



Submission on Commerce Commission's Draft Determination: NZBA Application for Authorisation of a Restrictive Trade Practice.

14 April 2026

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Preamble

The Reserve Bank of New Zealand (RBNZ) welcomes the opportunity to comment on the Commerce Commission's (Commission) draft determination dated 26 March 2026 (Draft Determination) in respect of the New Zealand Banking Association's (NZBA) application for authorisation to collectively negotiate cash-in-transit (CiT) services (Application).¹

Our submission covers a brief explanation of RBNZ's interest in this matter, and comments on the Commission's draft determination in the Statement.

Introduction to the RBNZ and our interest in the matter

The RBNZ is a full-service central bank, managing monetary policy and currency distribution and operating as prudential regulator and supervisor of the banking industry in New Zealand. Our statutory objectives, powers and functions are set out in the Reserve Bank of New Zealand Act 2021 (RBNZ Act).

Our main objectives are:

- The **economic objective** of achieving and maintaining stability in the general level of prices over the medium term.
- The **financial stability objective** of protecting and promoting the stability of New Zealand's financial system.
- The **central banking objective** of otherwise acting as New Zealand's central bank in a way that furthers the purposes of the RBNZ Act.

Our main interest in the Application stems from our currency function and our stewardship role over the money system in New Zealand.

In particular, we must carry out certain activities to ensure that bank notes and coins in New Zealand meet the needs of the public, including:

- Issuing bank notes and coins in New Zealand.
- Monitoring the distribution of bank notes and coins.
- Managing the quality of bank notes and coins.
- Monitoring the impact of technological innovation on the needs of the public for bank notes and coins.²

As part of our currency function, we have been conducting a Future of Money work programme. This covers the cash system, including exploration of digital cash and monitoring private innovations in cash.

¹ ISBN 978-1-991414-05-2 dated 22 September 2025

² Section 116(c) of the Reserve Bank of New Zealand Act 2021.

The RBNZ's objective as regards to money and cash is that: New Zealand has reliable and efficient money and payments systems that support innovation and inclusion. To support this, the cash system should be reliable, be efficient, and support inclusion.³

The RBNZ is committed to ensuring that New Zealanders can continue to access, use, and bank cash as they need or prefer, consistent with our currency function. As steward of money, we have an interest in a resilient CiT sector.⁴

For example, as the issuer of money we have an interest in maintaining the quality of bank notes in circulation. CiT firms are a key player in our quality management approach as they are contracted by the commercial banks to process notes on an RBNZ certified machine which allows for their participation in the Same Day Value scheme.

Our interest in this matter arises from the RBNZ's role as steward of New Zealand's money and payment system, including its statutory responsibility to monitor the distribution of cash and ensure that banknotes and coins continue to meet the needs of the public.⁵ Our interest is therefore distinct from, and complementary to, the Commission's competition law assessment.

This submission does not seek to contest the Commission's provisional competition law conclusions. Rather, it seeks to highlight some of the potential outcomes of the proposed authorisation for the long-term sustainability and resilience of New Zealand's cash system, which RBNZ considers to be an essential public infrastructure.

³ Reliable captures both 'resilience' (i.e. the ability to avoid or recover from shocks) as well as everyday performance reliability. When money and payments are reliable people have high levels of trust in money and payments in their social, cultural and economic life. Efficiency means the system is not wasteful of resources, no re-allocation of resources would make someone better off without making someone else worse off. Supports Innovation means the money and payments environment is supportive of innovation in the cash sector. Supports Inclusion means people have meaningful choice and can exercise agency when they interact with the money and payments system.

⁴ RBNZ also purchase crucial CiT services in order to support our currency function and operations.

⁵ Reserve Bank of New Zealand Act (2021) ss 10(d), 116 (c)(ii)/(iv)

Submission to the Commerce Commission

Background

The RBNZ welcomes the opportunity to comment on the draft determination.

The RBNZ has expressed significant concerns about the fragility of the cash system for a number of years. A full description of our assessment of the cash system and the issues it is facing is set out on our webpage.⁶

In May 2024, the RBNZ was supportive of Evergreen's application to acquire ACM to form a single national CiT operator in New Zealand. The reasons are set out in our previous submission to the Commission,⁷ but in summary:

- We saw the counterfactual as the significant financial viability challenges facing the CiT sector resulting in the exit of ACM from the New Zealand market, due to declining cash volumes, its lack of market power in negotiations with its main customers (commercial banks) and the 'race to the bottom' situation between ACM and Evergreen's subsidiary body corporate, Armourguard.
- There were limits to the extent to which a single CiT could exercise increased market power due to the relative market power of its main customers (commercial banks).
- Given their operating environment, an increase in prices for CiT services may not be unreasonable and may better reflect the resources required to provide CiT services at safe and sustainable levels. Once it reaches a price point, large CiT customers could viably insource some or all services, or bring another supplier into the market. Furthermore, there are efficiencies available due to technological innovation, which will reduce the effective price ceiling of a monopoly CiT.

General observations on the draft determination

RBNZ acknowledges the Commission's provisional view that the public benefits of the proposed arrangement outweigh the public detriments, and notes the Commission's assessment that the likely benefits are small but positive, primarily reflecting operational efficiencies and more efficient contracting.

RBNZ also notes that the Commission's position has evolved since its decision to decline interim authorisation in November 2025, and that the Commission now considers earlier concerns regarding uncertainty and deferred investment by the CiT provider to be unlikely, based on additional evidence.

From RBNZ's perspective, the draft determination appropriately identifies that coordination risks remain and that these warrant mitigation through conditions, including legal oversight and information-sharing safeguards.

⁶ <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/consultations/banks/future-of-money/cash-system-redesign-issues-paper.pdf>

⁷ https://www.comcom.govt.nz/_data/assets/pdf_file/0020/354431/RBNZ-Submission-on-Evergreen-and-ACM-statement-of-preliminary-issues-27-May-2024.pdf

Cash system stewardship considerations

RBNZ offers the following comments to assist the Commission in considering how a future final determination, if it proceeds, can adequately reflect these system-level considerations.

Whilst the draft determination addresses competition-law considerations, RBNZ considers it important to highlight that the proposed authorisation may have adverse second-order consequences for the sustainability of the cash system that may not be easily captured if a competition-efficiency lens alone is adopted.

The New Zealand CiT market was recently consolidated on viability grounds, reflecting long-standing financial pressures in the sector associated with declining cash usage and high fixed infrastructure costs. In that context, RBNZ's central concern is not short-term pricing outcomes, but whether institutional and contractual arrangements support ongoing investment, service continuity, and resilience across the cash distribution network.

Collective bargaining may generate some small transactional efficiencies. However, negotiations driven primarily by price outcomes may be insufficient to deliver system-wide resiliency and outcomes aligned with cash-system stewardship objectives, unless accompanied by explicit consideration of guaranteed minimum service levels, nationwide coverage, resilience requirements, and means of monitoring and assuring these.

RBNZ therefore encourages the Commission to recognise, in its final determination, that efficiency gains alone may not fully reflect the public interest considerations associated with essential cash infrastructure and its resilience.

Investment incentives and dynamic risk

RBNZ acknowledges the Commission's conclusion that the risk of deferred investment by the CiT provider is now considered unlikely. We agree that investment risk should be assessed on the basis of available evidence.

At the same time, RBNZ notes that investment incentives in essential infrastructure markets are dynamic and forward-looking. Even where immediate investment deferral appears unlikely, changes in bargaining dynamics may influence longer-term expectations regarding returns, risk allocation, and discretionary resilience investment.

From a stewardship perspective, RBNZ considers it important that the final determination recognises investment incentives as an ongoing consideration, rather than a static question resolved solely at the point of authorisation.

Conditions, monitoring, and resilience outcomes

RBNZ supports the Commission's proposal to impose conditions to manage coordination and information sharing risks associated with the proposed arrangement.

RBNZ encourages the Commission to consider whether the proposed conditions, or accompanying commentary, could also support visibility over cash system outcomes that are

material to the public interest, such as service continuity, geographic coverage, and operational resilience.

Such an approach would not alter the Commission's competition law framework, but would help ensure that the authorised arrangement takes consideration of broader stakeholder interests and does not inadvertently weaken the infrastructure characteristics of CiT services over time.

Concluding comments

RBNZ reiterates that its submission is intended to complement, rather than challenge, the Commission's competition law assessment. We recognise the Commission's statutory role and the constraints within which it operates.

Our objective in making this submission is to ensure that cash system stewardship considerations are clearly articulated on the public record prior to the Commission's final determination, given the essential role that CiT services play in supporting public access to cash.

RBNZ would be happy to engage further with the Commission if clarification of these stewardship considerations would be useful.