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Sally Etherington  
Payment System and Strategy Unit  
Financial System Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

29 October 2023

Dear Ms Etherington

**RE: REFORMS TO THE PAYMENT SYSTEMS (REGULATION) ACT 1998 (CTH)**

We write to you concerning the exposure draft and explanatory memorandum regarding proposed amendments to the *Payment System (Regulation) Act 1998* (Cth) (**Proposed Reforms**).

Any decision to change Australia's payment system should be made with the knowledge that cash is the single most reliable and universally accepted form of payment. To that end, we draw to your attention the following:

**1. Cash always works, irrespective of technology or power availability**

The increasing reliance of payment systems, both in Australia and Internationally, on cashless payment methods prone to system breakdowns and hacking is resulting in significant opportunity costs and decreased economic activity. Only cash can provide a universally accepted, instant form of payment that cannot be hindered by issues such as power outages.

**2. Cash is an effective household budgeting tool**

Cash provides consumers with a powerful tool to instantly understand how much money they have and to budget accordingly.

**3. Cash transactions are easy and quick, with an immediate settlement.**

There is no "middleman" involved in a cash transaction. It is transparent, immediate, and not subject to complex clearing arrangements or hidden fees.

**4. Cash is legal tender and carries a public guarantee.**

Only cash carries the universal acceptance of being issued by the nation's central bank. It provides certainty to consumers and businesses alike.

**5. Cash in hand is fee-free to use as a payment.**

Cashless payment methods involve hidden fees that end up being paid by consumers through higher prices or businesses through lower profits. Cash, owing to its universal

acceptance and ease of use, is fee-free. This means lower prices and more profitable businesses.

**6. Cash is the most inclusive payment method.**

Cash does not discriminate against the elderly, the disabled, and those unable to adopt the technologies required to participate in the cashless economy. Indeed, the latest generation of banknotes made significant inroads in incorporating measures such as tactile features to make it more accessible to the community. Furthermore, as canvassed in point 5, there is no cost to consumers and businesses using cash.

**7. Cash gives confidence to the vulnerable at the point of sale.**

The most vulnerable members of society depend on cash as a secure method of storing wealth and making payments. It is not subject to relying on any one particular device or platform. For example, victims of domestic violence often rely on cash to preserve their anonymity and break the cycle of violence.

While this submission does not directly address the Proposed Reforms, we have taken this opportunity to bring to your attention the importance of maintaining the role of cash in Australia's payment system. We thank you for the opportunity to raise this important issue with you. Supporting cash is crucial to building a payment system for all Australians. It has, and always will be, the most reliable, secure, and accessible form of payment available.

Please do not hesitate to contact me to discuss any of the above.

Kind regards

A handwritten signature in black ink, appearing to read 'Sandra Smith', with a large, stylized flourish extending to the right.

Sandra Smith

Executive Director

ATMIA