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Submitted via: futureofmoney@rbnz.govt.nz

Reserve Bank of New Zealand
Wellington

Re: Keeping cash local – public consultation paper
Everyone in Aotearoa should have access and agency in the use of their preferred payment methods. Cash is an important tool for access to the monetary system, especially for those that are otherwise excluded. It can also be used as a practical tool for those looking to budget via an envelope system.

FinCap welcomes the opportunity to comment on the Reserve Bank of New Zealand Te Pūtea Matua (**RBNZ**) Keeping cash local – public consultation paper (**Consultation Paper**). We strongly support the RBNZ intervening to ensure access to cash at no charge along with the current direction of the proposal to do so. Our submission to the 2022 consultation included the recommendation that '*the cash system needs improving to ensure that it is accessible for all and can be used in the manner necessary and conducive to the wellbeing of whānau facing hardship.'*[1]

However, financial mentor feedback noted some access challenges that the proposal in the Consultation Paper could be strengthened to clearly address. This is that RBNZ work to add a minimum standard around the availability of a staff member to assist those who are having difficulty using the proposed cash infrastructure alongside any linked bank services.

Access to transaction bank accounts with suitable features also remain essential. Initiatives to improve access for the unbanked need to be understood as complementing, rather than as an alternative to, improving access to cash.

We expand on these comments further in the submission below.

About FinCap
FinCap (the National Building Financial Capability Charitable Trust) is a registered charity and the umbrella organisation supporting the 183 local, free financial mentoring services across Aotearoa. In 2025 FinCap could see more than 30,654 closed financial mentoring cases in the Client Voices system we provide for most of those services, a 57% increase from 19,543 whānau facing financial hardship and accessing support in 2021. We lead the sector in the training and development of financial mentors, the collection and analysis of client data and encourage collaboration between services. FinCap also works with government and businesses towards greater financial wellbeing in communities.

Responses to consultation questions relevant to FinCap

Q2: How satisfied are you with the level of cash services in New Zealand?
Very dissatisfied (services are below average).

[1] See: https://fincap.org.nz/images/files/220303-Cash-System-Redesign-Submission.pdf

Please see the relevant comments from a previous FinCap submission to RBNZ which still stand.[2]

Q3: How important are each of these features of a cash service?

How far you need to travel to use the service
Very important.

FinCap has had feedback from financial mentors in urban and rural contexts that access to cash is very difficult for some client circumstances. In rural areas the cost of significant travel to access cash can compound financial hardship. In urban areas, we have heard concerns around hardship or exclusion for clients who have a disability and/or, limited time amongst their other obligations to queue or travel for the limited local available services which do not charge for cash withdrawal. The problems in examples like these reflect barriers that can add strain on already stretched financial mentors.

How long you have to wait in a queue
Very important.

In addition to the relevant comments immediately above. FinCap has heard of instances where seasonal and/or migrant workers in rural areas have difficulty accessing cash and other essential banking services when there are days of high demand due to work being 'rained off.'

It's free to use
Very important.

FinCap is aware of significant frustration and the compounding of hardship for clients who face significant charges relative to the small denomination withdrawn, especially in circumstances where clients are otherwise unbanked. We support the Consultation Paper analysis showing costs on businesses to meet the proposal are far outweighed by benefits in communities.

Having staff on hand to assist you
Very important.

FinCap strongly recommends that the RBNZ works to ensure an appropriate minimum standard of staff availability under a cash standard. Based on discussions with financial mentors on the proposal in the Consultation Paper, it would be practical to require a staff member is available at a set time to those within a minimum geographical radius each week (given most will have weekly or fortnightly income to distribute). This could help:

- those who may be confused using the technology,
- those who may face accessibility issues with the technology, and
- ensure an expert can appropriately provide information about who to contact at relevant banking services where a person has a query that cannot be addressed through the cash facilities.

A balance would need to be found to avoid costs for staff availability that exceeds need. RBNZ is likely best placed to work out that balance with the input of financial mentors and others.

Being able to use the service during business hours
Very important.

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[2] Ibid

Modern life means there will be many different circumstances around when and where people will need access to cash. These could vary each time cash is needed. Please see the above comments on multiple obligations and 'rained off' work as just two relevant examples.

Being able to use the service outside business hours, including weekends and public holidays
Very important.

Modern life means there will be many different circumstances around when and where people will need access to cash. These could vary each time cash is needed. Please see the above comments on multiple obligations and 'rained off' work as just two relevant examples.

Are there any other features that are important to you?

We strongly support smaller denominations being accessible to all.

With only large bank notes, such as $20 or higher, available at ATMs, small cash for budgeting and low-cost purchases are not as easily available. By making smaller cash denominations available at ATMs the cash system would be more fit-for-purpose for those that wish to use cash for smaller every-day purchases.

FinCap also hears examples of financial mentors finding that for some they work with, the physical use of cash is the key to planning and spending money and building their financial capability. The physical use of cash is helpful for simple decision making when whānau facing hardship and poverty are overwhelmed by constant challenges from compounding, overlapping and time consuming financial, health and social issues. Cash and the acceptance of cash reduces harm in communities.

Those that use cash for budgeting reasons, may use 'envelope' or 'jar' systems, which mean they allocate cash into specific jars or envelopes according to their budgeted spending in that area for the week. Smaller bank notes at ATM's may support this process. Furthermore, for people wanting to use cash more frequently in everyday spending, large bank notes may not be suitable.

Q4: do you agree that New Zealand needs a cash services standard?
Strongly agree.

Clear regulation can give financial mentors and their clients certainty that cash will be accessible, rather than needing to spend precious time searching for 'who is providing what' relative to the need in the client's circumstances.

Q5: Do you agree that most people (95%) living in rural areas should only have to travel up to 15km (or up to 30km if living outside rural settlements) to access cash services?
Strongly agree.

Please see above comments under 'how far you need to travel to use the service' and 'how long you have to wait in a queue.'

Q6: Do you agree that most people (95%) living in urban areas (cities and towns of 1000 or more people) should only have to travel up to 3 km to access cash services?
Strongly agree.

Please see above comments under 'how far you need to travel to use the service' and 'how long you have to wait in a queue.'

Q7: Do you support our proposal of having 2.5 cash service sites for every 10,000 people?
About right

Q9: Do you think people and businesses across New Zealand will have enough access to cash services under this proposal?
About right

Q10: Should there be different rules for some rural settlements, towns or parts of a city? For example, should busy tourist towns have more cash services than what we are proposing in our standard.
Yes

Q11: What factors should we think about when deciding whether a rural settlement, town, or part of a city needs a different level of cash service than the usual standard?
FinCap agrees with the following list items:

- How many people live in the rural settlement, town or part of the city
- How many people live in the wider area
- How many businesses operate in the community
- How far it is to the next town with cash services
- How important tourism is to the local economy
- Community characteristics (for example: average age, income, or ethnicity)

We also note our comments on migrant and seasonal workers above as a specific consideration of community characteristics.

Q12 Is there anything else you'd like to share about cash in New Zealand?
FinCap supports acknowledgement that cash is an important tool for building financial capability for children. While technology is developing, alternative tools for accessing private money are often unsuitable for children, especially where they, or their caregivers, might not have access to devices. Ensuring that access and use of cash is easy and cost-free for whānau can enable and enhance the building of financial capability for children.

We also understand that cash may provide a means of mitigating economic harm[3] and may otherwise help victim survivors of family violence discreetly pay for goods and services including some which improve their safety.

Please contact Senior Policy Advisor Jake Lilley on jake@fincap.org.nz or 027 278 2672 to discuss any aspect of this submission further.

Ngā mihi,

Fleur Howard
Chief Executive
FinCap

[3] A form of family violence also sometimes referred to as 'economic abuse.' More information is available here: https://goodshepherd.org.nz/get-support/our-services/family-violence-economic-harm/