

New Payments Platform	Level 9 420 George Street Sydney 2000 Australia	www.nppa.com.au
		www.payid.com.au

STATEMENT: RBA NPP Functionality and Access Consultation, Conclusions Paper

13 June 2019

NPP Australia welcomes the RBA's Conclusions Paper into NPP Functionality and Access Consultation in line with our shared commitment to operate the NPP in a way that promotes the public interest.

We believe it is a thoughtful and comprehensive analysis of the many different stakeholder views about Australia's New Payments Platform.

The Conclusions Paper notes the significant progress made by Participants in delivering the Platform and the success in growing adoption at least as fast as other similar fast payment systems around the world. As the report states, the Platform is now processing an average of around 600,000 payments worth \$500 million each day (page 13). Transaction volumes are growing strongly as Participants continue to roll-out their NPP services.

The RBA also notes NPP Australia's ambitious agenda to build further capability including the launch and expansion of an API Framework and testing sandbox and more recently the delivery of an NPP QR Code Standard. Also noted is the work underway to drive the development of a consent and mandate service, data and message usage guidelines and third-party payment initiation (page 20).

It's our view that the development and delivery of these capabilities will significantly enhance the Platform's functionality and drive further use of the Platform by third parties.

We agree with the RBA's assessment on overlay services; many fintechs and other entities that have expressed interest in becoming overlay service providers are able to realise their business objectives by using existing NPP functionality provided by a participating institution (page 19).

As the report notes, NPP Australia is also working to enhance the 'native' capabilities of the NPP by building additional capability as part of the core infrastructure. These capabilities will provide functionality that would be available to be utilised in different ways by others outside the Platform or built upon by overlay service providers.

NPP Australia will continue to work with participants to prioritise the timely delivery of these capabilities. Over recent months, NPP Australia have been developing a framework and principles for a mandatory compliance regime similar to that recommended in the Conclusions Paper (page 19).

As noted in the report there are now 80 institutions connected to the NPP that are providing fast payments services to their customers, and the vast majority of these have chosen to connect indirectly.

NPP Australia has interacted with more than 500 organisations individually and in groups over the last two years about how they can best access the NPP infrastructure. We have not received any applications for access as a Participant, or as an overlay service during that time. We believe this is because many of these organisations are finding indirect access as an identified institution or as a customer of a bank meets their needs.

We believe we have fair and transparent processes in place to support any such applications including protection of confidentiality; in most cases the initial assessment of applications is delegated to NPP management. However, in addition to the safeguards already in place we will consider how these can be augmented and strengthened along the lines proposed by the RBA.

Similarly, the RBA notes (p26) that the requirements for shareholding commitments by new participants is due for consideration by the NPPA Board after two years of operation and this review is currently underway. As part of this review we are currently considering the future contributions which would be made by new joiners after the original build period, including reviewing the eligibility criteria for new participants. At the core of our deliberations will be, as the RBA notes, "to strike a balance between open access and protecting the security of the payments infrastructure and the data within in it" (page 34).

NPP Australia will provide a comprehensive public response by the end of July 2019.

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Contact:

Media please email: communications@nppa.com.au

General enquiries about NPP should be directed to: info@nnpa.com.au