

# Mandating cash acceptance

Treasury – Finance Sector Union Submission February 2025

**Finance Sector Union**

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## Background

The Finance Sector Union (FSU) is a registered industrial organisation under the *Fair Work (Registered Organisations) Act 2009*. The FSU represents members in the banking, finance and insurance industries (finance sector) in Australia. The finance sector consists of approximately 541,200 employees nationwide (approximately 4% of the workforce) with women making up approximately 50% of the total number of workers within the sector<sup>1</sup>.

The FSU represents workers in metropolitan, regional, and remote parts of Australia and has recently provided evidence to the Senate Committee's inquiry into Regional Bank Closures. This evidence is relevant to this consultation, and we would encourage Treasury to review submissions and evidence to these hearings where community members shared their experiences relating to the lack of reliable internet services that impact their ability to use electronic payments<sup>2</sup>. This submission will primarily focus on the experiences of FSU members across the country.

### Q1. Are there other important reasons for people relying on cash?

The FSU agrees with all of the reasons listed in the consultation paper for people relying on cash. In addition to maintaining social inclusion, providing a reliable payment option during outages, privacy, safety and trust, and budgeting, that have been outlined in the paper, the FSU contends that cash payments are an essential option for people who are not equipped to detect scams. Financial fraud is becoming more common and without a cash mandate, it puts these people and their savings at risk of exploitation.

### Q14. Are supporting measures required to maintain access to cash for businesses and consumers?

The FSU has long advocated on the need for Government to mandate a minimum number of bank branches in the community to ensure communities have access to banking services. This must include a requirement for banks to provide fee free access to cash to ensure that the most vulnerable customers can access their own money without incurring additional costs. This mandate should extend to the provision of a minimum number of (fee free) ATMs.

In recent years, there has been an acceleration in the closure of bank branches in both metropolitan and regional/remote areas limiting people's access to cash. The provision of banking services by Australia Post outlets is insufficient due to a variety of reasons, including a lack of security and staff training. The 2023 Senate Standing Committee on Rural and Regional Affairs and Transport held an Inquiry into Bank closures in regional Australia and many of the shortcomings of this approach were raised in submissions and public hearings<sup>3</sup>.

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<sup>1</sup> [Financial and Insurance Services | Jobs and Skills Australia](#) [accessed 30.01.2025]

<sup>2</sup> [Bank closures in regional Australia – Parliament of Australia](#)

<sup>3</sup> IBID

## Q15. What metrics or data points are important to help monitor a cash acceptance mandate?

The Australian Prudential Regulation Authority (APRA) maintains a list of authorised deposit-taking institutions' points of presence<sup>4</sup> which is published in October each year. This lists the number of ATMs, EFTPOS, Bank@Post, bank branches, and other face to face banking services by state, by remoteness area, by financial institution and level of service. This data shows the number of bank branches has reduced by 41% since 2017, and there are 60% fewer ATMs. This will be an important metric to monitor, particularly given the rapid increase in branch and ATM closures.

## Q16. If you are able, please assist in quantifying the potential benefits of the mandate for consumers.

To customers, one of the benefits of using cash is the ability to save hundreds of dollars a year and avoid paying the surcharges attached to electronic payments. In one example, a person begins with \$50 and uses the convenient "tap and go" method for payment which attracts a surcharge of 1.65% per transaction. Assuming the 1.65% comes out of the \$50, it takes just 200 transactions before this person is left with only \$1.85. Compare that to the person who pays with cash - after 200 transactions, the \$50 is still worth \$50.

A quick survey of FSU staff suggests that 200 "tap and go" transactions that typically attract a surcharge would occur over the course of approximately two weeks. In 12 months, those transactions would add up to \$600 in fees. While the cost of electronic transactions is outside the scope of this consultation, it is not unreasonable to expect the banking sector, that pulls almost \$30 billion in profit<sup>5</sup> from the Australian economy, to wear the cost of these transactions.

## Summary

The FSU supports the cash mandate. The FSU calls on Treasury to mandate that the Australian Banking Sector maintain minimum levels of both bank branches and ATMs to ensure that Australians in metropolitan, regional and remote areas of the country are able to access their cash easily and without incurring additional costs.

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<sup>4</sup> [Authorised deposit-taking institutions' points of presence statistics | APRA](#) [accessed 6 Feb 2025]

<sup>5</sup> <https://kpmg.com/au/en/home/media/press-releases/2024/11/banks-remain-resilient-despite-economic-uncertainty.html#:~:text=KPMG%20Australia%20releases%20Major%20Banks%20Full%20Year%202024%20Results%20Analysis.-,Major%20banks%20remain&text=KPMG's%20Australian%20Major%20Banks%20Full,5.7%20percent%20compared%20to%20FY23.> [accessed 6 Feb 2025]