RESERVE BANK OF AUSTRALIA

Consultation on Proposed Enforceable Undertaking and Potential Interim Pricing Direction for Cash Distribution Services

Submission to ACCC

October 2026

Introduction

The Reserve Bank of Australia (RBA) has prepared this submission to the Australian Competition and Consumer Commission (ACCC) in response to the consultation on a proposed enforceable undertaking and potential interim pricing direction for cash distribution services. Linfox Armaguard Pty Ltd (Armaguard) has provided a proposed enforceable undertaking under section 87B of the *Competition and Consumer Act 2010* to the ACCC (the Proposed Undertaking), which would apply for up to 24 months, ending earlier if the ACCC approves standard terms under the *Cash Distribution Framework Act 2026* (CDF Act).

This submission provides the RBA's perspective based on its role as the sole issuer of banknotes in Australia and its regulatory responsibilities under the CDF Act.

The RBA remains committed to supporting the Australian Government's policy objective for cash to remain a viable and low-cost means of payment for as long as Australians want or need to use it. This requires a cash distribution system that is sustainable, resilient, efficient, accessible and affordable.

The decline in transactional cash use over recent decades has challenged the economics of cash distribution, leading to pressures in the cash industry.[1] The cash distribution system needs to evolve to support ongoing access to cash across Australia. It is in the public interest, and consistent with the objectives of the CDF Act, that cash distribution industry participants implement initiatives that contribute to efficient, affordable and sustainable distribution arrangements.

In recent years, cash distribution industry participants and/or public sector agencies have undertaken various initiatives to address challenges in the cash distribution system. These include: introducing the CDF Act; developing industry business continuity arrangements (under the auspices of an ACCC authorisation); progressing the major banks' proposed joint venture for commercial cash; and considering an independent pricing mechanism for Armaguard's cash distribution services. Further work is required by cash distribution industry participants to improve the sustainability and efficiency of cash distribution and support the ongoing availability of cash across Australia. Pricing and service levels are critical elements of this. Armaguard and other cash distribution industry participants are

1 For more information on cash use and payment preferences, see MacGibbon K, M Royters and F Wang (2026), 'Cash Use in Australia: What the 2025 Consumer Payments Survey Tells Us', RBA *Bulletin*, April.

encouraged to proactively engage with ACCC processes, such as the standard terms process under Part 3 of the CDF Act.

The Proposed Undertaking and potential interim pricing direction

The ACCC is seeking views on the Proposed Undertaking, and whether the ACCC should use its interim direction power as an alternative, or in conjunction with, the Proposed Undertaking. The ACCC considers these potential measures would be interim arrangements while the CDF Act is implemented and it is intended that the time would be used by cash distribution industry participants to work toward a long-term pricing model for cash distribution services.

Interim arrangements should be a bridge to enable a long-term pricing model to be finalised and implemented. This will require Armaguard and other cash distribution industry participants to proactively engage with the ACCC on a long-term pricing model through the standard terms process under the CDF Act. This can build on the substantial pricing work already undertaken by key cash distribution industry participants. Engagement should commence without delay, and will support the broader consultation that forms part of the ACCC's standard terms process. A long-term pricing model should aim to support affordable access to cash services for consumers and businesses across Australia, while balancing financial viability for the providers of cash distribution services.

The RBA is supportive of the ACCC determining interim arrangements that support the necessary evolution of the cash distribution system. The system has been under economic pressure for some years and will need to evolve materially to put it on a more sustainable footing. However, this transition carries risk. Interim arrangements should therefore be implemented in a way that avoids abrupt adjustments in cash distribution prices and/or service levels that could disrupt the availability of cash across Australia. Interim measures that facilitate an orderly transition to more efficient and sustainable cash distribution arrangements will also reduce the risk of disruption to cash distribution services and the likelihood that the RBA may need to exercise its crisis management powers under the CDF Act.

Interim arrangements would be expected to provide Armaguard's current and prospective customers with greater certainty in the near term with respect to service continuity, contract terms, and geographic service coverage. This is particularly important in regional and remote areas, where the challenges of cash distribution can be more pronounced. Any short-term arrangements should consider the needs of Armaguard's current or future customers to have ongoing access to cash distribution services on reasonable and affordable terms, while providing a pathway to more efficient, sustainable longer-term distribution arrangements.

Conclusion

The cash distribution system needs to evolve to support ongoing access to cash services. This will require cash distribution industry participants and the ACCC to work through the processes under the CDF Act to deliver new pricing and other arrangements in the public interest. Interim arrangements would enable time for Armaguard and its customers to implement a more sustainable model, and mitigate the risk of a disorderly transition. Accordingly, the RBA supports the ACCC's consideration of short-term arrangements that would best facilitate this transition, whether a voluntary undertaking and/or use of the ACCC's interim direction powers. We view any short-term arrangements as a bridge to a long-term solution.

Reserve Bank of Australia
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