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Via email: paymentsconsultation@treasury.gov.au

Australia Post welcomes the opportunity to comment on The Treasury's consultation paper on the winding down of cheques in Australia.

Australia Post has been involved in agency banking services for more than 100 years. What started as a partnership with the Commonwealth Bank in 1911 has since expanded to become what is known today as Bank@Post, an agency banking service provided by Australia Post on behalf of 81 banks and other Authorised Deposit Taking Institutions (ADIs).

Bank@Post provides customers with access to basic banking services including cash withdrawals, deposit of cash or cheques, and balance enquiries. It is available at more than 3,400 participating Post Offices, and in recent years, is a service that is increasingly relied upon in regional and rural Australia as banks reduce their physical points of presence.

Through Bank@Post, customers can deposit cheques provided their bank account is with a financial institution that partners with Australia Post. Participating banks and financial institutions must be a member of the Australian Paper Clearing System (APCS) for their customers to be able to present cheques for processing through Bank@Post. Customers cannot deposit cheques in foreign currency, and as of April 2023, cannot use personal or bank cheques to pay for philatelic items at Australia Post. Post Billpay, an Australia Post branded payment aggregation service, also allows customers to pay bills with cheques.

Australia's financial landscape is changing. Over the past decade, we have witnessed a substantial decrease in the usage of cheques across various sectors. Several factors have contributed to this decline, including the rise of digital banking alternatives which offer faster and more convenient payment options. As a result of this, individuals, businesses, and financial institutions have moved away from cheques as a preferred payment method.



Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team. We recognise their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

In responding to customer preferences and the economics of providing cheque services, Australia Post will have to carefully consider its role in the transition away from cheques. We understand that cheque payments are still important to some customers and communities, and that Bank@Post plays an important role in Australia's financial and banking services ecosystem. Notwithstanding this, Australia Post must consider the viability of providing cheque services during an uncertain transition period where cheque volumes are decreasing and processing costs will rise. Australia Post should not be considered a stopgap for financial institutions that choose to withdraw cheque services entirely.

While cheques served as a reliable payment method in the past, there is an increasing demand for faster, more efficient, and secure payment options. Cheques are slower to process, requiring manual intervention, transportation, and storage of physical documents. This adds considerable processing costs and requires supporting infrastructure, bespoke technology, and significant logistical arrangements.

Since 2021, Australia Post's overall cheque volumes have declined at a rate of 21 per cent per year. Between 2021 and 2023, cheque payments for Post Billpay declined by more than 31 per cent. This downward trend informed (in part) the business' decision to exit Decipha, the provider responsible for the imaging of cheques. Without Decipha (or an alternative provider), Australia Post will not be able to image cheques beyond 30 June 2025. Australia Post is also aware of declining use of cheques, as many of our Bank@Post partners refer customers to Bank@Post for cheque deposit services.¹ We expect this decline to hasten as the transition from cheques continues.

A largescale withdrawal of financial institutions from Australia's cheque system will have a significant impact on customer experience and on the use of Bank@Post. Australia Post will need to introduce measures to ensure we do not accept cheques from an issuer that has withdrawn from the APCS. If a Post Office mistakenly accepts a cheque from an issuer that is no longer a member of the APCS, Australia Post will be unable to bank the cheque (via Genpact) and Australia Post will carry the risk of loss for the cheque value, with no clear recovery process.

Australia Post can and will continue to accept cheques for as long as it is financially viable to do so. For exactly how long this will remain financially viable is unknown and outside of Australia Post's control. Without a clear timeline or visibility of when and how financial institutions will withdraw cheque services, it will be increasingly difficult to justify additional investment in supporting infrastructure.

¹ See for example [The Mutual Bank](#) or [UniBank](#) statements

Australia Post is modernising its services to meet customer needs, increase productivity and achieve long-term financial sustainability. In 2023, Australia Post recorded its first financial loss since 2015. This is unlikely to be our last loss if we do not remain in step with evolving customer needs and work flexibly to deploy our services in a way that is commercially viable.

We encourage the Government to provide more detailed information on specific actions and key milestones to help inform industry investment. It would also be useful to understand how legislative and regulatory obligations will be managed, and what steps the government intends to take if material financial institutions withdraw from the cheque system earlier than anticipated.

If you would like to discuss this submission in more detail, please contact Kat Burela, Head of Policy and Regulatory Affairs at [REDACTED]