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Director – Payments Strategy and Policy Unit
Financial System Division
The Treasury
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Sent by email: paymentsconsultation@treasury.gov.au

RE: A Strategic Plan for the Payments System Consultation Paper

The Australian Security Industry Association Limited (ASIAL) welcomes the opportunity to provide comment on the Strategic Plan for the Payments System Consultation Paper.

As the federally recognised peak body for security professionals in Australia, ASIAL represents over 2,700 members, including 235 providing Cash In Transit (CIT) services across Australia who account for approximately 95% of this sector.

The role performed by the CIT sector is critical to the operation of Australia's banknote distribution arrangements. Servicing the broad scope and complex needs of business and government has required significant investment by CIT providers through development of sophisticated systems and technologies.

As the payments ecosystem evolves, the use of cash in Australia is changing. Whilst the use of cash as a means of payment for retail transactions has fallen over the past decade (driven in part by the decline in the use of cash during the COVID-19 pandemic), demand for banknotes remains strong. As the recent Payment Systems Review acknowledges, cash remains an important payment mechanism for many members of the community.

Cash will remain an important method of payment well into the future for vulnerable consumers, regional communities and many businesses. Cash also serves as an important back-up form of payment that is not tied to the digital economy should there be cyber-attacks, natural disasters, power or network outages.

Cash users across different demographic groups should have the right to choose their payment method of preference, whether cash, online, mobile or card payments, or any combination of these.

As the payments ecosystem evolves, we cannot leave anyone behind. This was articulated in a letter to the Treasurer on 28 February 2022 co-signed by ASIAL, the Australian Council of Social Service (ACOSS), the ATM Industry Association

(ATMIA) and the Council of Australian Small Business Organisations Australia (COSBOA).

The fall in the use of cash has resulted in a significant reduction in the lodgement of cash deposits and ATM withdrawals. Given the high fixed costs involved in operating a cash distribution system, the significant reduction in volumes of cash transactions has impacted operational efficiency and cost-effectiveness. This has acutely impacted the operation and profitability of CIT providers.

As legal tender, cash is a core part of Australia's national infrastructure and not just a commercial issue. Consumers should be entitled to have freedom of choice when it comes to whether or not they use cash, and that none in the community should be left behind or disadvantaged by technological change.

Having this choice is predicated on access to cash, acceptance of cash and a viable cash infrastructure.

Cash distribution is a critical function in the payments ecosystem, and a strategic plan for the payments ecosystem must give consideration to this issue in a holistic manner. In doing so, it is vital that there is direct engagement with key stakeholders to ensure the availability of a viable, efficient and sustainable cash distribution infrastructure. Under the current banknote distribution arrangements, CIT providers do not have direct representation.

In a time where use of cash is declining, government needs to play a greater role in the regulation of cash distribution, and integral to any future arrangement is the need for direct representation of the CIT sector.

Fundamental to any cash distribution arrangement is the integrity of cash. ASIAL's position is that all parties involved in cash distribution should be required to verify cash in circulation to the same agreed standard. Unless this is done, the spectre of fraudulent notes in circulation will serve to devalue the currency.

Solutions to the changing landscape of payments are coming from non-traditional sources. ASIAL members are in this group with non-traditional solutions, operating or proposing alternatives that either complement or substitute for traditional solutions. This includes alternative bank network models, payment mechanisms and ATM networks. We believe that input on alternative solutions should be sought from organisations such as ASIAL and its members. This will ensure that there is an opportunity to embrace a competitive payment landscape that satisfies the needs of all sections of the community.

In Summary

ASIAL is supportive of the approach set out in Treasury's Consultation Paper, one predicated on the evolution of a competitive, efficient, innovative, affordable, accessible, resilient and secure payments system.

ASIAL supports an approach that offers consumer choice by ensuring there are competitive alternatives to the banking payments system and that ensures industry engagement (including representation from the security industry) in its development.

ASIAL would be pleased to discuss any aspect of this submission with the Treasury team.

Yours sincerely



Bryan de Caires
Chief Executive Officer