

3 July 2015

Mr Mark Birrell
Chairman
Australian Payments Council
Level 6, 14 Martin Place
SYDNEY NSW 2000
By email: submissions@australianpaymentscouncil.com.au

Dear Mark,

Australian Payments Plan Consultation Paper

ANZ welcomes the opportunity to respond to the Australian Payments Council's Consultation Paper *Shaping the Future of Australian Payments*, in support of the Council's development of the Australian Payments Plan ('the Plan'). As a significant participant in the Australian payments system, ANZ looks forward to working with the Council members on this major undertaking. ANZ's responses to the consultation questions follow:

Question 1: Do Resilience, Efficiency, Accessibility and Adaptability as discussed in Section 2 address the desirable characteristics for the Australian payments system? Are there other characteristics that are more appropriate? Why?

Yes, these characteristics are both desirable and essential elements of any future Australian Payments System. We would ask for more emphasis on Resilience, most particularly, as it relates to Scalability, including future demands for data exchange between FIs and their clients (via the payments systems) and the increased network bandwidth required to service these needs over time.

Question 2: Are there any other current trends aside from those outlined in Section 3, we need to take into account in developing the Australian Payments Plan?

As mentioned in the Paper, the emerging use of Block Chain and variants cannot be ignored. There needs to be a watching brief maintained by the Council and a potential industry response embedded within the Plan, at least to raise industry attention on this type of development. Some other trends to consider include:

- **Open APIs** – FIs are increasingly encouraged to provide access to bank services through third parties via APIs. What are the implications to the industry and payment systems of providing opportunities for any organisation to access its processing infrastructure?
- **Tokenisation** – Are enhancements to the Australian payment system required to support tokenisation, with Visa, MasterCard and AMEX all adopting this trend?
- **Third party authentication** – Authentication technology and processes can be owned by third parties (e.g. biometric identification via mobile phones) – credentials are therefore shared,

and FIs may be reliant on another party to identify and/or authenticate. In this case, how is liability determined?

- **Convenience/security trade-off** – Disintermediation by technology giants continues to shift consumer expectations towards convenience at the expense of security, with FIs continuing to be liable for any breaches.
- **Increasing convergence** of pure ‘payments’ messaging with other transactional data.

Question 3: What are your views on “digital disruption” being the primary force for change affecting Australian payments over the next 10 years?

Without doubt digital technology will play an increasingly important role in the future of our payments systems. We should remain alert to “disruption” but we as an industry need to take hold of the digital agenda and, at times, disrupt ourselves. This is a subtle reframing of the disruption theme, that is, we do not always need the disruption to “be done to us” and there will be moments where technology advances might serve the collective needs of the industry. ‘Real-time’ ‘always on’ payments systems will be increasingly evident in digital economies.

Question 4: What are your views on our forecast of longer-term trends for Australian payments, outlined in Section 4? Are there other factors to consider?

There will increasingly be developments that both support and enable the globalisation of low-value, ‘real-time’ P2P payments, including unified standards (ISO 20022) and more interoperable real-time technologies and regulations between jurisdictions. The Plan should adopt a deliberately international view alongside its primary local focus over time.

Additionally, as we increase engagement with global partners, the Plan should consider how Australia will maintain sovereign ownership or control over IP and infrastructure, and how much control of shared infrastructure should sit with any one organisation.

Question 5: To achieve the desirable characteristics for the payments system in the next 10 years, what should the Australian payments industry consider doing collaboratively on issues such as:

- digital identity, combatting fraud and network support?
- managing the range of payment systems (including the future of cheques and direct entry)?
- ensuring users have the information they need to make informed decisions in a complex market?
- ensuring the domestic regulatory framework / standards setting remains responsive?

ANZ supports cooperation on important industry issues where this would assist consumers and the efficient and secure operation of the payments system. The industry should focus on building foundational elements, such as security, customer identification and authentication management, in standardised ways in order to maintain the integrity of the industry and enable competition in value-added services. In many cases, such as cyber security, digital identification and authentication, industry will have to work more closely with government and other stakeholder groups.

Question 6: What else might the industry do collaboratively to achieve the desired characteristics?

Stay committed to the Council, other Australian payment system bodies and the Plan for the long term.



ANZ would be pleased to provide any further information about this submission as required, either through myself, Nigel Dobson, General Manager, Group Payments Management (+61 2 8937 8361, nigel.dobson@anz.com) or Paul Inglis, Head of Payments Industry (+61 3 8654 3525, paul.inglis@anz.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alistair Currie', is positioned below the text 'Yours sincerely,'.

Alistair Currie
Group Chief Operating Officer