

31 March 2015

Senior Adviser
Financial System and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600
Email: fsi@treasury.gov.au

Dear Sir / Madam,

Financial System Inquiry (FSI) Final Report

I am writing on behalf of the Australian Payments Council (APC) in relation to the Financial System Inquiry (FSI) Final Report.

The APC was established in 2014 by the Australian Payments Clearing Association (APCA) and the Reserve Bank of Australia (RBA) as the strategic coordination body for the Australian payments industry.

APC members comprise senior executives drawn from a broad community of leading payments organisations, including financial institutions, card schemes, major retailers and other payment service providers as well as the RBA.

The APC promotes industry collaboration and engages directly with the Reserve Bank of Australia's Payments System Board (PSB). It encourages and facilitates strategic alignment between the payments industry and the PSB on significant payments issues and initiatives. The APC's role is to coordinate industry efforts to:

- Drive the strategic agenda for the Australian payments system;
- Consult with the PSB on setting and achieving strategic objectives;
- Identify strategic issues and emerging trends through constant scanning of the payments environment;
- Generate common industry positions for action and adoption by the industry with the endorsement of the PSB; and
- Identify and remove any barriers to innovation through collaboration.

More information about the APC can be found on www.australianpaymentscouncil.com.au.

APC Workplan and FSI Recommendations

The APC is currently developing its own workplan. This includes the development of an Australian Payments Plan – which will be a medium–long term strategy for the payments industry in Australia. The APC will consult on the Australian Payments Plan in the middle of 2015 and intends to release the final Plan before the end of 2015. The APC has also commissioned research on cyber security and is looking to commission further work on digital identity.

Collaboration to enable innovation – Recommendation 14

The FSI identifies the importance of innovation and collaboration. Payments can require collaborative innovation and the Australian payments industry has demonstrated its commitment to this through the development of the New Payments Platform.

The payments industry is well placed to assist in respect to collaborative innovation and the APC is keen to play a role.

We note the specific recommendation of the FSI for Government to establish a new committee – the “Innovation Collaboration”. While enhancing industry and government interactions is welcome, thought should also be given to how to effectively use existing forums such as the APC to foster this sort of engagement.

Digital identity – Recommendation 15

The APC believes that digital identity remains an important issue for both industry and Government. APC would support the exploration of a national digital identity strategy and suggests that the APC is well placed to help develop industry-wide views on digital identity that balance security concerns with need for competition, innovation and efficiency.

Cyber security – Recommendation 38

The APC supports industry and government coordination on cyber security and sees value in strategic work on this issue. The APC has an interest in the issue and has recently commissioned KPMG to undertake research in respect of cyber security in payments which we believe may assist in helping formulate an efficient and coordinated approach.

If you wish to discuss this further, please feel free to contact me or Dr Brad Pragnell on 02 9216 4888.

Yours sincerely,



Chris Hamilton
Acting Chair, Australian Payments Council