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Australia Considers Phasing Out Cash by 2028

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Australia could phase out physical cash within the next three years if proposals from a leading economist gain traction. Professor Richard Holden of the University of New South Wales has suggested that gradually eliminating banknotes could reduce tax evasion and improve economic efficiency.

Holden, who studied at Harvard and previously taught at MIT, estimated that Australia's black economy costs the government around \$10 billion annually in lost GST revenue, while also reducing workers' access to income tax benefits. "I acknowledge it would require a transition and that some people are very attached to cash, but it could go the way of cheques," he told the *Daily Mail*. He suggested eliminating \$100 and \$50 notes first, before phasing out smaller denominations.

The proposal comes as Treasurer Jim Chalmers pursues a different approach. From January 2026, a planned cash mandate would require all businesses to accept banknotes as payment. Holden described that move as political, while stressing that his recommendations are focused on economic reform.

Concerns about access to financial services have grown as banks continue to close branches and reduce the number of ATMs nationwide. To address this, Holden suggested that Australia Post outlets could provide digital kiosks to help residents, including the elderly, pay bills and manage transactions.

Questions about the logistics of cash distribution have also been raised by Reserve Bank officials. Assistant Governor Michelle McPhee, who oversees business services, said transporting banknotes across Australia is becoming increasingly difficult, particularly in regional areas. She highlighted the uncertain future of Armaguard, the country's main cash delivery company.

To keep cash distribution viable, the Big Four banks, along with Coles, Woolworths, and Wesfarmers, recently contributed \$25.5 million in support funding for Armaguard through December. McPhee noted the risks of relying on a single provider and suggested that government intervention may be required to ensure continued access to cash services.

The Council of Financial Regulators, which includes the Reserve Bank, Treasury, and the Australian Prudential Regulation Authority, has recommended appointing a Minister for Cash to oversee these issues.

Despite the shift towards digital payments, Reserve Bank figures show that 16% of in-person payments are still made with cash. In June alone, Australians withdrew \$9.2 billion, while total banknotes in circulation stood at \$104.4 billion. A further \$245 million in new banknotes was issued in just one week.

Advocates for cash argue that demand remains strong. Jason Bryce, founder of the lobby group Cash Welcome, said the ongoing use of cash challenges claims that it is disappearing from daily life. “Data shows strong demand and consumer support for cash,” he said, noting that around 70% of Australians still carry notes regularly.

Holden acknowledged that physical currency retains value in certain situations, particularly during emergencies such as blackouts or natural disasters. However, he maintains that a gradual move toward a fully digital economy would benefit the country in the long run.