

## **Submission: Australian Competition & Consumer Commission Determination re collaboration in the cash-in-transit industry**

This submission responds to the ACCC's invitation for public comments on the draft Determination regarding facilitation of business continuity planning in the cash in transit industry.

In summary, the draft Determination is endorsed and the ACCC is commended for involvement of stakeholders outside the ABA and RBA. The consultation is an opportunity for key stakeholders to be seen to be looking ahead to mitigate likely problems regarding digital networks.

### **Basis**

The submission does not represent what would be reasonably construed as a conflict of interest.

It reflects my teaching of competition law, research into digital payment systems and work on community resilience in extreme environments, particularly foreseeable non-transient disruption to essential infrastructure/services. It also reflects publication on 'sovereign citizens' and 'doomers'.

### **Transition**

There is substantial official, industry and academic literature (for example research published by the RBA) regarding the ongoing but uneven shift from paper-based payment systems – notably cheques –to digital systems (including smartcards, mobile-phone wallets and private 'coin' systems). That shift is more than a matter of convenience. It is being tacitly driven by government (social support entitlements are received through digitalised personal accounts rather than in cash) and by financial institutions through the ongoing closure of many service nodes across Australia (for example the demise of the local bank branch and post office, alongside the unwillingness of alternative nodes such as service stations to handle large cash payments/disbursements).

Reference to 'uneven' adoption by consumers of those systems reflects access to infrastructure (eg reliable low-cost digital networks and devices, taken as a given in most of metropolitan Australia but not necessarily available to Indigenous and non-Indigenous Australians in rural and remote Australia).

It also reflects varying habituation or comfort with traditional and digital payment systems, with for example people resisting a shift to digital because a family/community is used to cash rather than merely because in their location cash is the most practical mechanism for exchange in transactions that do not involve the sale of land (eg for purchase of household necessities, second-hand vehicles and wages or other payment for people in precarious employment). That is salient in the experience of some Indigenous people in remote Australia and some cohorts (for example financially marginal elderly people on farms or in 'weatherboard & rusted on' villages in rural Australia).

Wariness about (and in some instances non-engagement with) digital payments is apparent among pseudolaw cohorts (such as so-called sovereign citizens) and 'preppers' who have conspiracist understandings of the economy, question the legitimacy of government (and of the authority of law that is a given for the operation of the financial system), and forecast the collapse of the state –or of conventional financial systems – through an existential change

such as civil war, a global pandemic or digital infrastructure failure that lasts for more than a few days. Those cohorts are receptive to misinformation regarding transient network disruptions such as the recent CloudStrike event or payment challenges at supermarkets and service stations during the Optus outage. The misinformation resonates with experience regarding supply chain disruptions such as the ‘run’ on toilet paper and bottled water during COVID in recent years, with people responding with ‘keep your money as cash’ strategy that resembles the ‘keep your money under the bed’ behaviour evident during bank runs in the 1930s and in the UK and US during the Global Financial Crisis.

## **Resilience**

It is easy to overstate the significance and prevalence of ‘sovereign citizens’ and ‘doomers’. They are unlikely to be persuaded by statements about the robustness of the Australian financial system and as noted in several of my publications most of their claims are self-evidently nonsensical. Their anxieties do **not** require access to cash in every location and for most transactions.

However, in considering the policy framework for the cash-in-transit industry the ACCC’s discussion with stakeholders would benefit from expressly picking up issues underpinning the Australian critical infrastructure legislation and reports on resilience regarding national disasters such as major flooding, bushfires and cyclones.

All large-scale financial networks have multiple points of failure. It is conceivable that a systemic failure (in particularly one attributable to action by a state actor or proxy) would

- last for more than three days,
- result in suspension of payments and a range of services on a national rather than local/regional basis,
- disrupt supply chains,
- foster a range of anti-social behaviour, more disquieting than fights in supermarkets over bulk-buying of toilet paper,
- and strengthen the ongoing erosion of trust in government highlighted in the ANU Election Study which reported for example only 26% of Australians believe people in government can be trusted, 56% believe government is run for ‘a few big interests’ and overall trust in government has declined by nearly 20% since 2007.

Successive governments have referred to planning regarding critical infrastructure and to a lesser extent critical services. The consultation regarding the Determination provides an opportunity for the national government and key stakeholders to be seen to be engaging with questions regarding building resilience ahead of foreseeable national emergencies rather than just an enterprise’s withdrawal from the market or introduction of a statutory ‘social licence’ obligation for the leading banks.

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