

# 2019 South Pacific Central Banking Research Conference and Regional Policy Dialogue

Port Vila, Vanuatu | 13-14 November 2019

## Paper Abstract

Day 2 | Session: Macroeconomics



### Rebecca Williams

Manager, Policy Analysis | Reserve Bank of New Zealand | Te Pūtea Matua  
2 The Terrace, Wellington 6011 | P O Box 2498, Wellington 6140  
T: + 64 4 471 3931  
Email: [rebecca.williams@rbnz.govt.nz](mailto:rebecca.williams@rbnz.govt.nz) | [www.rbnz.govt.nz](http://www.rbnz.govt.nz)

## The future of cash in New Zealand

The future of cash in New Zealand is uncertain. The Reserve Bank of New Zealand is in the middle of a multi-year programme to establish The Future of Cash (*Te Moni Anamata*). This work has identified that despite an upward trend in overall cash in circulation, New Zealand is becoming a society that uses less cash. As the demand for cash for transactions declines, the per transaction cost of providing cash infrastructure increases. Commercial operators have natural incentives to reduce their costs and so a reduction in cash demand could encourage them to reduce their provision of cash infrastructure, or to stop accepting and issuing cash. This would itself further increase the per-transaction costs of providing cash and lead to further reductions in the cash network. A contraction in the cash network without regard to the wider benefits of cash in society might significantly disadvantage people who rely on the unique role that cash plays in their lives. This would be considered a market failure to the extent that commercial operators did not fully incorporate the wider network benefits of cash. As a result, government action could be warranted following the completion of this review.

Full paper: <https://www.rbnz.govt.nz/notes-and-coins/future-of-cash/issues-paper-the-future-of-cash#summary>

## Author biography

Rebecca Williams is the manager of the Policy Analysis team in the Reserve Bank of New Zealand's Economics department, and an adviser to the monetary policy committee. Since joining the Bank in 2010, Rebecca has also spent time in the Research and Forecasting teams, including a period operating the RBNZ's core forecasting model. Her recent research interests include business cycles, neutral interest rates, and the global dairy market. More recently, Rebecca was heavily involved in the latter part of the review of New Zealand's monetary policy framework (Phase One of the RBNZ Act Review), and editor of the Monetary Policy Handbook (<https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/monetary-policy-handbook>). Rebecca holds a BCom (Hons) in Economics and a BA in History from the University of Canterbury.