



Reserve Bank  
of New Zealand  
Te Pūtea Matua

# Keeping cash local - additional background material

Money and Cash Directorate

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## What sort of document is this

The Reserve Bank produces a variety of publications including research papers. This paper presents recent analysis completed by the Money and Cash Directorate. The paper has been proactively released to support a public consultation on a cash services standard.

We welcome feedback on the ideas shared in the paper. You can provide feedback via the public consultation channels.

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## Additional background material

### Introduction

This paper has been prepared to support a public consultation on our proposal to introduce a cash services standard that would apply to New Zealand's banks. The paper outlines the geospatial analysis we have done to illustrate the proposal at the district level, explains how we estimated the costs of the proposal, and describes the cash services standards that currently apply in other countries.

The proposed cash service 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 the consultation we focus on the last two elements: the location and number of cash services.

Further consultation will be needed to work through further specifics of the standard, including whether it would apply to all banks or just the largest ones and how the standard would be implemented and enforced. We will consult on these matters in due course.

### We have used a spatial visualisation tool to illustrate the district implications

#### The proposed standard for the number and location of services

'Multi-bank, full-service cash sites' are a central concept in our proposal. These are sites where customers of any bank can – at no charge – access cash withdrawal, cash deposit and cash swap services.

We articulate the proposed standard using the concept of multi-bank, full-service cash sites. However, banks are free to comply in other ways. For example, banks may prefer to act on their own to meet the standard, putting services in place only for their own customers. If banks opted to meet the standard by providing services individually – *not* sharing facilities as is envisaged in the 'multi-bank, full-service cash site' concept – a great many more cash sites would be required overall than what we propose.

In a nutshell, we're proposing that banks be made responsible for achieving the following outcomes:

- There are enough cash service sites across New Zealand to prevent lengthy queues.
  - This means there must be at least 2.5 multi-bank, full-service cash sites per 10,000 people or the equivalent using partial service sites (significantly more service sites than 2.5 per 10,000 would be required if banks choose to meet the standard using partial service sites).

- Most people (defined as 95 percent of people) living in an urban area will face only a walkable distance to free-to-use cash withdrawal, free-to-use cash deposit and free-to-use cash swap services.
  - ‘urban’ refers to places where 1,000 or more people live in close proximity.
  - ‘walkable’ refers to no more than a 3km one-way journey
- Most people (defined as 95 percent of people) living in a rural area will only face a reasonable driving distance to free-to-use cash withdrawal, free-to-use cash deposit and free-to-use cash swap services.
  - ‘rural settlement’ refers to places where 200 to 999 people live in close proximity
  - ‘living remotely’ refers to people not living in a rural settlement or urban area.
  - ‘reasonable driving distance’ refers to no more than a 15km one-way journey for people living in rural settlements and no more than a 30km one-way journey for people living remotely.

Compliance with the standard would be assessed at the Territorial Authority area (i.e. ‘district’) level.

## **We built a spatial visualisation tool and applied it to Statistics New Zealand data**

We compiled data about where people live from Statistics New Zealand (‘StatsNZ’) Census data.<sup>1</sup> We then built a spatial visualisation tool (‘the tool’) to identify a multi-bank, full-service cash infrastructure footprint that meets the proposed standard. The tool considered each district in turn (however, our analysis did not include the Chatham Islands).

The tool was tasked with identifying an allocation of service sites that complies with the proposed standard, subject only to locating a service in an urban area (including towns) or in a rural settlement (the tool was not permitted to select a site where there is no concentration of population at all, for example, in the open space of a large national park).

A rural settlement is defined by StatsNZ as ‘a cluster of residential dwellings about a place that usually contains at least one community or public building’ where the estimated population is more than 200 and less than 1,000 people. Urban areas can be either small, medium, large or ‘major’, depending on the estimated resident population. Small urban areas, for example, have between 1,000 and 10,000 residents.<sup>2</sup>

There are two options for defining ‘distance’ – distance measured as the number of kilometres between two points when travelled via road (‘travel’ distance) and distance as measured by a straight line that connects two points (‘straight-line distance’). Our district maps are based on the straight-line definition of distance. This definition has been used because it is simple to apply, means we do not have to rely on third party data going forward and, based on our first stage analysis, is unlikely to lead to materially different results in terms of the number and location of multi-bank, full-service cash sites. Straight-line measures have been used to measure access to cash services in other countries.<sup>3</sup>

<sup>1</sup> Statistics New Zealand (2023). [2023 Census population change | 2023 Census maps and data](#)

<sup>2</sup> Statistics New Zealand (2023). [Statistical standard for geographic areas 2023 \(updated December 2023\) | Stats NZ](#)

<sup>3</sup> For example, Reserve Bank of Australia (2025) [Access to Cash in Australia | Bulletin – January 2025 | RBA](#)

Beginning with the requirement relating to distance, the tool identified distinct settlements, towns or urban areas within a given district, where at least one multi-bank, full-service cash site must be available for customers. The tool moved progressively assigning multi-bank, full-service cash sites, beginning with the most densely populated areas to the most sparsely populated, stopping only when it reached the 95 percent of the population coverage threshold.

In terms of compliance with the 2.5 sites per 10,000 people requirement, the tool identified how many multi-bank, full-service cash sites would be required overall in a given district. For districts with small, dispersed populations this step may not have added any further sites (i.e. complying with the location requirement already generated sufficient sites).

If banks prefer to provide services on an individual basis (i.e. each site serving only the customers of one or a few banks) many more sites would be required across the district than were identified by our tool.

Depending on the population size and pattern of occupation in a district, there may be many potential cash service footprints that comply with the proposed standard (this is particularly true of major urban areas like Auckland). However, as we're satisfied that the footprints we have produced comply, we would view the district footprints we present as meeting the needs of the public for cash.

### **Variations to nationwide standard might be appropriate for some districts**

Having common, clear standards that apply across New Zealand is compatible with equity (the same minimum standard applies to every district and account is taken of the size of the population). It also means we can be very transparent about the outcomes we're seeking. However, we acknowledge a nationwide standard may lead to more services than some communities need and insufficient services for others. In other words, there may be a case for allowing variations from the nationwide standard for some districts ('exceptions').

Exceptions make it possible to 'fine-tune' the number and location of cash services and so achieve optimal community outcomes. However, the cost of administering the standard would also likely increase where exceptions to a nationwide standard are permitted. We discuss the issue of exceptions further in the [Keeping cash local - district maps](#).

When we illustrate the implications of the standard in each district map, we do so on a 'one-rule-for all' basis. We are, however, keen to hear from communities who believe the minimum service standard we propose may cause unintended harm (or indeed excessive levels of service).

### **Quantifying costs**

Not all impacts from the cash services standard can be quantified. We focus only those impacts that we believe are both material and quantifiable. In this paper we explore costs. In a separate paper [Keeping cash local - technical paper \(considering the benefits of cash\)](#) we address the benefits of the cash services standard.

In terms of costs, our ultimate interest is in the economic impacts of the new costs faced by banks. This means we only explore the costs associated with setting up and operating a larger cash services footprint.

We set aside a second type of bank cost impact – no longer being able to charge cash-related fees – because, in terms of economic impacts there is an offset. Reduced bank fee income arguably has an effect on banks equivalent to an increase in costs. Banks are likely to try to pass this on to customers in the form of higher interest rates which (if material) would have an adverse impact on the economy. However, no longer having to pay cash service fees leaves more income in the hands of bank customers and, all else being equal, this would likely lead to increased spending which would have a positive impact on the economy.

## **Costs to banks of operating an expanded cash service footprint**

The most recent bank-wide data we have is from 2024 and it suggests the banking sector currently owns 2,159 cash service sites across New Zealand. Of these, 616 are bank branches and 1,543 are ATMs.<sup>4 5</sup> For the purposes of our analysis we assume all bank branches offer cash services but, in reality, some may not.

Our geospatial analysis suggests 1,293 sites are likely to be needed to comply with the standard assuming these sites are multi-bank, full-service cash sites. If banks chose to meet the standard by providing services individually – rather than sharing facilities – approximately 5,000 sites are likely to be required to meet the standard.

We assume banks will choose the most cost-effective way to comply with the standard. This assumption has three implications for our cost analysis:

- we focus our cost analysis on supplying 1,293 multi-bank, full-service cash sites (not the great many more partial service sites that would be required to meet the standard).
- we assume banks respond by converting a portion (1,293 of 1,543) their existing ATMs to multi-bank, full-service sites including, where necessary, re-locating them.
- we assume banks retire any remaining partial service ATMs not required to meet the standard.

While the costs are likely to vary by each site, we have made two ‘rule-of-thumb’ assumptions to illustrate the likely costs: i) we assume the likely average cost of converting a partial service site to a multi-bank, full-service cash site (including relocating it within the district, if required) is \$100,000 per annum; and ii) we assume retiring a surplus partial site generates savings of \$100,000 per site. In both cases, our estimates relate to the full cost of providing a machine-based, multi-bank, full-service cash site.<sup>6</sup>

These estimates are based on information we have gathered, in various ways, between 2018 and 2026.

We are publishing ‘rule-of-thumb’ cost estimates – rather than anything more precise – because there are only a few suppliers of the inputs needed to provide a cash service and we do not want to breach our obligations in relation to commercial sensitivity.

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<sup>4</sup> We sourced this data from KPMG’s Financial Institution’s Performance Survey 2024. [fips-banks-2024.pdf.coredownload.inline.pdf](#)

<sup>5</sup> The largest five banks account for 98 percent of the sector’s ATMs and 85 percent of the sector’s bank branches.

<sup>6</sup> The types of costs captured in our estimates include providing and servicing the machine, replenishing cash when the machine is empty, removing cash when the machine is full, transporting cash between a cash centre when cash is quality checked and the cash service site, insurance, financing cash when held in a deposit-accepting machine (‘bailment’), automated cash reporting, and lease of the space occupied by the machine.. Our cost estimates do not include in-person support or the lease of a large space dedicated to giving in-person support to users of cash services (for example, as might be provided in bank branches).

We believe our rule-of-thumb cost estimates are likely to be on the high side but using them aligns with our preference to be conservative when estimating the net benefit of our proposal overall.

Given our cost assumptions, if banks opt to convert 1,293 existing partial-service ATMs to multi-bank, full-service sites, the annual cost would be \$100,000 multiplied by 1,293, which is \$129 million a year. If banks decided to retire the remaining 250 ATMs they own, this would generate savings of \$100,000 x 250, which is \$25 million a year. Without any other response from banks, the net cost would be, based on our rule-of-thumb assumptions, \$104 million a year (\$129 million less savings of \$25 million).

However, banks would still have a further 616 partial service sites remaining – their bank branch network. The upgrading of ATMs to multi-bank, full-service cash sites might lead banks to reduce the hours of some bank branches, reduce costs by no longer offering in-branch cash services, or even close some bank branches completely. We have no particular insights on how banks might respond and have only limited data on the cost of operating a bank branch. Hence, we make no assumptions about further savings realised by banks and report the estimated annual cost to banks as \$104m per annum.

### **Economic impact of the banking sector's cost increase**

To put the \$104 million per annum cost increases in perspective, in 2025 the banking sector as a whole earned in excess of \$10 billion per annum in pre-tax profit.<sup>7</sup> The \$104 million increase in costs represents 1 percent of the sector's combined annual profit.

Another way to consider the \$104 million cost increase is to assess how it might impact interest rates. The banking sector currently has around \$570 billion in net loans and advances.<sup>8</sup> If banks were able to recover this cost in full by increasing their lending rate margin, the impact would be on average a 1.8 basis-point increase in the interest rate margin for each year relative to what it would otherwise have been (e.g. a lending rate would go from 4.5% to 4.518%).

In our view this is a very modest cost for New Zealand. We do not envisage any material impact on the level of credit-funded investment from an average 1.8 basis-point increase in lending rate margins.

Any competition among banks, or between banks and other institutions, to lend would constrain the ability of individual banks to increase lending rate margins. So, the increase in interest rate margins would likely be even less than this.

Even if the impact on lending rates was noticeable – i.e. much more than 1.8 basis points – we would say that is an acceptable outcome. Our rationale is that banks are currently avoiding costs they should, in fact, bear. That means the prices they charge customers for non-cash services – for example, lending rates – are currently mispriced as they do not reflect all the costs banks should bear in providing those non-cash services.

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<sup>7</sup> Reserve Bank of New Zealand (2025), Financial Strength Dashboard [Profitability](#)

<sup>8</sup> This does not include holdings of debt securities, derivatives in an asset position or repos. Reserve Bank of New Zealand (2025), Financial Strength Dashboard [Balance sheet](#)

## Cash service standards in other countries.

New Zealand is not the only country facing challenges around access to cash services. We have reviewed approaches taken in other countries. The most common approach appears to be setting a distance threshold combined with a prescribed tolerance level for the proportion of the population living beyond that threshold.

- Many countries aim to ensure cash services are within 5–10 km for most of the population, though thresholds of up to 15–25 km are accepted in some rural regions.
- Some countries use different categories of population to apply distance thresholds to, with the most common split being between 'rural' and 'urban'.

Withdrawal services are more commonly the focus of distance thresholds, but there is increasing awareness that merchants require access to deposit services to make it viable to accept cash payments.

Our review of international settings showed that a number of countries monitor and/or mandate certain distances for access to cash services. Table 1 summarises some of these approaches.

**Table 1: Cash service standards overseas**

Country or Region	Quantitative Targets / Achievements	Regulatory Body / Mechanism	Key Measures / Interventions	Source(s)
Australia	Proposal to introduce standards for specialist entities that provide cash services for banks and non-bank ATM owners to ensure ongoing cash availability, incl. regional services.	Strategic Plan for Australia's Payments System encompasses the policy initiatives	Consultation on proposed regulatory framework for cash distribution.	Australian Council of Financial Regulators (2025), Australian Treasury (2023).
Austria	Initiative by central bank OeNB to provide ATMs in municipalities with no ATM or bank branch.	Oesterreichische Nationalbank	Direct investment in ATMs by OeNB.	Oesterreichische Nationalbank (2025)
Hungary	Prescribe minimum number of ATMs, quotas applied to banks, tied to issued cards; tiered thresholds based on region.	Magyar Nemzeti Bank (Hungarian National Bank)	Banknote and Coin decrees.	Magyar Nemzeti Bank (2025)
Ireland	Central bank given authority to set the minimum number of ATMs per 100,000 people and to set tolerances for services to be located such that X% of the population lives no more than 5-10 kms from ATMs and in-person cash service points.  Numbers vary based on region but generally designed to retain 2022 levels.	The Finance (Provision of Access to Cash Infrastructure) Act 2025	Designated credit institutions are required to maintain the cash infrastructure network at minimum levels set by the Minister for Finance.	Central Bank of Ireland (2025), Irish Statute Book (2025), Ireland S.I.581/2005, Ireland S.I. 582/2025,

Country or Region	Quantitative Targets / Achievements	Regulatory Body / Mechanism	Key Measures / Interventions	Source(s)
Latvia	ATMs must be located such that 99% of residents live within 20 km of an ATM. Law came into effect 1 January 2025.	Amendments to the Credit Institution Law, Latvijas Banka's Regulation on the Management of the Cash Withdrawal Service	Credit institutions required to comply, enforces ATM presence in all municipalities; limits maximum distance to 20 km.	Latvijas Banka (2025)
Lithuania	Nationwide coverage of ATMs: at least 90% of the population with have a cash withdrawal point (an ATM or equivalent point) within 10km (travel distance) of their declared place of residence or 99% of the population within 20km.	Lithuanian Central Bank- MoU with banks (2021)	Banks agreed to maintain ATM coverage; Central Bank monitors but no formal legislation.	Lietuvos Bankas (2025)
Netherlands	<b>Covenant (industry agreement)</b> specifies ATMs be located to achieve distance thresholds that vary by type of service. Threshold for cash withdrawals is 5km with coverage to achieve 99.76% of the population. <b>Process in place to legislate.</b> Access standards will reflect Covenant measures; user charges will be regulated.	Currency Payments System Act (currently under consideration by House of Representatives)	Follows on from the previous mechanism of voluntary Cash Covenants involving banks.	De Nederlandsche Bank (2023) Netherlands Senate (2025)
UK	Services must be located such that 95% of people live within 1 mile of cash services (if urban resident) or 3 miles (if predominantly rural).	Financial Services and Markets Act 2023 grants Financial Conduct Authority new powers	Mandates reasonable access to free cash withdrawals; includes interventions on bank branch closures.	UK Financial Conduct Authority (2024) UK Payment Systems Regulator (2025).

## Implications for New Zealand from other countries

New Zealand's geography means it would not be reasonable to simply adopt other countries' thresholds and tolerances.

New Zealand is unusually long and has challenging geographical features, such as the Southern Alps and Cook Strait. New Zealand's land area is contrasted with the European continent in Figure 1.

**Figure 1. New Zealand and Europe's land area compared.**



New Zealand's population is unevenly distributed, with a large urban-based concentration in Auckland and other major North Island centres, while much smaller communities are spread across rural regions and the South Island. This means that while many people live close together in urban areas, large parts of the country have a much lower population density.

All of this means, it is challenging to provide physical services equally across the whole population. Urban centres can be served efficiently due to scale, but reaching smaller and very remote communities is more challenging. Given this, we propose different distance thresholds for cash service standards in urban and rural areas and have aimed to arrive at thresholds that are reasonable given the settlement patterns in New Zealand.

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