



RESERVE BANK
OF AUSTRALIA

THE PATH TO INNOVATION IN PAYMENTS INFRASTRUCTURE IN AUSTRALIA

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Payments System Board

- Mandate to
 - control risk in the financial system
 - promote efficiency in the payments system
 - promote competition in the market for payment services
- Powers include to
 - ‘designate’ a payments system as subject to regulation
 - impose access regime on designated system
 - impose standards on participants



Innovation Review: Gaps in the Payments System

- The inability to make retail payments with near-real-time funds visibility and availability to recipient
- Unavailability of many payments out of normal banking hours
- Inability to send much data with payments
- Lack of an easy way to address payments



Innovation Review: Initial Strategic Objectives

Already completed:

- Same-day settlement of Direct Entry payments

By end 2016:

- The ability to make real-time retail payments
- Payments outside normal banking hours (close to 24x7)
- More complete remittance information with payments (ISO 20022)
- The ability to address payments in a relatively simple way (end 2017)



Strategic Review Timeline

- May 2010: Strategic Review announced by PSB
- June 2012: Strategic Review Conclusions document released. PSB asked industry to respond
- August 2012: Industry committee began working on proposal for real-time payments
- December 2012: Industry proposal submitted
- February 2013: PSB welcomed industry proposal
- June 2013: New Payments Platform Steering Committee formed to start on design, requirements, vendor selection, build, etc... 17 participants are funding the initial program



RBA Fast Settlements Service (FSS)

- RBA will build FSS to link to clearing utility
- FSS payments settled line-by-line (no batching)
- Participants will have one Exchange Settlement Account, with funds allocated to RITS and FSS
- ESA funds shared when RITS is open and all available to FSS when RITS is closed
- FSS will operate near 24/7, supported by new ESA liquidity arrangements (open repos)
- FSS will continue operations if RITS unavailable
- Clearing can continue if FSS unavailable
- High availability and performance