

INTRODUCING AN ECONOMY-WIDE CASH PAYMENT LIMIT

JUNE 2018

ANZ SUBMISSION

1. ANZ welcomes the opportunity to comment on the Government's response to the Black Economy Taskforce Final Report (**Consultation Paper**).
2. The Consultation Paper proposed the introduction of an economy-wide cash payment limit of \$10,000 applicable to payments made to businesses holding an Australian Business Number for the purchase of goods and services. The proposal would take effect from 1 July 2019. ANZ supports this proposal as a significant step to address black economy activity.

Increasing payment choices and competition

3. We do not anticipate any barriers to implementing a cash payment limit.
4. ANZ notes that a range of measures implemented or underway will increase payments choice, competition among payment service providers and facilitate the making of digital payments. Together these measures will make it easier to make digital payments and reduce potential concerns about the introduction of cash payment limits. Some of these measures include:
 - (a) From late 2018 the New Payments Platform (NPP) 'real time' payment services will become available. The NPP will allow customers to address payments simply with a mobile phone number and the added benefit of sending more complete remittance information with payments.
 - (b) ANZ and other banks are working on providing merchants with the ability to route contactless debit card transactions to their lowest-cost processing network. ANZ expects to offer initial merchant routing during 2018.
 - (c) The 2016 Review of Cards Payment Regulation resulted in new interchange standards to reduce merchant costs and cost based limits on merchant surcharging. These standards were implemented over 2016 and 2017.
 - (d) ANZ already offers its customers the ability to make digital payments from mobile phones using either ANZ's banking app or ApplePay/AndroidPay wallets.

Exclusion of Financial Institutions

5. ANZ supports the exclusion of deposits made to financial institutions from the cash payment limit.
6. We note the Black Economy Taskforce Final Report (**Report**) states that "it would be undesirable for a limit to interfere with the distribution of cash and foreign exchange

processes”¹. We suggest that the measure clearly distinguish between a payment made for the *purchase* of goods and services from payments made by a financial institution to facilitate the distribution of cash and foreign exchange of currency.

Cheque Usage

7. Current consumer payment trends indicate a clear preference for electronic payment methods and a movement away from cash and cheques. We anticipate this trend will continue, despite the introduction of a cash payment limit.² However, for those who chose to make large payments by cheque, we will continue to offer cheque facilities and have no current plan to increase the fees charged to consumers for using cheques.

Senior citizens and remote customers

8. We note the concern that senior citizens and remote customers “may need to rely on the ability to make or receive large cash payments”³. We agree that some senior citizens and customers in remote areas may need particular assistance and there are issues of financial exclusion. We note that Australian residents, including senior citizens and remote customers, need and have access to bank accounts in order to receive payments from Centrelink and Medicare. Recognising these factors, we believe that there is generally wide access to different forms of banking and payment services to support customers.⁴

Reporting requirements for ADIs

9. Financial institutions have extensive obligations to report cash transactions under exist the AML/CTF regime. ANZ believes that these existing obligations are sufficient to meet policy maker requirements for reporting. ANZ does not consider that additional reporting requirements are needed to successfully implement and monitor this proposal.

Ends

¹ Black Economy Taskforce Final Report, pg. 56.

² Recent research commissioned by the Australian Taxation Office (**ATO**) shows that “cash is only the preferred payment method for transactions under \$5, and for anything over \$50, the vast majority of people want the ease and security of an electronic payment”. In addition, the research indicates that 86% of businesses agree that most customers expect to be able to pay via electronic means: <https://www.ato.gov.au/Media-centre/Media-releases/New-research-shows-cashless-is-already-king/>

³ Consultation Paper, pg. 9.

⁴ Australian business and consumers have access to face to face banking services through 5,814 bank branches, 4,674 face to face service outlets (e.g. bank@post that provide basic transaction services) and 13,814 ATMs. Refer https://www.apra.gov.au/sites/default/files/documents/adipop_june_2017_.pdf. Digital communications for banking are available through the National Broadband Network (eg NBN satellite in very remote areas), and telecommunications’ internet and mobile networks. (<https://www.nbnco.com.au/content/dam/nbnco2/2018/documents/corporate-reports/corporate-plan-2018-2021.pdf>). The 2015 Regional Telecommunications Independent Review Committee reported over 99% of the Australian population have access to competing mobile telecommunications though area of coverage will be lower in more isolated areas (<https://www.communications.gov.au/sites/g/files/net301/f/rtirc-independent-committee-review-2015-final.pdf>)