



Keeping cash local –

Legal basis for proposed cash standard

24 April 2026

Purpose

This document supplements the *Keeping cash local – public consultation paper* released on 25 February 2026. It provides additional information on the legal basis for the proposed standard discussed in that paper and outlines how the proposed standard can be put into place and made effective. Submitters and commentators are encouraged to provide comments on this information and to take it into account when submitting on the public consultation paper.

Introduction

RBNZ has a function under the RBNZ Act to ensure bank notes and coins meet the needs of the public. We conduct research and consultation to help us determine what those needs are.

One way of measuring the needs of the public is to use travel distances to cash service points and the number and type of service points available for a given area of population. We applied this approach to the Keeping Cash Local consultation (KCL consultation). The purpose of the KCL consultation is to propose a "cash standard", or minimum level of cash services, based on these thresholds and to ask the public for their views.

The thresholds were described in the KCL consultation as follows:

"This consultation seeks public feedback on a proposal to introduce a cash services standard that would apply to New Zealand's banks. The standard would set a floor under the number and location of places where bank customers can withdraw, deposit and swap cash (for example, exchanging a \$50 banknote for \$5 banknotes and coins). At a high level, the proposed standard would mean:

- Business and personal customers of any registered bank can access cash withdrawal, cash deposit and cash swap services
- Services are free, reliable, and available often
- Services meet basic technical requirements
- Cash services are located close enough to where people live
- There are enough service sites to avoid long waiting times

In this consultation we focus on these last two elements: the location and number of cash services."

Since releasing the KCL consultation stakeholders have sought more detail on the proposed cash standard, including its legal basis.

There are different options to implement the thresholds described above. Our current preferred option is that the standard would be voluntary, rather than take the form of a regulation or statutory requirement. However, if a voluntary standard is unable to be put in place, we would investigate statutory options under the current law. This document outlines how potential voluntary and statutory options may look. Potential legislative reform is not covered here but may be considered in future.

A voluntary standard could have a contractual basis

The KCL consultation outlines an illustrative example of a collective bank delivery model, "multi-bank, full-service cash site", for the provision of cash services under the proposed standard as a basis for the consultation. Implementation of a voluntary standard through this approach could take various forms. Banks could bilaterally contract with a common 3rd party cash services provider or it could take the form of a multilateral contract entered into by participating banks. The Reserve Bank could, but would not have to be, a party. Joining would allow us to enforce the terms of the contract if required and also make commitments that make the arrangement work better (e.g. information sharing). Enforcement would be by civil action

through the courts or an agreed private dispute resolution procedure. Each party to the contract would have rights to enforce obligations against other parties.

Page 7 of the KCL consultation outlines the outcome sought that would be specified in the contract. Page 7 reflects our starting point, but a contract implies some negotiation so the outcome could vary.

Such a contract would also specify how the obligations under the contract are allocated among the parties to it. This would also be a matter of negotiation, but we would seek to assist, striving for as much objectivity and fairness between the parties as possible. We see this as an important factor to encourage banks to join the contract and to reduce the complexity of negotiations.

The nature of a contract is voluntary so we recognise banks may choose not to join. As noted on page 7 of the KCL consultation banks may choose to comply individually.

A key disadvantage of the voluntary approach is that banks may decline to join. This would depend on the incentives for banks to join, the characteristics of the market and the regulatory alternatives.

We note in countries such as Lithuania, Latvia, the Netherlands and the United Kingdom financial institutions have cooperated contractually to improve access to cash.¹

Commerce Act issues may arise

The KCL consultation sought to make the public aware of the costs associated with delivering to the proposed standard. Estimates of the costs of the proposed distance threshold using the illustrative delivery model were provided as part of the KCL consultation.

The cost estimates were based on an assumption that banks would adopt the most efficient way available to meet the standard – which in our view means banks acting collectively in some way to deliver cash services to customers, such as through a multilateral contract.

While the collaborative activity exception to the cartel prohibition may apply to an agreement,² the agreement would still be subject to section 27 of the Commerce Act, which prohibits arrangements that have the purpose or effect of substantially lessening competition.

We recognise that meeting Commerce Act requirements would be a concern for banks and we would support banks through the process. This would include working with the Commerce Commission and seeking an authorisation if necessary.

We have the legal basis to promote and join contractual arrangements to distribute cash

We must act consistently with our legislated objectives. These are stated in section 9 of the Reserve Bank of New Zealand Act 2021. The three objectives are:

- (a) The economic objective of achieving and maintaining stability in the general level of prices over the medium term.
- (b) The financial stability objective of protecting and promoting the stability of New Zealand's financial system;

¹ See Safeguarding Consumers' Access to Cash in the Digital Economy Policy considerations and approaches, OECD Business and Finance Policy Papers, no 81, at page 23.

² Section 31, Commerce Act 1986.

- (c) The central bank objective of otherwise acting as New Zealand's central bank in a way that furthers the purposes of the Act.

RBNZ has the power to do any act that is authorised by statute or that a natural person of full age and capacity may do. Any such act may only be for the purposes of performing its functions.

Our central bank functions include doing the following to ensure that bank notes and coins in New Zealand meet the needs of the public (s 116(c)):

- (a) Issuing bank notes and coins
- (b) Monitoring the distribution of bank notes and coins and, if we think fit, distributing bank note and coins;
- (c) Managing the quality of bank notes and coins
- (d) Monitoring the impact of technological innovation on the needs of the public for bank notes and coins.

This spells out what we refer to in shorthand as our "cash stewardship" function.

Entering a multilateral contract is an act a natural person of full age and capacity could do. We rely on written and implied contracts to carry out our current cash operations.

The proposed cash standard falls under section 116: it relates to issuing and distributing bank notes to ensure the needs of New Zealanders for bank note and coins are met. It would meet the needs of New Zealanders better than the status quo, by ensuring the cash is distributed to rural and other areas of New Zealand where access to cash has declined.

Statutory options to increase access to cash also exist

We consider the optimal way to increase access to cash and to implement the cash standard is through a voluntary standard. A contractual basis has advantages over a statutory basis. For instance, the parties can set the rules themselves through negotiation, allowing for considerable flexibility. This could include agreeing options such as jointly owned companies and other arrangements.

We recognise that the success of a voluntary approach depends on a critical mass of retail banks being willing to join.

We do have regulatory options to increase access to cash services, by way of the power to make a standard applying to licenced deposit takers under section 72 of the Deposit Takers Act 2023 (DTA), where the Reserve Bank is satisfied that the standard is necessary or desirable for one or more of the purposes of the DTA.³

Section 3(2)(c) provides that it is an additional purpose of the DTA to "support New Zealanders having reasonable access to financial products and services provided by the deposit taking sector", to the extent not inconsistent with the prudentially focused objectives in the remainder of section 3(2).

Accepting, issuing and changing banknotes and coins is a financial service as referred to in the DTA.⁴

The limitation with using section 3(2)(c) is that there are few operative functions, powers or duties corresponding to this particular statutory purpose. However, the DTA does provide a procedure for redressing such gaps by way of:

³ Section 72 came into force on 7 July 2023. A standard would come into effect from 1 December 2028.

⁴ See Section 5(1) of the Financial Services (Registration and Disputes Resolution) Act 2008.

- (a) section 90(1)(e), which provides that a standard may regulate or deal with any other matters that may be prescribed in regulations; and
- (b) section 454(1)(a), which confers upon the Minister of Finance the power to recommend to the Governor-General regulations that provide for anything the DTA says may be provided for by regulations.

A regulation could therefore set out access to cash services as a matter that a standard can relate to. The regulation would set out the types of things that an access to cash standard could regulate, the way sections 78-90 do for the matters they refer to. The regulation would be based on a recommendation of the Reserve Bank,⁵ but it would be for the Minister of Finance and Cabinet to decide whether it is necessary or desirable, including (for example) whether the voluntary option is a preferable one.

As to the threshold condition in section 3(2)(a) noted above, we do not see any inconsistency with financial stability arising from measures taken to increase New Zealanders' access to cash or from any proposed standard designed to support that.

A standard under the DTA would make available all the remedies provided under the DTA for breach by a deposit taker subject to it. This includes potential civil and criminal sanctions for breach.

We will consider regulatory options in more detail after we consider the response to the KCL consultation and following more engagement with banks. Whether a standard made under the DTA could replicate the outcome achieved through a voluntary approach is something that would be worked through.

We welcome views on other options

We consider that the needs of the New Zealand public for banknotes and coins are not truly met unless some policy interventions are undertaken to improve access to cash in communities where banks have withdrawn services and to prevent that problem becoming worse.

The KCL consultation provides a strong starting point. The voluntary and statutory options outlined show how the proposed standard could be achieved.

There are likely to be other ways to improve access to cash. Banks themselves are well placed to make suggestions and propose options. We welcome alternative mechanisms to those we have outlined here being put forward.

⁵ Refer section 454(3) of the DTA.