Trusted, Open and Ubiquitous Innovation: New Models?

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Please note that any views expressed in this presentation are the personal views of the speaker and do not necessarily represent the views of New Payments Platform Australia Limited, the Australian Payments Clearing Association or individual payment system participants.
These are not normal times
It’s the economy, mate...

“One third of the Australian economy faces imminent and substantial disruption by digital technologies...”

Deloitte Australia 2012
Non-cash payments per capita, Australia, 1996-2014

Source: APCA, RBA
Non-cash value by system 2014

Source: APCA, RBA

DE – the work horse
Evolution....

- APCA releases Low Value Payments Roadmap
- BPAY’s MAMBO Project starts
- MAMBO Mark I halted
- MAMBO Mark II Starts
- RBA commences Strategic Review of Innovation
- Industry responds to RBA Consultation
- RBA release Strategic Objectives from Innovation Review
- RBA endorses industry proposal for Real-Time Payments System
- NPPA formed and SWIFT wins global tender to design and build
- NPP goes LIVE

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2017
...there is clear commitment to ongoing systemic reform of payments to meet the future needs of the Australian community. There is also recognition that this can only be achieved by sustained collaboration amongst Australian financial institutions.

Real Time Payments Committee, February 2013
WHAT IS THE NPP?
NPP: NEW PAYMENTS PLATFORM

It's an open access infrastructure for faster, more flexible, data-rich Australian payments
THE NPP IS FINANCIAL PLUMBING FOR THE ECONOMY OF THE FUTURE
WHY BUILD IT

The Australian economy needs fast new infrastructure that is:

**flexible** and **scalable** for **next-generation payments**
Australia’s leading financial institutions are the founding members, supported by APCA.
How it works
GOVERNANCE: Not just compliance….

Real Time Payments Committee
2012

4 majors, 3 others, hand picked, Independent chair.

APCA funding

NPP Steering Committee
2013-2014

4 majors, 4 smaller orgs (varied), RBA, Independent chair

Participation Agreement

NPP Australia Limited
2014-launch

Company with tiered membership (high, medium, low), voting rights to match, 4-year support commitment

Shareholders Agreement with equity calls

APCA as midwife…
Where are we up to?

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<th>2014</th>
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- **Iteration 1 (Basic messaging, Test Simulator, Provisioning)**: May 2016
- **Iteration 2 (NR, Correspondent Mgt)**: Oct 2016
- **Local AU BAPs**: Oct 2016
- **Addressing Database (Fiserv)**: Jan 2017
- **Iteration 3 (Recovery, Proactive Monitoring, AMO)**: Jan 2017
- **Iteration 4 (Benchmarks, Performance Tuning, Billing, Data Warehouse)**: Apr 2017

**Design & Elaborate**

**Build & Internal Test (4 iterations)**

**Industry Test & Implement**: Aug 2017
Unpacking payments network effects

The payments service “stack”

- Contestability
- Identity
- Access
- Storage
- Acceptance
- Orchestration
- Messaging
- Security
- Workflow
- Settlement
- Currency
First Overlay: the Initial convenience service

- Mass-market, convenience
- Intended to prove concept and encourage use
- Probably mobile-oriented
- FIs to promote to their customers
Potential new overlays

Account-to-Account Gap
- Mobile convenience service
- Ubiquitous POS
- Emergency Payments
- Direct to account ticketing / tolls

Workflow Managers
- Conditional Payments
- Alternative Currency Redemption
- Property Transfer

Possible Overlay Services

Data Rich Use of ISO Messages
- Electronic invoicing and remittances
- Data rich payments

Participant services
- Fraud monitoring
- Batching
Example: SuperStream

By 30 June 2015, all Australian employers and super funds were required to automate super contributions.

The only part of the process that needs manual intervention is the payment.
So how do we support the economy of the future?

Overlays = Open standards

- APIs
- Ubiquitous messaging
- Standard data forms