to meet the demands of their customers and the community.

Banknote distribution activity in 2025/26 was at its highest level in about four years, but remains around the average prior to the COVID-19 pandemic (Graph 2.4.1). This activity included commercial bank purchases of around \$7.4 billion of banknotes and returns of around \$3.9 billion. 82 per cent of transactions were supplied from the National Banknote Site in Craigieburn, Victoria, with the remainder supplied from our contingency site in Sydney.

Graph 2.4.1
Banknote Issuance
Value



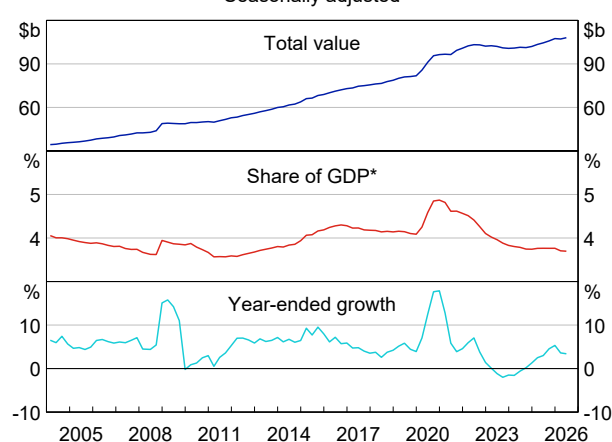
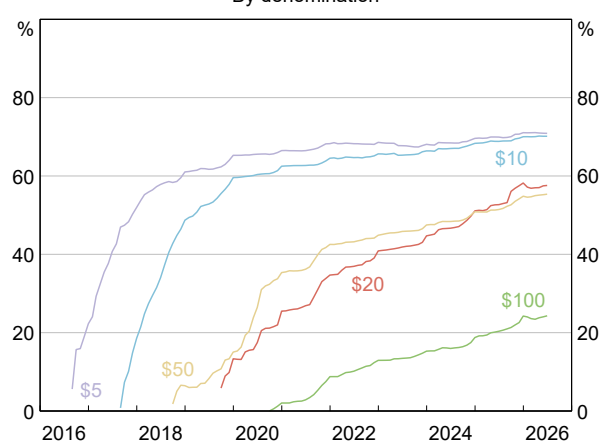
With a greater value of banknotes being purchased from us than was returned by commercial banks, the value of banknotes in circulation increased by 3.4 per cent over 2025/26 (Table 2.4.1). The growth was broadly based across all denominations in circulation, with growth strongest for the \$100 banknote. At the end of June 2026, the value of banknotes in circulation was \$107.3 billion, equivalent to around 3½ per cent of GDP (Graph 2.4.2). The number of banknotes in circulation is currently around 2 billion.

Table 2.4.1: Banknotes in Circulation

End-June 2026; by denomination

	\$5	\$10	\$20	\$50	\$100	Total
Value (\$b)	1.1	1.5	3.8	48.8	52.1	107.3
Year-ended growth (%)	1.5	1.4	2.1	3.2	3.8	3.4
10-year annualised growth ending June 2025 (%)	2.5	2.4	1.8	4.5	5.3	4.7

Source: RBA.

**Graph 2.4.2
Banknotes in Circulation**
Seasonally adjusted* Includes estimates.
Source: RBA.**Graph 2.4.3
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.

The proportion of all banknotes in circulation that are part of the Next Generation Banknote (NGB) series (the 'saturation rate') has continued to increase.⁴ This has been driven by increasing saturation of NGB banknotes at higher denominations. Saturation rates are close to 60 per cent for both NGB \$20 and NGB \$50, and 24 per cent for the NGB \$100 banknote (Graph 2.4.3). By contrast, the saturation rates for the two lower denominations were little changed, at around 70 per cent, and are expected to increase only gradually from here. Saturation rates are measured relative to all banknotes on issue for that specific denomination and are therefore not expected to reach 100 per cent. Many of the earlier series banknotes have been stored, lost or held abroad and so are unlikely to be returned to us in the near term.

Banknote distribution is supported by interest compensation payments on banknotes that the major commercial banks store in approved private cash depots. These 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 BDF to hold their banknotes at cash depots around Australia. These payments also incentivise quality sorting, because only banknotes that have been quality sorted are eligible. In 2025/26, we paid \$126 million in interest compensation, which was higher than in 2024/25 mainly because of increased average holdings of banknotes at cash depots.

Banknote quality

We aim to have high-quality banknotes in circulation. Such banknotes are more easily accepted in machine transactions, reduce the possibility of counterfeits being accepted, and in turn support trust in Australian banknotes as a means of payment. Accordingly, we have arrangements in place to encourage the major commercial banks and CIT 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 2025/26, around \$13.5 million was paid to commercial banks under our banknote quality scheme to promote quality sorting, and \$2.2 million was paid to the major commercial banks to offset the cost of transporting unfit banknotes to the National Banknote Site for processing and destruction. Under these programs, commercial banks and CIT companies returned 58 million banknotes from circulation that either did not meet quality standards or were from a previous series. These banknotes were worth \$2.3 billion and represented about 3 per cent of the

number of banknotes in circulation. We are currently reviewing our arrangements to manage the quality of banknotes in circulation. Our goal is to maintain Australian banknotes in circulation to a high quality and support broader efforts to promote a sustainable cash distribution system. A project to commission two new banknote processing machines at the National Banknote Site, which will replace two machines that have reached end of support, was completed in December 2025.

We also remove banknotes from circulation through our damaged banknotes facility. The facility is offered to holders of Australian banknotes whose banknotes have been accidentally damaged or who have come into possession of damaged banknotes unwittingly. Claims that meet the requirements set out in the Damaged Banknotes Policy are paid based on their assessed value.⁵ In 2025/26, the damaged banknotes facility processed around 7,300 claims and made \$4 million in payments. This included some large claims related to severe weather events, particularly floods in eastern Australia and a number of claims arising from building fires.



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

Counterfeits

Counterfeiting activity has increased from previously very low levels. For the year to March 2026 (the latest data available), the counterfeiting rate was 18 counterfeits per million banknotes in circulation, which is slightly above the 20-year average; approximately 37,000 counterfeits were detected in circulation, with a face value of nearly

\$2.6 million (Table 2.4.2; Graph 2.4.4). Counterfeit Australian banknotes brought into the country from overseas accounted for most of the recent rise in the counterfeiting rate. Importing counterfeit banknotes is illegal, and we are continuing to support domestic and international law enforcement initiatives (further details below).

Table 2.4.2: Counterfeit Banknotes in Australia – Year to March 2026^(a)

	\$5	\$10	\$20	\$50	\$100	Total
Total number ('000)	<0.1	<0.1	1.8	19.7	15.5	37.0
Total nominal value (\$m)	–	–	–	1.0	1.5	2.6
Counterfeiting rate ^(b)	0.03	0.2	9.0	20.4	30.3	18.2

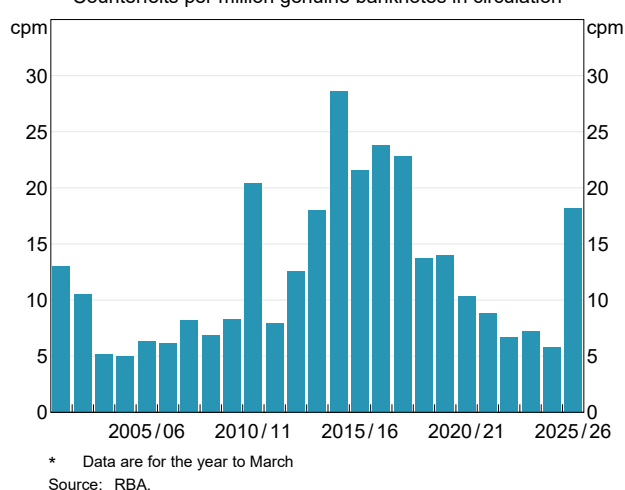
(a) Figures are subject to upward revision because of lags in counterfeit submissions to the RBA.

(b) Counterfeits per million banknotes in circulation.

Source: RBA.

Graph 2.4.4
Counterfeits Detected*

Counterfeits per million genuine banknotes in circulation



The NGB series accounted for just under a third of all counterfeits detected in the year to March 2026. The NGB counterfeiting rate was around 12 counterfeits per million NGB banknotes, compared with around 24 counterfeits per million banknotes for the first polymer series.

The security of Australian banknotes remains strong. Compared with many comparable countries, Australian banknotes incorporate a greater range of security features that provide the public with more ways to authenticate them. We have strengthened our communication with the public and the cash-handling industry to raise awareness of these features.

Law enforcement plays a critical role in managing counterfeiting threats, through investigations and prosecutions – supported by the RBA's provision of technical information and expert witness statements. The possession, procurement and creation of counterfeits are offences under the *Crimes (Currency) Act 1981* and carry significant penalties. In 2025/26, we supported Australian state and federal law enforcement agencies, as well as international counterparts, such as by providing expert advice on investigations into the manufacture, importation, use and possession of counterfeit banknotes. We completed expert witness statements for 250 court cases, concerning 6,581 counterfeits. Nearly 62,000 counterfeits were also seized by law enforcement before entering circulation, with around 70 per cent of seizures occurring at the border, reflecting ongoing efforts to prevent counterfeit banknotes reaching the public.

We also increased counterfeit education and engagement in 2025/26. We engaged over 20 times with major banks, CIT companies, businesses and community groups. Information on how to identify genuine Australian banknotes continues to be provided through our website, social media and traditional media channels.

Redesign of the \$5 banknote

In February 2023, we announced the redesign of the current \$5 banknote. The portrait side of the \$5 banknote, which currently features the late monarch, Her Majesty Queen Elizabeth II, is being redesigned to honour First Nations culture and history in Australia. In 2025/26, we progressed work on the design and security features for the redesigned \$5 banknote. An Imagery Selection Panel continued to provide input on key elements of the design process. 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. We began early engagement with vision-impaired advocacy bodies to ensure that the redesigned banknote is suitable for those with a visual impairment. We also engaged with machine-processing industry representatives in preparation for testing as the \$5 redesign project progresses.

Research and development

We continued our banknote research and development program to develop and assess cost-effective, counterfeit-resistant security features and detection technologies for Australian banknotes. The primary aims of this program are for Australia's banknotes to remain secure against counterfeiting and be durable and easy to authenticate for a wide range of users. These aims are pursued, 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, for example:

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

There has been a focus in recent years on developing and testing enhanced security features for the redesign of the \$5 banknote, as well as for any future Australian banknotes. Other recent activities include:

- the development of new methods for testing banknote quality and assessing damaged banknotes
- work to understand the circulation wear properties of the NGB series, including the tactile feature for the vision impaired
- a study on how the public rates banknote quality and how this rating influences their ability to distinguish genuine banknotes from counterfeits
- product and process improvements that might reduce costs, enhance circulation life and improve sustainability
- assistance to Note Printing Australia (NPA) regarding the provision of technology and expertise for its export customers.

Note Printing Australia Limited

Australian banknotes are produced by NPA, our wholly owned subsidiary. The volume of Australian banknotes printed each year varies depending on our need to issue notes or add to our stocks.

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

NPA also provides design and printing services to other Australian government agencies and to overseas central banks and passport-issuing authorities.

In 2025/26, NPA:

- produced around 2.2 million R-series passports for the Australian Department of Foreign Affairs and Trade and 45,000 passports for the Federated States of Micronesia
- printed around 1.2 million birth, death and marriage certificates for all state governments in Australia
- delivered around 770 million banknotes under contract to the Philippines, Papua New Guinea and Vanuatu. NPA deals directly with the central banks in these countries when fulfilling these orders.

Endnotes

- 1 See MacGibbon K, M Royters and F Wang (2026), 'Cash Use in Australia: What the 2025 Consumer Payments Survey Tells Us', *RBA Bulletin*, April.
- 2 See CFR (2026), 'Regulating Cash Distribution in Australia: Conclusions Paper', Media Release No 2026-03, 22 April.
- 3 RBA (n.d.), 'BDF Legal Framework'.
- 4 The NGB series was first issued between 2016 and 2020.
- 5 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 help ensure Australia's interests are represented. We do so through membership of global and regional forums and through bilateral relationships with other central banks.

Key outcomes in 2025/26

- We engaged in several international forums to support better regional and global outcomes and ensure Australia's interests are considered.
- The RBA Governor chairs the BIS Irving Fisher Committee on Central Bank Statistics and the BIS Asian Consultative Council, and is co-Chair of the FSB Regional Consultative Group for Asia and the FSB Cross-border Payments Coordination Group.
- This year, discussion in global economic and financial stability forums focused on the risk to the outlook from the conflict in the Middle East, the potential benefits and risks of artificial intelligence (AI), and regulatory and supervisory modernisation. These forums also served to progress work on enhancing cross-border payments. We also supported the Australian Treasury in its capacity as co-Chair of the G20 Study Group on Imbalances.

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. It brings 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 RBA Governor participates in the bimonthly meetings of governors. The Governor continued in her role as Chair of the BIS Irving Fisher Committee on Central Bank Statistics and was appointed as the Chair of the Asian Consultative Council in May 2026. The Assistant Governor (Financial Markets) is a member of the BIS Markets Committee and the Committee on the Global Financial System (which he chaired in May 2026 in the absence of a permanent Chair at that time).

Staff also participate in the various subgroups of these committees, as well as in BIS-organised engagements focusing on topics related to economics, central bank operations and central bank communication. Participants include the Assistant Governor (Economic), the Chief Operations Officer and the Chief Communications Officer.

Central bank governors meet every two months at the BIS to discuss important macroeconomic and financial developments, consider special topics related to developments in monetary policy and provide guidance to 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 and central bank operations.

Each of these committees establishes working groups on topical issues. In 2025/26, this included the implications of geopolitical events on financial conditions, monetary policy strategy, the functioning of repo and government bond markets, and foreign currency funding and liquidity risk. Other areas of focus included the use of AI in the banking sector and developments in payment systems, including for stablecoins and digital 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.

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 vulnerabilities.

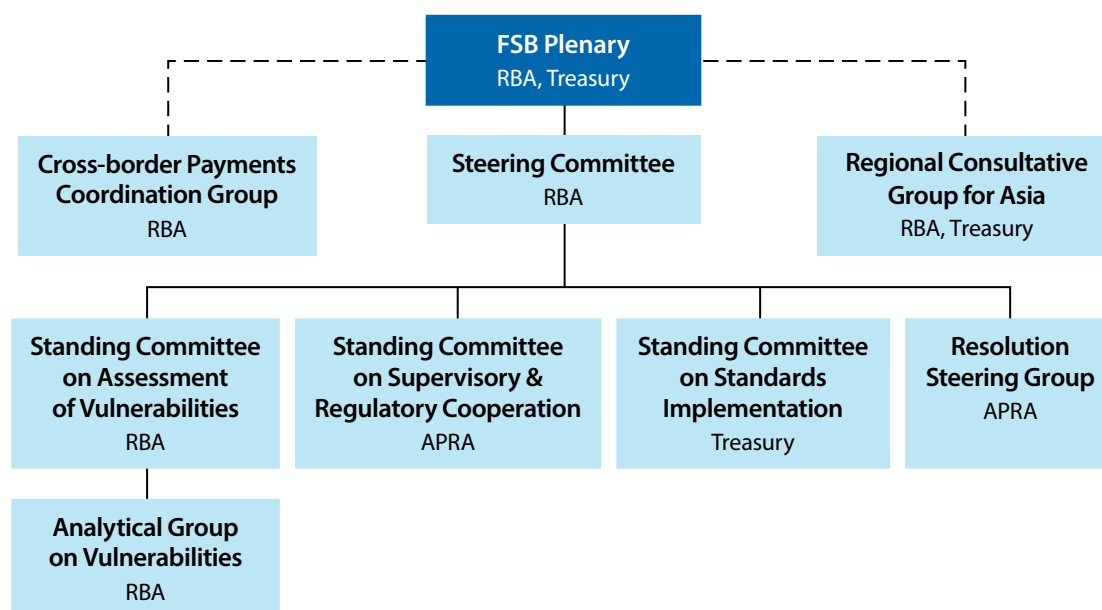
FSB members include representatives from 24 economies and the main international financial institutions – including the BIS and the International Monetary Fund (IMF) – and standard-setting bodies such as the BCBS.

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 continued her role as co-Chair of the FSB's Regional Consultative Group for Asia and was appointed co-Chair of the FSB's Cross-border Payments Coordination Group in February 2026.

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 staff participated in meetings assessing the outlook for financial stability. The FSB has noted that although the global financial system has remained resilient, key vulnerabilities are elevated. Members expressed concern that a combination of shocks could concurrently trigger multiple vulnerabilities, threatening financial stability.
- Assessing and addressing the risks arising from intermediation by non-bank financial institutions (NBFI):** A current focus of this work is on addressing data gaps in the NBFI sector and, in particular, progressing efforts to monitor risks involving leveraged strategies in sovereign bond markets. One way the FSB monitors global NBFI developments is through its Non-bank Monitoring Experts Group; an RBA staff member participates in this group.

- **Analysing the financial stability implications of digital innovation:** Much of the FSB's work in this area is undertaken by the Financial Innovation Network, which includes a senior RBA staff member. Examples of innovation analysed are stablecoins, tokenised deposits, AI and quantum computing, and the associated risks for cybersecurity.
- **Regulatory and supervisory modernisation:** The RBA, along with other Australian regulatory agencies, contributed to the FSB's ongoing work in this area, including to a stocktake of FSB members' regulatory modernisation initiatives.
- **Addressing climate-related financial risks:** Building on the FSB framework for assessing climate-related vulnerabilities, which was published in January 2025, the FSB has further developed a set of metrics to enable monitoring of these vulnerabilities. This work was led by the FSB's Climate Vulnerabilities and Data Working Group, which included an RBA staff member.
- **Enhancing 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. This work is led by the FSB's Cross-border Payments Coordination Group, which the RBA Governor has co-chaired since February 2026. 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. RBA staff published in February 2026 a summary of Australia's progress towards the targets and some key initiatives underway in Australia.

Trans-Tasman Council on Banking Supervision

Purpose

The Trans-Tasman Council on Banking Supervision (TTBC) comprises the four agencies on Australia's Council of Financial Regulators (CFR) (the Reserve Bank, the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission and the Australian Treasury) plus 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 to deliver 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

The RBA is represented on the TTBC by the Governor, Deputy Governor and Assistant Governor (Financial System).

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 2025/26, 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. During 2025/26, IMF experts visited Australia on multiple missions as part of its Financial Sector Assessment Program review of Australia.

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 IMF lending facilities and participates in voluntary Special Drawing Right transactions. The RBA either plays a coordinating role for the transactions that result from these facilities or participates directly (in the case of Special Drawing Right transactions). The RBA also supports the Constituency Office at the IMF by seconding an expert adviser and working with the Australian Treasury to provide support on matters discussed by the IMF's Executive Board and ensure Australian interests are represented.

The RBA and other agencies on the CFR worked closely with the IMF during 2025/26 as part of the IMF's Financial Sector Assessment Program (FSAP) review of Australian financial system and associated regulatory frameworks. The FSAP is conducted roughly every five years in jurisdictions with systemically important financial sectors. The IMF is focusing on assessing financial sector vulnerabilities and the overall framework for systemic risk oversight. Areas under review with particular relevance for the RBA relate to central bank financial stability tools, cybersecurity, crisis management, systemic risks and Australia's macroprudential framework (including the provision of advice by the RBA to the CFR and APRA to inform macroprudential policy and the coordinating role of the CFR in this area). A report with the key findings and recommendations of the FSAP review is expected to be published by the IMF in late 2026.

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 South Africa from December 2024 to November 2025 and by the United States since late 2025. The United Kingdom will take over as chair from December 2026.

RBA involvement

The RBA Governor, Deputy Governor, Assistant Governor (Economic) and the Head of International Department represent the RBA at high-level meetings of the G20. The RBA seconded one staff member to Treasury to assist with Australia co-chairing the G20 Study Group on Imbalances (with previous G20 working groups discontinued). Other RBA staff have also participated in the Study Group and contributed to the G20's work on financial sector issues.



From left to right: Morgan Spearritt (Chief Representative, New York Representative Office), Sarah Hunter (Assistant Governor, Economic), Andrew Hauser (Deputy Governor) and Rachel Adeney (Manager, International Policy & Engagement) at the IMF Spring Meetings in Washington, DC, April 2026. Source: RBA.

Executives' Meeting of East Asia-Pacific Central Banks

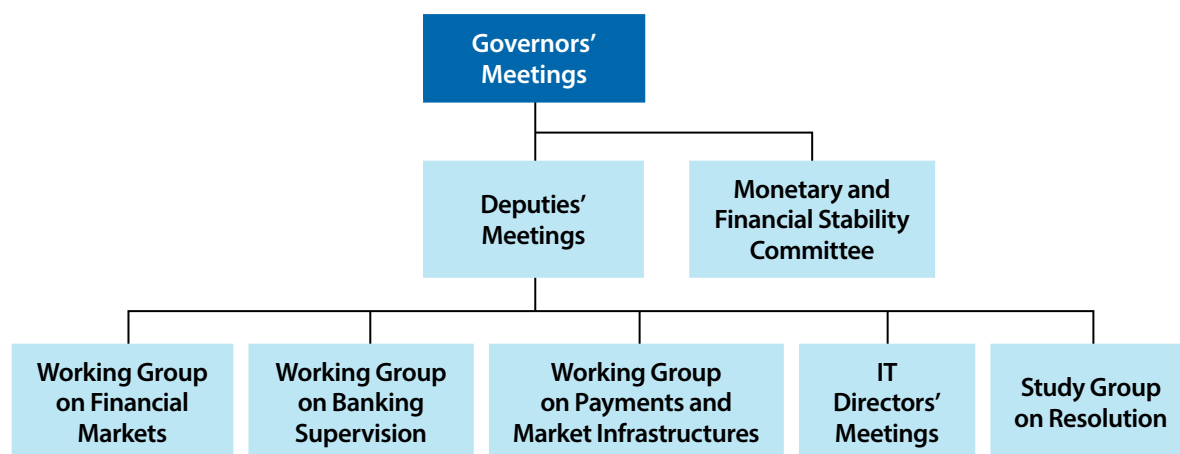
Purpose

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 2.5.2). Our staff also participate in several working groups.

Figure 2.5.2: RBA Involvement in EMEAP



Source: RBA.

EMEAP governors meet annually to discuss key issues in the region. The July 2025 EMEAP governors' meeting covered discussions on geoeconomic fragmentation and changing inflation dynamics, and participants explored avenues for deeper regional cooperation. The governors identified EMEAP's priority themes over the next three years, including geopolitical tensions, evolving inflation dynamics, rapid digitalisation and AI adoption, and escalating climate and environmental threats. Governors also meet annually with the heads of supervisory authorities in the region to discuss issues related to the financial system.

EMEAP deputies meet twice per year to discuss current economic and financial market developments and the associated policy challenges for EMEAP members. In 2025/26, discussions included the impact of energy shocks on the economic outlook, the impact of AI on economies, and priorities in the forward workplan.

Technical cooperation and bilateral relations

We share 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, banknote issuance and risk management. In 2025/26, we facilitated knowledge exchanges with the central banks of a number of countries, including hosting delegations from the Indo-Pacific region.

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 October 2025, we participated in the annual meeting of the South Pacific Central Bank Governors. The governors discussed recent economic and financial developments, payments system developments and the opportunity and challenges of innovation in the region. In 2025/26, 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 2025/26, we hosted secondees from the Bank of England and Banque de France. In turn, our staff were seconded to a range of other central banks and international organisations, including the Bank of England, the Federal Reserve Bank of New York, the BIS and the IMF. 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 (NGFS) is a voluntary coalition of central banks and financial supervisors that promotes the sharing of best practices to support the management of climate- and environment-related risks within the financial system.

RBA involvement

We joined the NGFS in July 2018 and contribute to several of its workstreams. In 2026, the Assistant Governor (Economic) represented Australia on the NGFS Steering Committee.

In 2025/26, the RBA contributed to the workstream on scenario design and analysis, supporting the development and refinement of NGFS climate scenarios, which are widely used by central banks and financial institutions to assess climate-related risks. We also contributed to the monetary policy workstream, including input to reports examining the implications of climate change and the transition to net zero for monetary policy strategy. In addition, the RBA participated in the NGFS 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 the RBA's representative on the Global Foreign Exchange Committee.

2.6 Community Engagement

We are committed to being open, transparent and accountable. To support this, we seek to understand the economic issues and concerns of communities across Australia and explain our policies and decisions in ways that build trust and public understanding. We do this through a longstanding program of regional and industry liaison, consultations with stakeholders, public speeches, roundtables, publications, social media and education initiatives.

We are also accountable to Australians through our appearances before parliamentary committees and our responses to public enquiries. We contribute to public understanding by supporting academic research, publishing a broad range of statistics and maintaining an online museum where visitors can explore the history of Australia's banknotes and economic development.

Key outcomes in 2025/26

- We maintained our commitment to explain monetary policy decisions to the public. This included holding media conferences after all nine Monetary Policy Board meetings and creating a public information campaign about inflation for our social media channels. Non-executive members of the Monetary Policy Board began to represent the Board publicly, providing further public insights into monetary policy decision-making and creating an opportunity for two-way engagement.
- We conducted two more waves of our community research survey, gathering insights from around 6,000 Australians to better understand community perspectives and information needs.
- Our senior leaders participated in 43 public speaking engagements and attended multiple parliamentary hearings. We continued to grow our digital presence across our website, social media and email channels, increasing the reach and accessibility of information about our decisions, analysis and operations. And we reached around 9,800 students and approximately 600 teachers through our education outreach activities.
- We held 950 regional and industry liaison meetings, with over 750 different contacts across the country.
- Our new research engagement strategy commenced around the end of 2025/26, with the aims of communicating key topics of interest and expanding our collaboration with the economics community. We continued to sponsor a range of research and presented our work around 50 times at numerous conferences.
- We continued to expand the online presence of the RBA Museum, while our head office building is being renovated, and safely relocated our large and significant national archival collection to a new location.

Communication with the public

The RBA explains its policy decisions, research and operations to Australians through media conferences, media releases, publications, social media and public appearances. This information is also made available through our website and timely email and SMS updates. Feedback received from the public is shared with senior staff, supporting a deeper understanding of the issues that matter to the community.

Communication remained an integral part of the monetary policy process during 2025/26. This reflects the RBA's view that effective policy depends both on the decisions that are made and on the public's understanding of them.

The Governor held a media conference after each of the nine Monetary Policy Board meetings in 2025/26 to explain the Board's decisions. Across the year, the Governor answered a total of 200 questions from 57 individual journalists at these media conferences. The RBA also held media lock-ups to help journalists report accurately and promptly on key material. And we maintained active ongoing engagement with media organisations.

This year marked the start of public appearances by non-executive members of the Monetary Policy Board, as representatives of the Board. These appearances extend our ongoing commitment to transparency, accountability and broader public engagement. The two appearances in 2025/26 took different forms, but both included audience question and answer sessions. Additional public appearances by non-executive members are scheduled for the second half of 2026.

We continued to build our understanding of community perspectives through two further waves of the community research survey. In 2025/26, the survey gathered insights from a representative sample of around 6,000 Australians across the country. The survey provides information about how Australians experience the economy, assesses their understanding and perceptions of the RBA's role, and gathers feedback on our communications. We published key insights from the survey in the *Bulletin* in July 2026.¹



Governor Michele Bullock addresses question at a media conference in June 2026. Source: RBA.

Public appearances and enquiries

Speaking engagements allow senior leaders to explain our responsibilities, set out our perspectives and answer questions from the public. They also allow our people to hear firsthand from the community.

In 2025/26, the Governor, Deputy Governor and senior leaders participated in 43 public speaking engagements across five states. This included 18 interactive sessions. All public addresses were made available online to create transparency and

broad accessibility, with an average of around 2,700 page views across all public appearances. The Governor, Deputy Governor and senior leaders also attended various parliamentary forums (see Part 1.2: Governance and Accountability).

In 2025/26, we responded to around 3,300 public enquiries, covering a broad range of topics. Key themes from these enquiries were shared with senior staff to provide feedback on how our actions and communications are being received.



Governor Michele Bullock speaks at the Australian Financial Review Business Summit in March 2026.

Source: Dominic Lorrimer, Australian Financial Review.

Flagship publications

We explain our analysis through publications such as the quarterly *Statement on Monetary Policy* (SMP), the biannual *Financial Stability Review* (FSR) and the quarterly *Bulletin*. We had consistently high engagement across these publications in 2025/26, averaging over 8,000 active readers per release. During the year, we continued to improve the transparency, clarity and readability of our publications to ensure our messages can be easily understood.

This work included the following:

- We created more than 20 new digital communication assets across our website and social media channels, enhancing how we present and share insights. For some publications, we introduced dynamic graphs and videos to present data in a more easily understood way.

- We published 19 articles in the *Bulletin*, spanning a range of topics. These included articles on mortgages and bank lending, the labour market and the functioning of financial markets.
- We launched *Insights: An RBA Staff Series*, and published the first four notes in this series. The series aims to contribute to the broader economic conversation and provide greater transparency about the breadth and depth of the analysis undertaken by staff. *Insights* notes do not represent the official views of the RBA, and the content could align with, extend or even directly challenge the findings of other work undertaken at the RBA.

Our website and social media presence

We have strengthened our social media presence to improve the accessibility and reach of our content, including by posting short publication summaries, video animations and explainers. These efforts contributed to an 8 per cent increase in the number of followers of our social media accounts over the year. As at 30 June 2026, the RBA had over 300,000 followers across our X, LinkedIn, Facebook, YouTube and Instagram accounts.

The number of subscribers to the email alert service for publications grew by approximately 11 per cent to around 24,450. These emails achieved an average click-through rate to our website content that was above industry benchmarks.

We continued to enhance the accessibility and overall performance of our website. Our accessibility score increased by approximately 7 per cent in 2025/26 and our content quality score continues substantially to exceed the industry benchmark. We refreshed key policy webpages, including those covering payments policy, central bank digital currency and research, to better explain significant policy decisions and support greater public understanding of the RBA's work.

Research engagement

At the end of 2025/26, we launched our new research engagement program. This included publishing our monetary policy research agenda, to promote external collaboration by providing the economics community with a clear sense of our priorities. This was accompanied by promotion of a range of new opportunities for how external researchers can collaborate with us.

We publish the findings of research conducted by staff in Research Discussion Papers to stimulate discussion and debate. The views expressed in these papers are those of the authors and do not necessarily represent those of the RBA.

In 2025/26, we published eight Research Discussion Papers. These covered a variety of topics central to our core functions, including inflation dynamics, financial market function and AI tools for creating new economic indicators. Staff also published their research in various external publications, including the *Economic Record*, *Quantitative Economics*, *Applied Economics* and the *Journal of Applied Econometrics*.

Research conducted at the RBA is frequently presented at external conferences and seminars, with around 50 presentations given in 2025/26. RBA staff presented in Australia and abroad, including at the:

- American Economic Association annual meeting
- Australian Bureau of Statistics and RBA joint conference
- Australian Conference of Economists
- Bank of England Centre for Central Banking Studies annual conference on 'Transformative Artificial Intelligence (AI): Implications for Structural Change and Monetary Policy'
- Bank for International Settlements' Irving Fisher Committee workshop on 'Data Science in Central Banking'
- Central Bank Business Surveys and Liaison Programs Conference
- E61 Micro for Macro Workshop
- Federal Reserve Bank of Atlanta
- NBER Summer Institute
- Women in Macroeconomics Workshop
- Workshop of the Australasian Macroeconomics Society
- World Congress of the Econometric Society.

The RBA also hosted several conferences and workshops. These include:

- the most recent RBA annual conference (on monetary and fiscal policy interactions), which was organised jointly with the Australian Treasury and held in September 2025
- the Central Bank Business Surveys and Liaison Programs Conference, held in November 2025
- the most recent RBA annual Quantitative Macroeconomic Workshop, held in December 2025
- the biannual Norway, Australia, New Zealand Central Bank (NANZ) workshop, which we hosted in April 2026
- the fifth RBA–ABS conference, held in June 2026.

We regularly host policymakers and academics from domestic and international institutions. During 2025/26, we hosted over 40 seminars including staff from the Federal Reserve banks of New York, San Francisco and Atlanta, the central banks of Norway, Germany and New Zealand, international institutions such as the Bank for International Settlements and International Monetary Fund, the Australian and New Zealand Treasury departments and various Australian and overseas universities.

In 2025/26 we collaborated in various ways with external partners to further our research across diverse topics, including the following:

- We continued engaging with industry participants through Project Acacia, a collaborative research project with the Digital Finance Cooperative Research Centre. This project explored the role of digital money in supporting the settlement of wholesale tokenised asset transactions, as one component of our work to shape the future of money in Australia.²
- We conducted public focus group research to better understand the public's needs, preferences and concerns in retail payments. Insights from this work are informing the RBA's assessment of whether there are unmet payment needs that could be addressed by a retail central bank digital currency.
- We collaborated with domestic and international project partners, including other central banks and third-party institutions, on the development of next-level security features that could be deployed on a future banknote.

- We worked with various partners, including other central banks and law enforcement agencies, on initiatives to reduce the impact of counterfeiting. This work supports our mandate to maintain Australian banknotes as a safe and secure means of payment.

Research sponsorship

In 2025/26, we provided \$586,838 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
- twelve 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
- sponsorship of the Brian Gray Scholarship Program in conjunction with the Australian Prudential Regulation Authority (though no scholarships were awarded during 2025/26)
- sponsorship of a PhD student under the Digital Finance Cooperative Research Centre's industry PhD program, at a cost of \$77,000
- to provide in-kind support to economics institutions such as the Grattan Institute and NSW Economics Society of Australia, through provision of our conference centre
- to provide a NSW Premier's Teacher Scholarship, at a cost of \$15,000.

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 2025/26, we continued 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.

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

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

We continued our support of two places under the RBA First Nation's Scholarship agreement with James Cook University and are now broadening the program to include the University of Newcastle. These scholarships assist our First Nations employment plan by supporting promising First Nations students who are undertaking study in 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 2025/26, we held 950 liaison meetings with more than 750 different contacts, spanning businesses, industry associations, government agencies and community organisations. We held a number of these meetings during visits to Hobart, Darwin and 14 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 members' understanding of issues affecting businesses and the wider economy, and in turn the Board's policy decisions. We publish insights from liaison in a dedicated section of the quarterly SMP.

Staff in our state offices play an important role in communicating with members of the public. In 2025/26, 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.



Monetary Policy Board member Iain Ross (second from left) with RBA's Victorian Senior Representative Mark Chambers and Victorian Office economist Joel Fernando and a member of the Latrobe City Business Chamber. 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. The discussion at 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 August 2026, 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.

In June 2026, members of the Monetary Policy Board (and some senior staff) met with the first panel of external economists and academics convened under the Board's Expert Advisory Group. The Group was established to give Board members access to a broad range of external perspectives on current economic conditions, the economic outlook and associated risks, and on matters with strategic and longer-term relevance for monetary policy.

Our liaison also covers various parts of the payments industry. 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. Staff from Payments Settlements and Banking departments also participated in various industry forums in 2025/26, 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 Australian Payments Plus committees (see also Part 2.3: Banking and Payment Services).

Consultations and stakeholder engagement

To complement our broad liaison efforts, we engaged with a wide variety of groups to inform our policy and operational activities in areas related to payments and banknotes.

During 2025/26, we engaged with stakeholders across the payments industry on major policy issues and market developments. This included consultation on the Review of Merchant Card Payment Costs and Surcharging and engagement with industry participants on the future of account-to-account payments.

We engaged with other government agencies, banks, cash-in-transit companies, industry bodies and other interested parties on topics related to wholesale cash distribution (see Part 2.4: Banknotes). The RBA, together with other Council of Financial Regulators agencies and the Australian Competition and Consumer Commission, consulted on proposed cash distribution regulation. We also engaged with key participants in the cash distribution system regarding business continuity arrangements.

We actively consulted with stakeholders across the entire lifecycle of banknotes, including design, manufacturing, distribution, public usage, functionality testing and counterfeit resistance. In 2025/26, our engagement focused on the redesign of the \$5 banknote, including ongoing consultation with relevant First Nations communities and early discussions with some key industry stakeholders (see Part 2.4: Banknotes). We also consulted on arrangements to support banknote quality with both the cash-in-transit companies and the banks we deal with in wholesale cash.

Our education program

Our education program continued to support the teaching and learning of economics across Australia, with a focus on strengthening student engagement, enhancing teachers' capabilities, and promoting greater awareness of economics as a field of study and career pathway. The Educators Advisory Panel met twice in 2025/26 and provided guidance on improving teaching resources, increasing student participation and addressing gaps in interest in economics, particularly among under-represented groups.

New research published in 2025/26 further highlighted the importance of early exposure to economics. Findings from a 2024 survey showed that engagement with economics concepts through years 7–10 commerce electives was associated with higher levels of student interest, confidence and understanding, particularly following the introduction of a core economics topic into the 2019 syllabus. The largest gains were observed among students from lower socio-economic backgrounds, who are typically under-represented in economics.

Our program reached an estimated 9,800 students in 2025/26, more than its historical average. High school students accounted for around 90 per cent of total engagement, with approximately 9,100 students reached across more than 350 schools through a combination of in-person and online activities.

After shifting primarily to online delivery for the pandemic and post-pandemic period, the program continued to revert towards in-person engagements. A renewed focus on multi-school in-person presentations with senior leaders has supported strong, high-quality engagement across the states, complemented by live-stream delivery that extends the reach of these sessions to geographically dispersed audiences. We held five of these events, reaching more than 2,200 students across the country while maintaining a high level of participant engagement. We have also expanded our regional outreach to directly engage more communities across the country.

And we participated in national initiatives such as the Australasian Economics Olympiad, which strengthen relationships with schools outside metropolitan areas.

Careers-focused outreach activities provide opportunities to broaden awareness of economics pathways, including among younger cohorts. We reached around 2,000 high school students in 2025/26 through large-scale expos, including students in Year 9 and below. We also commenced a pilot to deliver introductory economics sessions for First Nations students.

The program also aims to enhance educators' capabilities. In 2025/26, we supported an estimated 600 teachers. The highlights were the annual RBA-hosted Teacher Immersion Event professional development day and participation in externally hosted professional development forums and conferences. Teacher feedback indicates that these activities strengthened confidence in delivering economics content and provided practical resources for classroom use.

The RBA expanded its suite of education resources for students and teachers. These included new explainers on the dual mandate of monetary policy and full employment, alongside classroom-ready worksheets and continued quarterly video updates linking current economic conditions to core concepts in high school economics curricula.



Emma Chow (Lead Analyst) and Governor Michele Bullock with students at an event at The Geelong College, Victoria in February 2026. Source: RBA.

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 that draw on our archival collections. With the decommissioning of the Museum while we renovate our head office building, additional content has been made available on the Museum website. One initiative in 2025/26 was to develop an interactive online timeline that expands on information available in the Museum's former physical timeline. It includes key moments in the history of central banking in Australia, along with past governors, legislation, monetary policy frameworks, banknote series, and roles and functions. The tool provides summary information about milestones in each of these topics, along with access to primary source archival information about them.

The Official Oral History interviews with former governors and deputy governors were published on our Unreserved website, along with transcripts, a master subject index and a Series Guide. In addition to being an important archival record that gives the public insights into key economic events and the considerations of our leaders, extracts from these interviews will form audio content for the new museum.

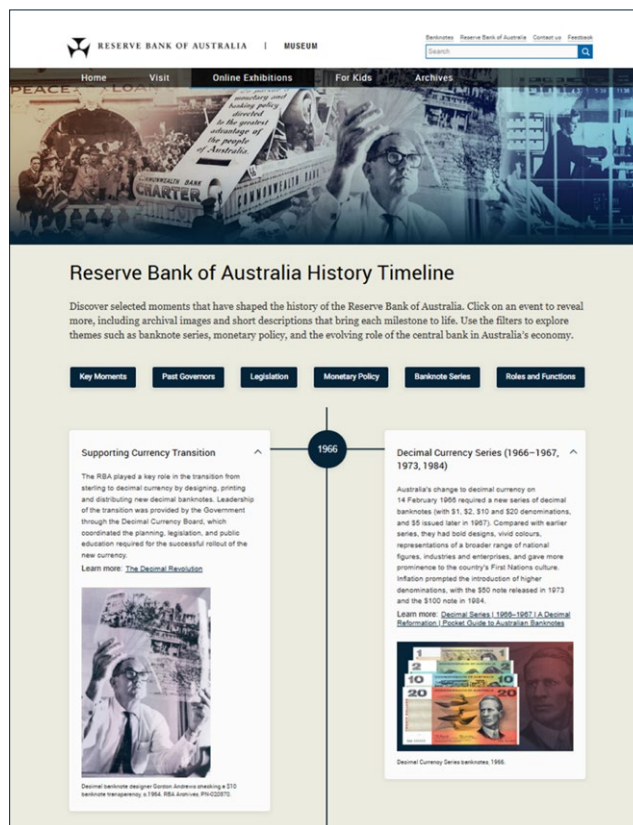
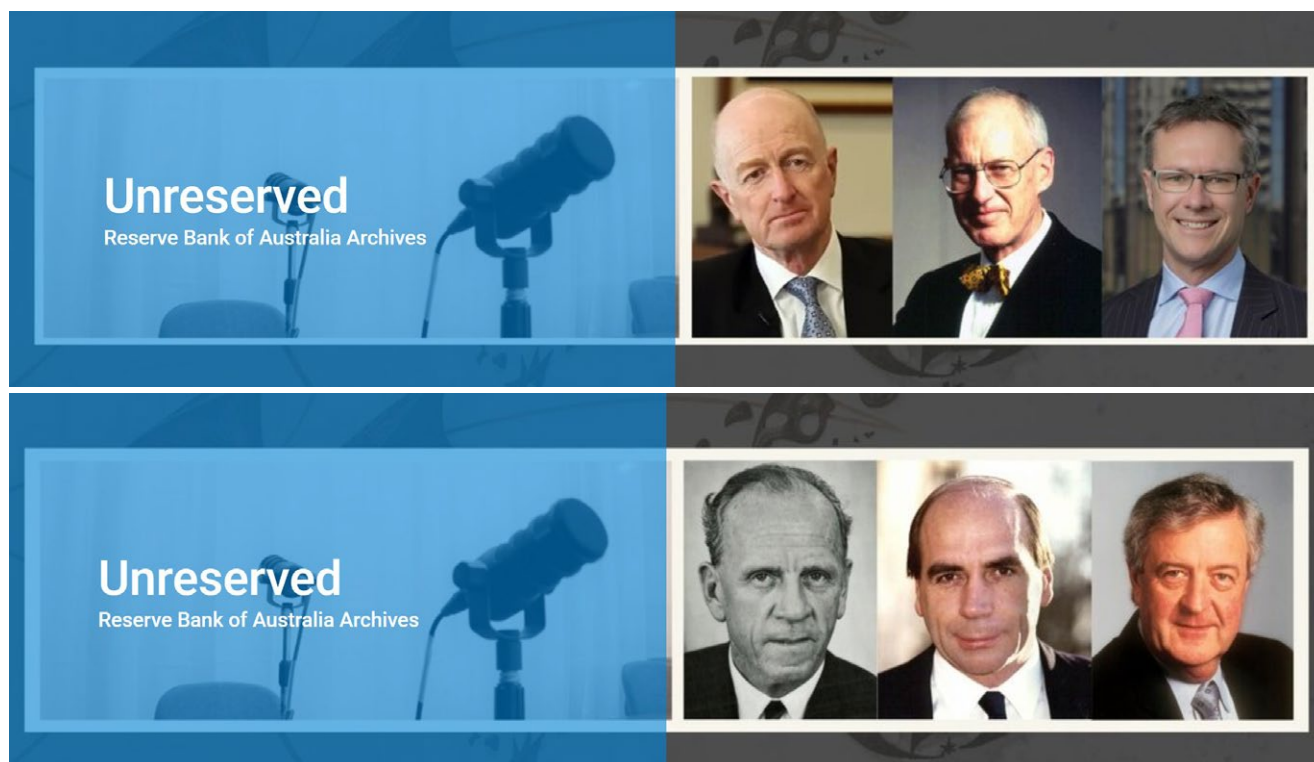


Image of new interactive timeline on the RBA Museum website.
Source: RBA.



Interview subjects in the Official Oral History.

From top left: Governor Glenn Stevens, Deputy Governor Stephen Grenville and Deputy Governor Guy Debelle.
From bottom left: Governor HC Coombs, Governor Bernie Fraser and Governor Ian Macfarlane. Source: RBA.

Building on the Official Oral History, we commenced a public interview program. This included interviews with selected members of the public who lived through episodes of economic history that will be presented in the Museum. We also engaged with the First Nations Advisory Panel to receive advice on public interviews with First Nations' peoples connected with the RBA's history and our banknotes.

A conceptual redesign of the physical space of the new museum was finalised with the intention of enabling the public to interact more effectively with its 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 that contains records about Australia's economic, financial and social history over the past 200 years, along with records about our operations as a central bank. The records predate the RBA as it is known today because we descend from the original government-owned Commonwealth Bank of Australia, which had a central banking function and had absorbed other banks with a colonial history.

Activities in 2025/26 focused on the safe relocation of this large and significant national collection from the RBA's 65 Martin Place building while it is being refurbished (see Part 3.1: Management of the RBA). The collection – which comprises nearly five kilometres of physical archival records, objects and historic audiovisual materials – was moved from the basement of this building to four specialist storage facilities, with each facility meeting specific preservation, environmental and security requirements. This complex project required detailed planning and execution to ensure the ongoing security and preservation of the collection, in compliance with National Archives of Australia standards.



Contractors moving crates of archival materials from 65 Martin Place. Source: Lightwell.

In addition to this major relocation project, core archival services were maintained. We continued to digitise our records, with priority given to records of the Secretary's Department, which include documents relating to both central bank and government committees.

Public access to the RBA's archival records remained supported by our digital archive, Unreserved. Historically significant files were released on Unreserved from the Secretary's Department series, together with a Series Guide about the sinking of the RMS *Niagara* in 1940 – a ship carrying nearly eight tons of gold intended as payment from Britain to the United States for vital munitions. As Australia's central bank was acting as the agent for this payment, the Niagara files record the Deputy Governor's role in coordinating a remarkable salvage operation so that the payment could be made in support of the war effort.



Gold bars on the Claymore, recovered from RMS Niagara in 1941. Source: RBA Archives PN-003936.

In 2025/26, 11,300 unique users from Australia and overseas accessed Unreserved and viewed over 66,700 pages of records. In addition to this self-service channel, we continued to facilitate public access to RBA records in the open access period (20 years from the closure of a record). Digital records were supplied through our secure external collaboration tool, RBA Box, while researchers seeking original materials were given supervised access on our premises.

Our archivists continued to respond to requests for information by the public on a range of topics. In 2025/26, around 130 requests were received and acted upon, entailing around 350 hours of research by the archivists. Topics included the design of the first polymer banknotes, early 20th century stamp printing, the 1890s Depression, Australia's administration of Papua New Guinea following the Second World War, War Savings certificates and illustrations by Vernon Lorimer (the central bank's acclaimed graphic artist).

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

Our charitable activities

In 2025/26, we contributed \$262,529 to charitable activities.

This included our 24th annual contribution of \$50,000 to the Financial Markets Foundation for Children, which is managed by a Board of Directors chaired by the Governor. We have 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 2026 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 2025/26, dollar-matching of staff payroll deductions totalled \$207,029.

Other staff-led initiatives in 2025/26 included matching staff donations for the Benevolent Fund's Christmas appeal for Foodbank Australia, Lifeline Australia and the Women's and Girls' Emergency Centre. We allow volunteer leave for teams that engage in specific charitable activities.

Endnotes

- 1 Harden J, P Rickards and M Wright (2026), 'Listening to Australians: A New RBA Survey of the Community', *RBA Bulletin*, July.
- 2 See RBA (2026), 'Corporate Plan 2026/27', August, for additional discussion of this priority.