

ANNUAL REVIEW 2023

A TURNING POINT



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This Annual Review is designed to provide our Members and stakeholders with an overview of developments and achievements in financial year 2022-2023. References in this report to a year are to financial year ended 30 June 2023 unless otherwise stated.



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AUSTRALIAN
PAYMENTS NETWORK
IS THE INDUSTRY
ASSOCIATION AND
SELF-REGULATORY
BODY FOR PAYMENTS.

We enable the efficiency, resilience, adaptability, and accessibility of Australia’s core payments systems.

Through our network, we bring together a diverse range of organisations including financial institutions, major retailers, payment systems operators and technology providers. Our Members provide the products and services that enable individuals, businesses and government to make and receive payments every day.

To deliver on our purpose of promoting confidence in payments for all, we work with a wide range of stakeholders across the Australian payments ecosystem to ensure that the payments system manages risks and continues to meet the evolving needs of end-users.

AS THE SELF-REGULATORY BODY FOR PAYMENTS,
OUR REMIT COVERS THE FOLLOWING PAYMENT TYPES:



Cards

Issuers and Acquirers
Community



Direct entry

Bulk Electronic
Clearing System



High value

High Value Clearing
System



Cash

Australian Cash Distribution
and Exchange System



Cheques

Australian Paper Clearing
System

Additionally, AusPayNet’s COIN infrastructure network provides connectivity for low value payments.



CHAIR AND CEO MESSAGE

This year has been a turning point in payments. It has seen the Australian Government release *A Strategic Plan for Australia's Payments System* and progress payments reform by consulting on licensing; Michele Bullock – who has significant experience in payments – appointed as the Governor of the Reserve Bank of Australia [RBA]; a pilot of central bank digital currency [CBDC] in Australia; and the launch of the National Anti-Scam Centre [NASC].

A STRATEGIC PLAN FOR AUSTRALIA'S PAYMENTS SYSTEM

The Government's Plan helpfully sets out a path for several key elements of the payments system on which AusPayNet is already engaged: the future of cheques; the future of the Bulk Electronic Clearing System [BECS]; cybersecurity; and cross-border payments.

On the future of cheques, the Plan specifies sunset dates for the Federal Government's own use of cheques [2028] and for the cheques system itself [2030]. Treasury will consult later this year on the future of cheque use in Australia and the support required to retire the cheques system, which will be important in understanding whether these dates can be brought forward. The Plan also proposes reviewing the ongoing role of the *Cheques Act*. That legislation dates back to 1986 and is unique in legislating requirements around a specific payment type. Changing the *Cheques Act* would facilitate participants in the payments system – including end-users – proactively moving away from cheques where digital alternatives exist. To further enable this, AusPayNet continues to engage with Government, its members, and remaining users of cheques.

On the future of BECS, the Plan supports the work that AusPayNet is already doing on an industry-led transition away from this legacy system. The Plan also spells out Government's role in leading the way in this transition by moving its payments to alternative payment rails.

In the cybersecurity section of the Plan, the Government calls for the card

payments industry to begin migration to the Advanced Encryption Standard (AES) in 2025. This is important given, as the plan states, “the requirement for continued uplift in system-wide security standards and practices relating to the security standards and encryption methods for card payment systems.” That uplift will involve migrating almost one million POS terminals, around 25,000 ATMs, all hardware security modules and all card networks in between. The Plan acknowledges that AusPayNet is leading a program of work for this migration, with a view to commencing the actual migration from 2025.

Finally, on cross-border payments, the Plan requires Australia’s high value payments to fully migrate to the ISO 20022 standard by the end of 2025. This aligns with AusPayNet’s existing plan under its program management of the ISO 20022 migration. The Plan also notes the G20 and Financial Stability Board’s roadmap for making cross-border payments cheaper, faster, more transparent, and more accessible. AusPayNet’s Cross-Border Payments Advisory Council is coordinating Australia’s response to that roadmap and its targets.

LICENSING

Treasury is undertaking rounds of consultation on payments licensing. The first consultation is focused on the functions that should be subject to a payments license.

A second consultation slated for late 2023 will focus on the obligations associated with the payments license. One obligation is likely to be that licensees meet common industry standards. This is important in ensuring ‘same risk, same rules’ and thus the interoperability, consumer protection, security, and accessibility of the payments system.

The industry standards will be developed by standards-setting bodies specifically authorised to perform this role. To support that aspect of the licensing regime, AusPayNet this year initiated a program of work to become an

authorised standards-setting body, building on 30 years’ experience and expertise in developing industry standards to respond to emerging trends comprehensively and with agility. That program of work involves considerable engagement with AusPayNet’s Members and stakeholders.

THE RBA

We welcome Michele Bullock’s appointment as the Governor of the RBA, not least because of her prior role as Head of the RBA’s Payments Policy Department. She will build on the work of her predecessor, Philip Lowe, in advancing payments reform. We are delighted that Michele will make her first address on payments as Governor at our Summit in December.

Supporting the work of Michele and the RBA’s Payments Policy Department is the current review of the *Payment Systems (Regulation) Act (PSRA)*, which is timely given it dates back to 1998. The review of the *PSRA* is important in enabling the RBA to regulate new forms of payment systems and services, as well as all their participants. Together with the modern approach on payments licensing outlined above, this will create a level playing field which will protect consumers and support innovation.

CBDC

An example of the RBA’s support of innovation in payments was the pilot on CBDC it conducted this year with the Digital Finance Cooperative Research Centre (DFCRC). AusPayNet was pleased to contribute to the pilot through an ideation workshop attended by over 200 Member participants, and through participating at the pilot’s ‘demo day’. The pilot explored 16 CBDC use cases, and provided valuable insights in terms of identifying how a CBDC – alongside other digital innovation, such as asset tokenisation – could be used to enhance the functioning of the payments system and the digital economy. Helpfully, it also identified a range of areas for research into the future of money in Australia.

SCAMS

On 1 July 2023, the NASC was established – an event we all hope is a turning point in meeting our once in a generation obligation to solve for scams, which currently affect far too many Australians. Andy sits on the NASC’s Advisory Board and we continue to work with the NASC, and the ACCC, to leverage AusPayNet’s Economic Crime Forum as part of the NASC’s work. We will also work with Government and relevant regulators to understand how AusPayNet can best contribute to developing new cross-sectoral, industry anti-scam codes (another consultation due before the end of the year). Together we can make Australia hostile to scams.

THANK YOU

As always, we would like to acknowledge our fellow directors, our Members, Commonwealth and State governments, the RBA and other regulators, and all of our stakeholders. Our important work in creating confidence in payments relies on collaboration with our Members and payments industry stakeholders. This is increasingly the case as the payments ecosystem develops; one indicator is that we now have 155 Members, up 60 per cent over the last decade; another is that Member satisfaction remains high, at 95 per cent.

We would also like to thank AusPayNet’s staff, for their hard work and expertise, which have benefited AusPayNet, our Members, the payments ecosystem, and the digital economy more broadly over the course of the year.

John Brogden AM, Chair

Andy White, CEO

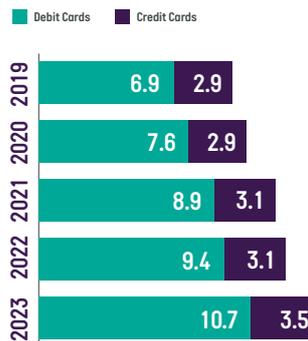
THE SHIFT TO DIGITAL PAYMENTS CONTINUES



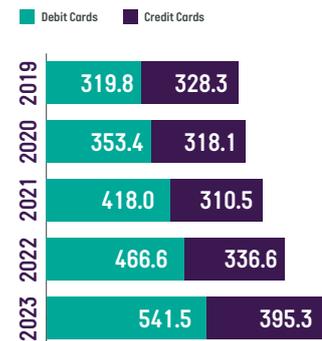
CARDS

The value of card spending and the volume of card payments continued increasing in 2023. Over 14.2 billion card payments were made, up 14% from 2022. The total value of card payments rose 16.6% to \$936.8 billion. These figures reflect growth in the value and volume of both debit and credit card payments. For debit cards, there was a 14.4% rise in the number of payments, and their value grew 16%. For credit cards, payment volume was up 12.8%, while total payment value increased 17.5%.

NUMBER OF CARD PAYMENTS [Billions]



VALUE OF CARD PAYMENTS [\$ Billions]



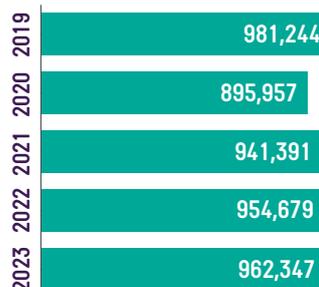
Source: RBA



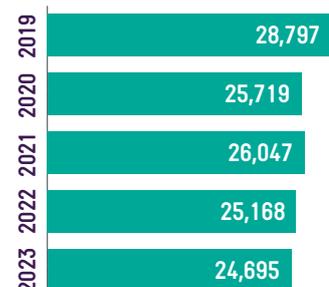
ATMS AND POS DEVICES

In June 2023, card-based payments were enabled by 962,347 POS devices, a slight uptick when compared to the number of devices at the same time in 2022 [954,679]. And with a growing number of Australians making digital payments, less frequent use of cash will likely affect the number of available ATM terminals. In 2023, there were 24,695 ATMs in Australia, down from 25,168 a year earlier.

NUMBER OF POINT-OF-SALE DEVICES



NUMBER OF ATMS



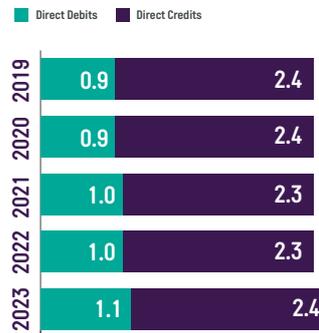
Source: AusPayNet



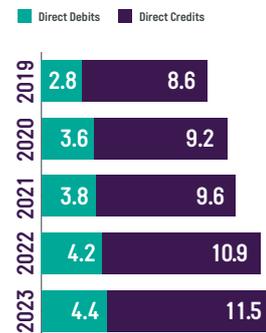
DIRECT ENTRY

Government's *Strategic Plan for Australia's Payments System* envisages a transition of direct entry (DE) payments away from the Bulk Electronic Clearing System (BECS) to modern payment systems.¹ Currently, BECS carries a substantial volume of consumer payments. In 2023, the number of direct credits totalled around 2.4 billion (an increase of 3.2% from the previous year) and their total value rose 5.9% to almost \$11.5 trillion. The number of direct debits grew 4.9% to almost 1.1 billion, while the total value of those transactions reached approximately \$4.4 trillion.

NUMBER OF DIRECT ENTRY PAYMENTS (Billions)



VALUE OF DIRECT ENTRY PAYMENTS (\$ Trillions)



Note: A break in the data series occurred in 2019 due to change in the RBA's method of statistical collection.

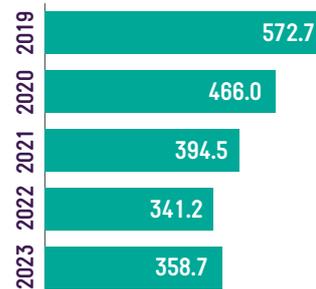
Source: RBA



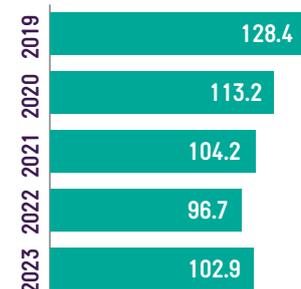
CASH

RBA statistics show that the use of cash for retail payments remains on the decline. The share of payments made in cash fell from 27% in 2019 to 13% in 2022.² But while debate continues about the future of cash, figures also show that in 2023, the number of cash withdrawals grew 5.1% from the previous year to 358.7 million. Over the same timeframe, the total value of ATM withdrawals increased 6.5% to \$102.9 billion.

NUMBER OF CASH WITHDRAWALS (Millions)



VALUE OF CASH WITHDRAWALS (\$ Billions)



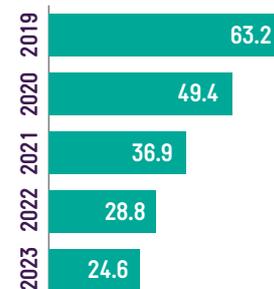
Source: RBA



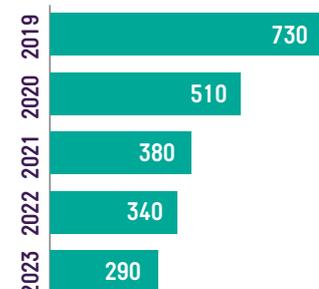
CHEQUES

In its Strategic Plan, the Government outlined its goal of phasing out cheques in Australia by 2030.³ In 2022, cheques made up only 0.1% of payments.⁴ The continued decline of cheques is reflected in the 2023 figures, which show the number of cheque payments as having decreased 14.4% from the year before, to 24.6 million. Similarly, the total value of cheque payments dropped 14.9% to approximately \$290 billion.

NUMBER OF CHEQUE PAYMENTS (Millions)



VALUE OF CHEQUE PAYMENTS (\$ Billions)



Source: RBA

1. Australian Government [2023] 'A Strategic Plan for Australia's Payments System: Building a Modern and Resilient Payments System,' available at: <https://treasury.gov.au/sites/default/files/2023-06/p2023-404960.pdf> [accessed 20 August, 2023]

2. RBA [2023] 'Consumer Payment Behaviour in Australia', available at <https://www.rba.gov.au/publications/bulletin/2023/jun/consumer-payment-behaviour-in-australia.html> [accessed 25 October 2023]

3. Australian Government [2023] ref 1. above

4. RBA [2023] ref. 2 above

OUR YEAR IN REVIEW

STANDARDS



Setting and enforcing industry standards for a safe, reliable and effective payments system

SHAPING GLOBAL AND LOCAL STANDARDS

- Participated in standards development through Standards Australia and ISO
- Represented on EMVCo and PCI SSC Board of Advisors and contributed to major PCI SSC working groups

PAYMENT ACCEPTANCE DEVICE CERTIFICATION

- Ensured payment terminals and HSMs deployed in Australia met applicable standards
- Over 100 devices approved since launch of new program in December 2021

BECOMING AN AUTHORISED STANDARDS-SETTING BODY (ASSB)

- Progressed with design of proposed structure and operating model for ASSB
- Now developing and assessing pipeline of technical standards likely to be in scope for ASSB

EFFECTIVE SELF-GOVERNANCE

- Continued review of Constitution and governance structure to ensure fitness for purpose
- Reviewed Framework operations, committees, and membership categories

E-CONVEYANCING CODE

- Development of industry Code for e-Conveyancing Payments completed
- Board approved e-Conveyancing Payments Industry Code

CROSS-BORDER PAYMENTS

- Cross-Border Payments Advisory Council supported delivery of G20 roadmap
- Represented Australia on key CPMI and FSB taskforces to assist in progressing roadmap

TRANSFORMATION



Leading transformation to drive efficiency, innovation and choice

ISO 20022 MIGRATION PROGRAM

- First phase of Australian ISO 20022 Industry Migration completed
- Second phase of program well underway

THE BECS FRAMEWORK

- Examined how modern alternatives can accommodate bulk payments
- Strategic direction regarding the future of the BECS Framework to be announced by end of 2023

CHEQUES

- Promoted payment neutrality in legislation, and education and awareness of modern payment alternatives
- Supported Treasury and industry with their own plans to end use of cheques

COMMUNITY OF INTEREST NETWORK (COIN) MITIGATION PROGRAM

- Target date for completion of migration set as November 2024
- Two members are already on the new COIN

CASH

- Coordinated industry group that monitors cash usage and acceptance trends
- Facilitated RBA-chaired banknote distribution forum

ADVANCED ENCRYPTION STANDARD (AES) MIGRATION PROGRAM

- Program Initiation Document for migration finalised
- First of two phases of migration commenced in July 2023

INSIGHTS



The home for ecosystem collaboration and strategic insight

ECONOMIC CRIME

- Hosted Economic Crime Forum (ECF), which conducted workgroups to share strategies and disruption opportunities for law enforcement

EMERGING TECHNOLOGY

- Evaluated opportunities, challenges and risks presented by new technologies
- Focused on AI in payments, scams and fraud, tokenisation, digital assets, and climate change

GOVERNMENT AND REGULATORY RELATIONS

- Engaged and collaborated with government and regulatory stakeholders to assist in driving policy objectives and regulatory changes

SHAPING PAYMENTS POLICY

- Submission to Treasury consultation on *A Strategic Plan for Australia's Payments System*
- Submissions to Treasury consultations on payments system reforms
- Submission to the modernisation of Australia's anti-money laundering and counter-terrorism financing regime

MEMBER AND STAKEHOLDER ENGAGEMENT

- Membership continued expanding; total membership increased to 155
- Member satisfaction remained high, at 95 per cent
- Engaged stakeholders through Stakeholder Advisory Council

CORPORATE AFFAIRS AND MARKETING

- Over 400 industry members attended AusPayNet's sell-out 2022 Summit
- Shared insights with over 7,000 social media followers
- Annual web visitation increased to 100,498 visits

STANDARDS

Setting and enforcing industry standards for a safe, reliable and effective payments system



SHAPING GLOBAL AND LOCAL STANDARDS

AusPayNet continues to be involved in standards development domestically through Standards Australia, and globally through ISO. This includes significant participation in TC 68 (Financial Services), Working Groups 11 and 13, resulting in updates to ISO 11568 and new versions of ISO 9564-1 and ISO 9564-2 underway. AusPayNet continues to sit on both the EMVCo and PCI SSC Board of Advisors, ensuring Australia's interests and concerns are raised with these bodies, while technical expertise is contributed to all major PCI SSC working groups, covering PIN handling and cryptography, mobile devices as card-present acceptance terminals, tokenisation, and cloud HSMs. Participation in the newly-launched PCI SSC RRG and TGG groups allows AusPayNet to contribute to a medium to long-term focus on security standards for payments technologies.

AusPayNet is undertaking an overall analysis of current involvement in standards development, ensuring there is the appropriate ongoing investment in relevant and useful standards for the Australian payments industry.

PAYMENT ACCEPTANCE DEVICE CERTIFICATION

AusPayNet continues to operate a device approval program - based upon PCI programs - which helps ensure payment terminals and HSMs deployed in Australia meet applicable security standards. Since the launch of the revised program in December 2021, over 100 devices and solutions have been approved. Devices and solutions for which there is no available PCI program can be assessed through AusPayNet's Structured Risk Assessment (SRA) process. Most applications for the SRA process are for PIN on COTS solutions (which use commercial-off-the-shelf mobile devices), which will transfer to PCI Mobile Payments on COTS (MPoc) approval, once widely available.

EFFECTIVE SELF-GOVERNANCE

Beyond considering the governance model for the purposes of becoming an ASSB (see page 14), AusPayNet continues to review its Constitution and governance structure to ensure that our approach to self-governance remains fit for purpose.

This year, AusPayNet reviewed the Framework operations, its various committees, and its membership categories. It has made changes to the Constitution (and Framework Regulations) to ensure amendments to Framework Regulations can be more agile and flexible while being subject to broader consultation; and it has revamped its Policy Experts Group (PEG) and Emerging Technology Experts Group (ETEG) to enable both to take a more active role in identifying and driving strategic priorities, issues, and opportunities.



BECOMING AN AUTHORISED STANDARDS-SETTING BODY (ASSB)

AusPayNet has made significant progress in designing a proposed governance structure that meets the key principles and expectations around independence, transparency/ accountability and having the right expertise.

Broadly, AusPayNet’s proposed structure and model is illustrated in the diagram below and has the following elements:

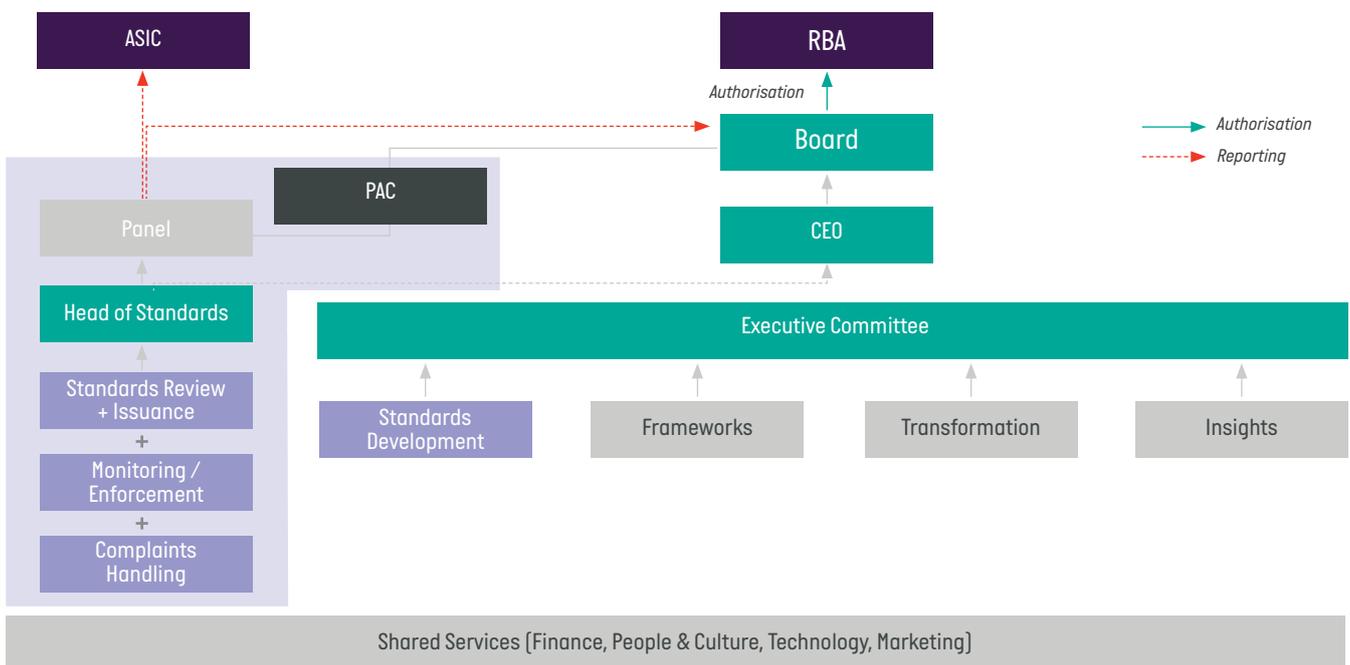
- AusPayNet will have an independent business unit responsible for Standards, including managing the standards pipeline; testing that standards meet regulatory, independence and technical requirements prior to approval; monitoring; enforcement of standards; and managing complaints.
- The independence of this business unit will be maintained by ensuring that the ultimate decision-maker in relation to standard-related matters is a Panel, made up of independent experts.
- The Panel will have the power to make its own decisions, subject to a few caveats. Firstly, it will be required to meet stringent regulatory requirements to ensure its independence [and to retain its status as an ‘authorised’ standards-setting body]. Secondly, it will be expected to engage with relevant regulators in relation to the approval of standards [to ensure those standards meet regulatory requirements]. Thirdly, it will be required to inform ASIC of issues that may need to be investigated as a potential breach of the *Corporations Act*.

- The Panel’s work will be subject to an external assurance review mechanism to ensure it meets its objectives.
- AusPayNet’s Board will appoint a panel appointment committee (PAC) and will have ultimate responsibility for ensuring the standards-setting body (as a whole) retains its authorisation and performs in accordance with requirements set by the RBA. The PAC will have ultimate responsibility for appointing members of the Panel.
- The ASSB work will be funded on a fixed and tiered fee basis.

Next steps

In addition to engaging with Government as it continues to develop its proposals for payments reform, AusPayNet continues to develop the proposed operating model for the future ASSB (and necessary tools to support that model). AusPayNet is also developing and assessing the pipeline of technical standards that are likely to be in scope for the ASSB. Both these matters will be subject to broader consultation in due course.

AUSPAYNET ASSB GOVERNANCE MODEL



E-CONVEYANCING CODE

This year marked an important milestone for AusPayNet and e-Conveyancing. In late 2021, following a request from government and Members, we established a steering committee and two working groups comprising Electronic Lodgement Network Operators (ELNOs) and other subject matter experts to develop an Industry Code for e-Conveyancing payments. Development was halted at industry's request during much of 2022; however, once resumed, a year of consultation with key participants in the e-Conveyancing industry, drafting and review culminated in the AusPayNet Board's approval of the e-Conveyancing Payments Industry Code (eC1) on 31 August.

The Code marks the creation of the first Framework at AusPayNet for nearly a decade, and provides regulations and operating procedures to ensure that all parties involved in e-Conveyancing financial transactions have a common set of rules and mutually understood obligations. This will be especially important as e-Conveyancing evolves to an interoperable model, with ELNOs sharing information related to the financial legs of a property settlement.

Now that the Code has been approved, we can move to the implementation stage of the project. In consultation with the e-Conveyancing industry, in the coming months we will finalise the timeline for eC1 to be effective.

CROSS-BORDER PAYMENTS

Since commencing with the consultation on the Financial Stability Board's (FSB) *Targets for addressing the four challenges of cross-border payments* in July 2021, the Cross-Border Payments Advisory Council (CBPAC) has overseen many consultation responses and engagements with both the FSB and the Committee on Payments and Market Infrastructure (CPMI).

The FSB has reached an inflection point after two years of stocktakes, consultations and analyses. In its note to the G20 Leaders in October 2022, *G20 Roadmap for Enhancing Cross-Border Payments*, the FSB sought endorsement of its *Priorities for the next phase of work*. To actualise this, the FSB published its *G20 Roadmap for Enhancing Cross-Border Payments: Priority actions for achieving the G20 targets* in March 2023. This is a comprehensive refocusing of the original Roadmap from 2021 and assigns 10 actions across three priority themes, underpinned by five further generic actions. This approach

was endorsed by the G20 Finance Ministers and Central Bank Governors Meeting in Bengaluru, India in February 2023. The three themes they have identified and are focusing on are:

- Payment system interoperability and extension (PIE)
- Local, legal and supervisory frameworks (LRS)
- Cross-border data exchange and message standards.

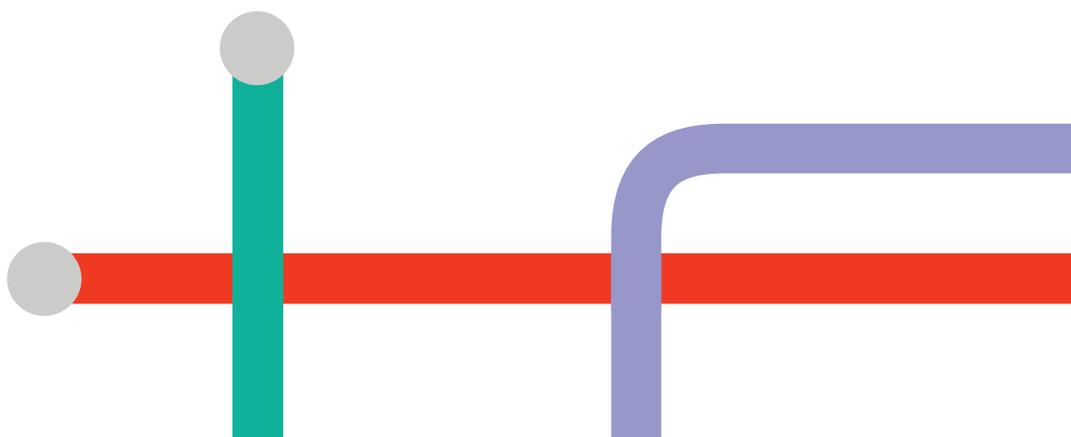
As part of the Industry Taskforces action item, both CPMI and the FSB have established new taskforces to assist them in taking forward the *G20 Roadmap for Enhancing Cross-Border Payments*.

CPMI has established the Payments Interoperability and Extension (PIE) Taskforce. This will bring together firms that offer Cross-Border payment services, payment system operators, and relevant industry associations. The PIE Taskforce should provide a source of expert advice and a mechanism for collaboration on the provision and enhancement of cross-border payment arrangements. It should also serve as a forum for the exchange of implementation experiences and coordination between public authorities and private sector stakeholders.

The FSB has established the Legal, Regulatory, and Supervisory Matters (LRS) Taskforce. This will bring together firms that offer cross-border payment services, payment system operators and relevant industry associations with significant experience and responsibilities in compliance, legal, risk management, and cross-border payment operations. The LRS Taskforce will provide input and feedback on frictions in legal, regulatory or supervisory frameworks related to the provision of cross-border payments and relevant data-related frameworks.

CPMI has also established a Panel of Experts to promote the harmonisation of Application Programming Interface (API) Protocols. The panel will evaluate proposals for API standards in cross-border payment information exchange, develop recommendations for greater harmonisation of APIs and develop a longer-term global governance proposal and process.

CBPAC is pleased to advise that Australia has representation on both taskforces and on the API Panel of Experts. This will ensure that Australia has a voice on the continuing evolution of cross-border payments with the aim of achieving the G20's objectives of cheaper, faster, more transparent and more accessible cross-border payments.



TRANSFORMING WITH EVOLVING CONSUMER PREFERENCES

➤ MORE CONSUMERS ARE FAVOURING CARDS OVER CASH AND CHEQUES THAN EVER BEFORE





CONSUMERS NOW EACH MAKE ALMOST
500 CASHLESS PAYMENTS
PER YEAR

Source: ABA

➤ MORE AUSTRALIANS
ARE MAKING P2P
PAYMENTS



Source: AP+

➤ MOBILE WALLET PAYMENTS
HAVE SURGED IN
POPULARITY

15.3M+

CARDS WERE REGISTERED
TO MOBILE WALLETS
↑ UP 760% SINCE 2018

2.4B

MOBILE WALLET TRANSACTIONS
↑ UP 8,200% FROM 2018

\$93B

TOTAL VALUE OF MOBILE
WALLET TRANSACTIONS
↑ UP 12,400% FROM 2018



60%

OF E-COMMERCE PAYMENTS ARE
MADE USING MOBILE DEVICES

Source: ABA

TRANSFORMATION

Leading transformation to drive efficiency, innovation and choice



ISO 20022 MIGRATION PROGRAM

The first phase of the Australian ISO 20022 Industry Migration is now successfully complete. ISO 20022 is the new standard for financial messaging, used domestically and across borders.

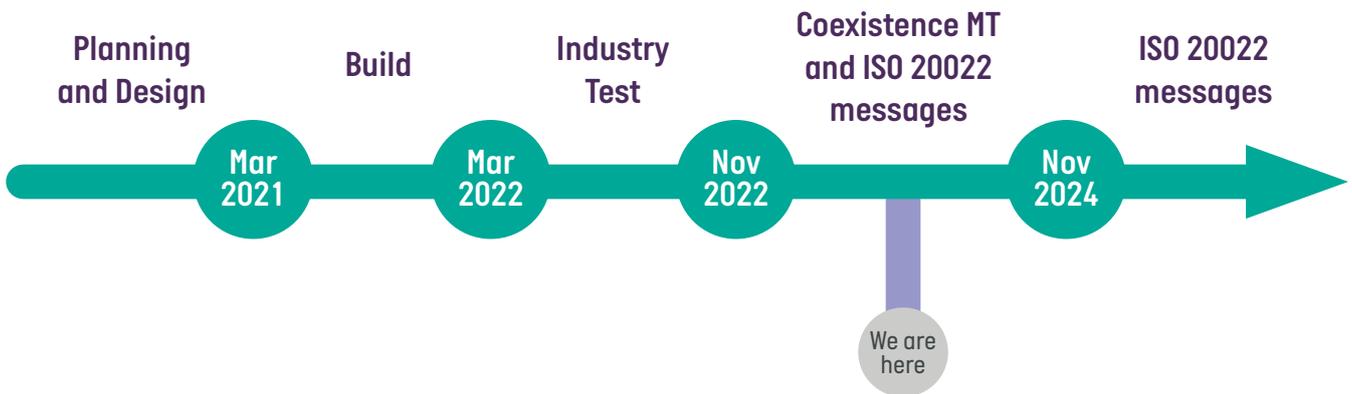
In the lead up to the original planned live date (November 2022), AusPayNet successfully led the Migration Program to have all 50 High Value Clearing System (HVCS) Participants tested and ready to go. This was a rare feat, considering that this type of large-scale whole-of-industry initiative is notoriously difficult to deliver successfully. However, the truly global and highly interconnected nature of this undertaking meant that delays in Europe and in the cross-border system forced similar delays in Australia, until March 2023.

On 20 March 2023, all 50 HVCS Participants reached the significant milestone of go-live for ISO 20022. In the first week of operation, there were nearly 62,000 ISO 20022 messages and over \$138 billion value settled, accounting for around 26 per cent of HVCS volume and 20 per cent of HVCS value.

Undoubtedly, this has been the largest and most complex program of work AusPayNet has ever undertaken in-house. Our HVCS Participants' dedication, spirit of mutual support and cooperation, in helping their fellow Participants was commendable. Collaboration has been crucial to our success.

The strategic significance of this migration must be acknowledged. It is creating a platform ready to meet the future needs of Australia's payments system and the global payments community.

Phase 2 of the Program is now well underway, working with Participants to complete the migration of the rest of their HVCS functionality to the new message format during 2023 and 2024. We are also developing further guidance on the use of the new messages, and in 2024 we will start planning for major version upgrades to our ISO 20022 messages that will take place in 2025.



PICTURED: AusPayNet received the Australian Institute of Project Management's Professional Services Award for NSW for its leadership of the ISO 20022 Industry Migration Program.

THE BECS FRAMEWORK

The case for the proactive planning and management of legacy payments systems remains strong. The reasoning put forward by many industry participants for a transition to more modern payment alternatives was supported this year in Government's *Strategic Plan for Australia's Payments System*. The plan points out the main benefits of modern payments systems, including faster payments, 24/7 availability, data richness, and safer payments.

AusPayNet's previous consultations with industry told us that many current BECS use cases (various forms of direct debits and credits) can be accommodated by more modern payment alternatives. In fact, we continue to see greater adoption of modern alternatives, particularly for single account-to-account payments. Consultations also told us that there is more work to be done if all use cases are to be supported by modern alternatives. A key area of focus needs to be how alternatives can accommodate bulk payments – including, for example, payroll – in the future.

Because of its longevity, BECS has almost unrivalled levels of account reach and access by participants and users. Accordingly, both the results of AusPayNet's consultation and Government's Plan highlight the significant change management required to fully migrate all BECS use cases.

It is the combination of both the benefits of modern alternatives and the need for careful planning and change management that create the impetus for a strategic direction to be set for the future of BECS.

AusPayNet's Board is considering the responsible closure of the BECS Framework and what criteria would need to be met for this to occur. It is expected that industry will hear more on that direction and criteria towards the end of 2023.

CHEQUES

The customer-led decline of cheques continues, as users choose more modern alternative payment methods. The RBA's Report on *Consumer Payment Behaviour in Australia*, collecting information from 2022 and published in June this year, showed that cheques made up 0.1 per cent of consumer payments, down from 0.2 per cent in 2019.

AusPayNet has continued to focus on promoting payment neutrality in legislation; education and awareness of the ongoing rapid decline of cheques and the need to proactively consider alternative payment methods; and, through our Members, the promotion of those alternatives to cheque users.

A significant change in 2023 was Treasury's announcement in its *Strategic Plan for Australia's Payments System* that Government would phase out cheque usage by the end of 2028 and that the cheques system would be wound up by no later than 2030, subject to consultation.

Since Treasury's announcement's, some financial institutions have started making their own announcements about either limiting their cheques product offering or planning to end their use of cheques altogether.

AusPayNet is continuing to engage with industry bodies and organisations that remain cheque users, in particular state governments.

AusPayNet is also considering whether any additional support may be required by (and which could be provided or facilitated by AusPayNet to) industry for a smoother transition, as individual banks continue to make their own decisions to exit cheques.

AusPayNet also looks forward to responding to Treasury's consultation on the 2030 end date, where we will provide examples of other markets that have managed the transition in shorter time frames and where we can call out the potential benefits of the industry moving in a more structured manner.

COMMUNITY OF INTEREST NETWORK (COIN) MIGRATION PROGRAM

Following a market review and selection of a new COIN service provider, work to facilitate a successful migration to the new service has continued throughout 2023. The COIN acts as a telecommunications hub, providing connectivity to participant members, and supports a large volume of Australian payments, including eftpos transactions, direct entry, and cheque files.

Given the ever-increasing focus on resilience and reliability, the COIN Management Committee selected a solution that provides dual network architecture and a managed service. This will provide redundancy for the COIN-supported payment traffic, a greater level of service, and better visibility and management of service performance and incidents. The program is being overseen by an industry Steering Committee.

Introducing a new service provider and coordinating the migration requirements of multiple industry participants has proven to come with some challenges. As a result of a review of some member requirements and the required change windows to support the migration, the target date for completion has been set as November 2024. The migration schedule continues to be reviewed, as each member gets closer to their detailed migration plan.

At the time of preparing this update, we have one new member on the new COIN and have migrated one existing member.

CASH

As a result of the continued decline in the use of cash for purchases, it is important for industry to regularly review cash-related trends, including access to cash, evolving merchant plans regarding cash acceptance, and consumer spending behaviours.

AusPayNet coordinates an industry group, the Decline of Cash Working Group, made up of financial institutions and banking service providers, that monitors cash usage and acceptance trends, with a view to identifying whether there is a need for industry intervention. The group met in August 2023 to review cash usage from the perspective of both consumers and merchants. The insights for that review came from the RBA's *Consumer Payment Behaviour in Australia* Report, as well as a survey performed by RFI Global, Australian Merchant Acceptance Program – *Australian Payments Diary*.

In 2022, we reported that cash acceptance and merchant plans in relation to the use of cash in their businesses have largely reverted to pre-COVID-19 states. Despite both reports showing a continued move to the use of digital payment methods, cash acceptance and merchants' attitudes toward acceptance of cash has not materially changed in the last 12 months.

The working group will continue to receive survey results on cash acceptance annually and will also consider up-to-date information regarding consumer spending trends.

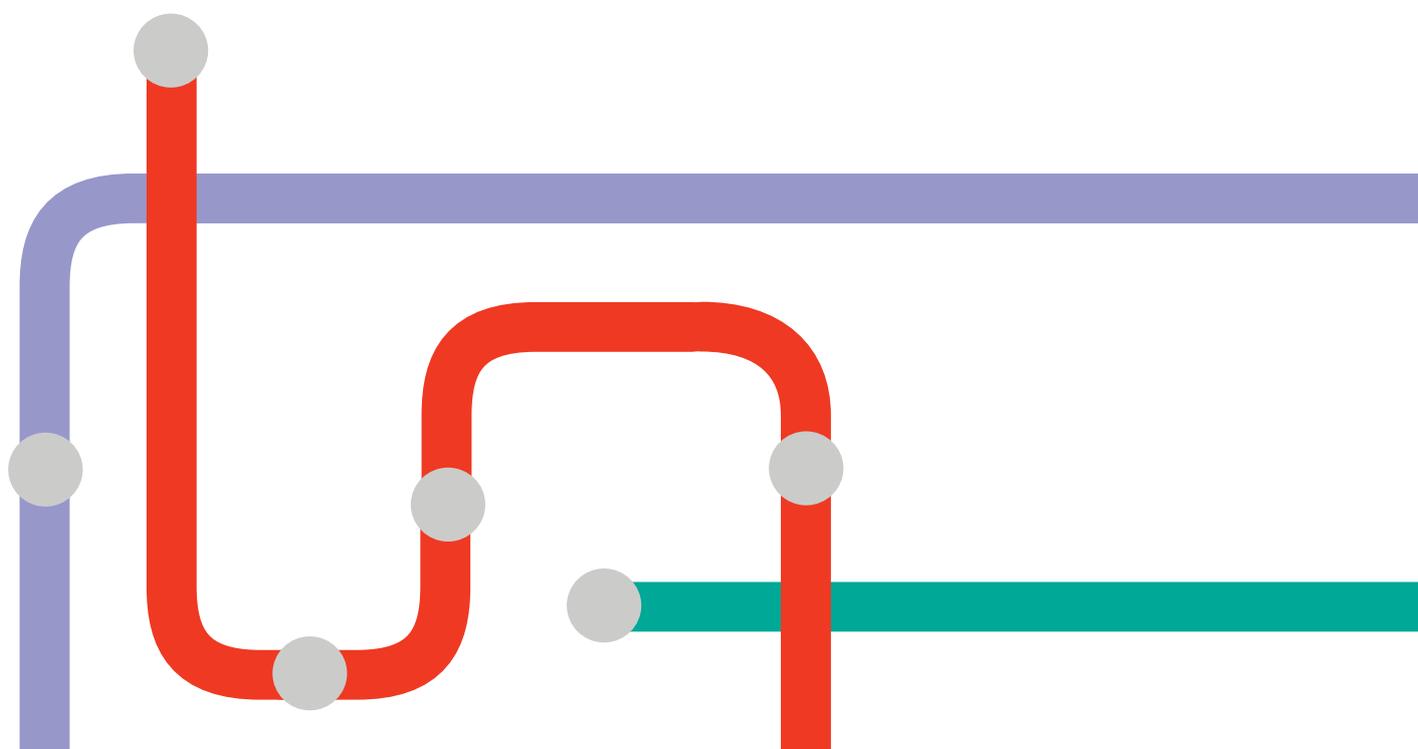
We also reported in 2022 that the RBA published the conclusions from its review of banknote distribution arrangements. One of those conclusions was that a banknote distribution industry forum should be established, chaired by the RBA, and facilitated by AusPayNet. The RBA has established that forum with AusPayNet facilitating, and it is due to meet for the third time in November 2023.

ADVANCED ENCRYPTION STANDARD (AES) MIGRATION PROGRAM

In December 2022, work commenced on developing an extensive Program Initiation Document for the AES Migration, detailing the background, rationale, approach, and plan for migrating Australian card payments to the AES encryption algorithm. A consultative approach was taken to developing the document, allowing a broad range of Issuers and Acquirers Community Members to review and validate content. The document was finalised in May 2023.

The plan for migration to AES has two phases:

- **Initiation and Mobilisation:** this phase commenced in July 2023 and included preparatory activities to finalise outstanding issues – including the technical blueprint, testing strategy, migration approach, legal, risk and compliance assessments – to provide time for participants to formalise their business cases, secure funding, and mobilise teams. It is anticipated that participants will be ready to commence their programs in early 2025.
- **Execution:** this phase is expected to commence in early 2025 and includes industry readiness activities leading to an industry pilot, with migration to AES to follow. An extended period of co-existence has been planned for the migration. This enables assets to be upgraded in line with their natural replacement cycles, as far as possible, thus reducing marginal effort and cost. Execution will be completed once all assets have been upgraded and the Triple Data Encryption Standard (TDES) encryption algorithm has been removed.



INSIGHTS

The home for ecosystem
collaboration and strategic insight



ECONOMIC CRIME

Economic crime encompasses fraud, scams, cybercrime, and money laundering. Criminals attempt to exploit banking and payments systems, steal funds, launder proceeds of crime or pay for other criminal activities, including child exploitation. These crimes often intersect, with multiple touch points across the lifecycle, creating a complex challenge for the payments industry to address. It is a global problem perpetrated primarily by transnational organised crime groups and even nation states. Consequently, economic crime remains the number one strategic issue for our Members, surging from sixth place in AusPayNet's recent Member Engagement Survey.

Economic crime poses a rapidly growing and increasingly complex threat to both individual victims and to national security. As countries and industry develop response strategies, criminals continue to engage in what they perceive as high reward, low risk activities, exploiting technology, real-time payments, digital currency assets, and jurisdictional limitations of law enforcement to take a cut from the Australian economy. Mitigating economic crime requires a multi-faceted approach, key elements of which are the sharing of data, best practice risk mitigation, frameworks and standards, and private-public partnerships to support the criminal justice system.

Fraud

Each year, AusPayNet publishes the *Australian Payment Fraud Report*. The most recent report, released in August 2023, showed the fraud rate in 2022 was 57.5 cents per \$1,000 spent, up slightly from 57.3 cents in 2021.

Fraud on payment card transactions increased by 16.5 per cent from the previous year to \$577 million, in line with the increase in total spending on cards, which was up by 16 per cent to \$1 trillion over the same period.

Data indicates that the fraud rate has stabilised since the introduction of the industry's card-not-present (CNP) Fraud Mitigation Framework (CNP Framework) in 2019, with the 2022 fraud rate remaining well below the fraud rate of 75.0 cents per \$1,000 spent in 2017.

CNP fraud involves valid card details being stolen and used to make purchases or other payments without the card being present at the point of sale, usually online.

CNP fraud accounted for 90 per cent of all fraud on Australian cards in 2022, increasing by 14.4 per cent from 2021 to \$516.8 million, reflecting the sustained and rapid rise in e-commerce, which accelerated during the pandemic.

Figures show a reduction in domestic CNP fraud but an increase in overseas CNP fraud. This is suspected to be linked to transnational organised crime groups targeting Australians in phishing and shopping scams involving overseas merchants. We continue to work with industry and government to mitigate scams via participation in the National Anti-Scam Centre (NASC) Advisory Board and our own Economic Crime Forum (ECF).

The Report revealed that as Australia has emerged from COVID-19 restrictions, counterfeit/skimming fraud increased in 2022 by 30 per cent from the previous year to \$7.1 million, which is likely attributable to the reopening of international borders, enabling the return of overseas travel and the re-entry of transnational organised crime. Meanwhile, lost and stolen fraud increased by 44.5 per cent from 2021 to \$41.8 million, similar to pre-pandemic levels, and again with the most substantial increase in this type of fraud having occurred overseas.

Cheque fraud decreased by 24 per cent to \$2.4 million. As cheque use continues to decline, the value of fraudulent transactions involving cheques will likely follow this trend.

Scams

Given the growth of the digital economy in Australia, coupled with the fact that the average net worth of an Australian household is currently over \$1 million, it is easy to understand why the temptation for criminals to target Australians has never been greater. According to the ACCC, in 2022, Australians lost \$3.1 billion to scams.

The payments and banking industry is spending billions of dollars on prevention and technological controls to stop scams at source and to mitigate associated money laundering. A green shoot was the recent launch of the Government's NASC, which AusPayNet is actively supporting via the NASC's Advisory Board and fusion cell.

Released in June 2023, the Government's *Strategic Plan for Australia's Payments System* was highly anticipated and welcomed. In addition to the NASC, the Plan confirmed that the Government will consult on the development of new industry scam codes across sectors in 2023 and bolster consumer protections through a new payments licensing framework. AusPayNet reviewed our ID Theft and Scams Standards and Guidelines. The review identified several insights and considerations that can assist with collaboration in developing national codes and potentially progress the conversation on mandatory industry standards for the payments industry.

Becoming an authorised standards-setting body will enable AusPayNet to develop and implement prescriptive technical standards that are relevant to the payments industry to mitigate and prevent economic crime, including scams. AusPayNet will develop any potential standards taking input from the ECF, regulators, Members, and other stakeholders.

While these initiatives are important, they alone will not stop scams. Scams are a nonlinear problem with no one solution; addressing the issue requires a global collaborative toolbox approach involving all industries within the scam lifecycle and supporting the criminal justice system.

Economic Crime Forum (ECF)

Recognising the need for a toolbox approach, AusPayNet continues to support the NASC and law enforcement by facilitating the ECF to share insights and best practice risk mitigants, and to undertake joint public-private projects to provide referral packages to assist in the disruption of economic crime and the seizure of criminals' ill-gotten gains. Attacking mule accounts to prevent criminals from laundering their money remains a key priority of the ECF.

The ECF is the public-private forum to key national law enforcement bodies including financial crime, cybercrime, and money laundering. Its terms of reference recognise that fraud, scams, cybercrime and money laundering often intersect. The ECF's view is that the future of modern policing is private-public partnerships to tackle the limitations of resourcing, globalisation, and the sheer magnitude of economic crime.

In supporting law enforcement and the NASC, this year the ECF conducted four operational workgroups that analysed key scams and associated money laundering methodologies to share blocking and preventive strategies, as well as disruption opportunities for law enforcement. These included:

- Standardisation of law enforcement requests
- Developing intelligence referral packages for bond scams, bank impersonation scams, and remote access scams.

International Centre for Missing and Exploited Children (ICMEC)

AusPayNet has a long-standing history of co-hosting and chairing the Financial Coalition Against Child Sexual Exploitation forum, in partnership with ICMEC. The forum brings together governments, industry, and other key stakeholders to protect children from victimisation that has been exacerbated by the internet and the digital economy.

EMERGING TECHNOLOGY

AusPayNet's Emerging Technology Experts Group (ETEG) brings together a wide range of members to contribute to the assessment of innovation in payments technology. The goal of ETEG is to evaluate the potential opportunities, challenges and risks presented by new technologies for the Australian payments ecosystem, and to provide advice on how the industry can work together to address these. As part of this, ETEG will play a critical role in identifying future standards and guidelines required to support the safe adoption of new technologies.

The current focus areas for ETEG include artificial intelligence in payments, scams and fraud, tokenisation, digital assets, and climate change.

GOVERNMENT AND REGULATORY RELATIONS

AusPayNet continues to engage and collaborate with government and regulatory stakeholders to assist in driving policy objectives and regulatory changes through insights and the development of industry standards.

Throughout the last year, AusPayNet has represented Members at Ministerial Roundtables in Canberra, and was invited to the ACCC's NASC Advisory Board. Additionally, AusPayNet held Q&A sessions for Members with Commonwealth Treasury on the *Strategic Plan for Australia's Payments System* and licensing consultations, as well as a session with the RBA on the results of the *Consumer Payments Survey*.

SHAPING PAYMENTS POLICY

In addition to continuing our close engagement with the Government and regulators, AusPayNet responded to a series of consultations focused on ensuring that the regulatory settings affecting the Australian payments ecosystem remain fit-for-purpose, providing strong end-user protection while enabling greater competition and innovation.

A Strategic Plan for Australia's Payments System

Following industry consultation in late 2022, the Government released the *Strategic Plan for Australia's Payments System* in June. AusPayNet welcomed the Strategic Plan, which provides leadership and certainty on the Government's policy priorities and strategic direction for the payments ecosystem.

The Plan sets out a path for six key elements of the payments system on which AusPayNet is already actively engaged:

- Reducing the prevalence of scams and fraud. AusPayNet will continue to assist the relevant regulators in the work of the NASC and the development of national anti-scam codes.
- Strengthening defences against cyber-attacks, including through the migration of the card payments industry to the AES.
- Retiring the cheques system, with a focus on removing legislative barriers to adopting other payment methods and phasing out the Government's own use of cheques by 2028.
- Supporting the work that AusPayNet is already doing on an industry-led transition away from BECS.
- Supporting continued access to cash for Australians.
- Facilitating cross-border payments, including through the full migration of Australia's high value payments to the ISO 20022 standard, and continued industry progress towards the FSB's roadmap for enhancing cross-border payments.

We look forward to working with Treasury and our members on actioning the initiatives underpinning these priorities over the next few years.

Treasury consultations on payments system reforms

Alongside the Strategic Plan, the Treasurer also released two consultation papers underpinning part of the Government's payments system reform agenda. AusPayNet supports Treasury's work to ensure that Australia has appropriate regulatory and governance frameworks to support the continued development and safety of the payments system. Our submissions highlighted the following:

- Broadening the RBA's regulatory perimeter and powers will help facilitate an even playing field between the different providers of payment services, and support the RBA's ability to respond to any emerging risks posed by the evolving payments ecosystem.
- The proposed Ministerial power to designate payment systems could be an effective mechanism for ensuring that any issues beyond the RBA's 'public interest' mandate can be appropriately addressed through regulation, where it is in the national interest to do so. We encouraged further clarity on how this power could be used in practice, and the inclusion of robust safeguards to instil public and industry confidence in such a power.
- Establishing a new tiered licensing framework for all payment service providers (PSPs) based on 'same risk, same rules' will help promote access and competition while controlling for the risks posed by different entities in the payments ecosystem. Treasury's consultation paper proposed a comprehensive list of payment functions that will form the basis for this licensing framework. Our submission highlighted that all entities meeting these definitions should be licensed, to provide certainty and consistency for all industry participants, and ensure broad-based compliance with industry standards and other regulatory obligations.
- Establishing the RBA's planned powers to develop 'common access requirements' and authorise and oversee industry standard-setting bodies as part of the current set of reforms would enable some of the proposed rights and obligations associated with the PSP licensing framework to take effect as soon as it is developed, rather than requiring an additional round of legislative amendments at a later date.

AusPayNet looks forward to continuing our engagement with Treasury and our Members on the payments system reforms, including through the upcoming consultation on the regulatory obligations that would apply under the new PSP licensing framework.

Modernising Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime

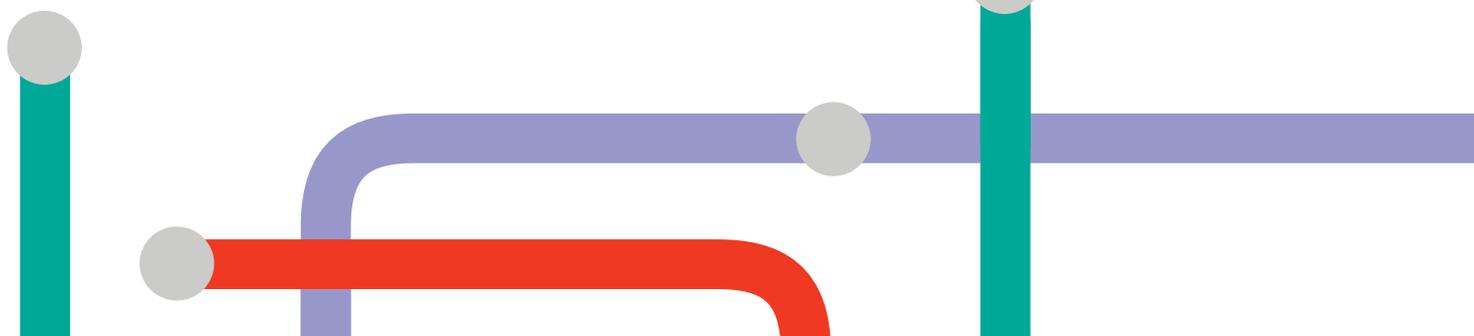
In June 2023, AusPayNet responded to the Government's consultation on modernising Australia's AML/CTF regime. This regime is a critical part of Australia's efforts to prevent criminals from receiving the proceeds of their illegal activity and stopping funds from falling into the hands of terrorist organisations. In line with AusPayNet's commitment to combatting economic crime, our submission welcomed the proposed updates to the AML/CTF regime in line with international standards and best practice. In particular, we supported changes that would make the regime clear and simple for businesses to understand and comply with, and enable greater collaboration across the ecosystem to better facilitate the detection and disruption of economic crime.

Statutory Review of the Consumer Data Right (CDR)

In September 2022, Treasury released a report on the *Statutory Review of the CDR*. In line with AusPayNet's submission to the review, the report noted the potential for alignment between the CDR and other technological and regulatory developments, including the payments system reform agenda and ongoing innovation in the payments industry. This would help avoid the duplication of regulatory obligations and infrastructure, minimise potential friction points, and deliver more streamlined consumer experiences.

Further policy work

AusPayNet also made multiple submissions to the Government and regulators on other relevant topics, including scams, regulation of digital platforms, and modernising business communications. We continued to encourage cross-sectoral collaboration on scams prevention, as well as technology neutrality in legislation to enable effective regulation in the changing environment and afford greater flexibility in adopting new payment methods, and other changes to enable innovation, productivity, and cost efficiencies in the payments ecosystem.



MEMBER AND STAKEHOLDER ENGAGEMENT

Member engagement

With an expanding membership base, Member engagement continues to be an important channel for AusPayNet to maintain strong relationships, share updates, insights and receive feedback from Members on our regulatory initiatives. At a high level, the role of the Engagement team is to ensure all Members are kept up to date, and all their voices are heard. This is particularly important for those Members who do not sit on committees and/or working groups.

Engagement continues to occur via Board, committees, working groups, quarterly bilateral meetings, activities-based engagement, and Member events. Strong ties with our Members allow us to be strategically informed of payment trends and opportunities for coordination.

This year, Member satisfaction remained high at 95 per cent. This positive score is reflective of the numerous touch points Members have with AusPayNet and their alignment with our strategic direction and priorities. Members also told us that the top three challenges that would benefit from industry coordination include economic crime [1], transformation [2], and payments system regulatory reforms [3]. It was also clear that Members want more insights via events. Recently, we held two online events: Insights into the RBA's *Consumer Payments Survey*; and Insights into Fraud. Each event attracted over 300 attendees from Member organisations.

Membership growth is occurring in multiple Member categories. Payment Service Providers (PSPs) tend to be a key membership growth area for AusPayNet, and we look forward to engaging with more technology providers in payments as they come on board.

We currently have 155 Members across the payments ecosystem. A full list of our Members is provided on page 32.

AusPayNet Stakeholder Advisory Council

Broader stakeholder engagement is one of our principles for good governance. AusPayNet's stakeholder engagement strategy is a critical initiative to ensure we are engaging all stakeholders of the payments system, not just our Members.

One of the main stakeholder engagement channels is the AusPayNet Stakeholder Advisory Council. In 2023, the Council continued to be a critical channel enabling stakeholder perspectives on payments to be shared with our Board.

The purpose of the Council is to advise and provide feedback to our Board on our strategic priorities/marquee initiatives. The promise to the Council is that all their feedback will be considered, Board outcomes will be shared with them, as well as explanations on how we landed with those outcomes. The feedback loop with the Council is critical to its operation and

engagement. Council stakeholders include the RBA (regulator), Treasury (government), Victoria State Government (new to the Council), Consumer Action Law Centre (end-users), Dr Jeannie Paterson (consumer advocate) Australian Retailers Association (end-users), the Council of Small Business Organisations Australia (end-users), Australian Corporate Treasury Association (end-users), Fintech Australia, Tech Council of Australia, and Digital Industry Group Inc.

AusPayNet has sought the Council's advice on a range of topics, including our governance review; our plan to become an authorised standards-setting body; Treasury's payments system regulatory reforms; addressing scams; cross-border payments; and our corporate strategy.

CORPORATE AFFAIRS AND MARKETING

AusPayNet Summit 2022

In 2022, more than 400 industry professionals attended our sell-out Payments Summit. The Summit was our first opportunity to bring everyone together physically since the last in-person Summit in 2019, and proved to be our biggest and best event to date.

Emceed by award-winning journalist and presenter, Helen Dalley, the Summit – themed *Paving the Way* – provided several highlights. In his final annual address as Governor of the RBA, Philip Lowe reflected on the rapidly changing payments environment and the work ahead for the industry to continue to support end-users of the payments system. Meanwhile, our CEO Andy White interviewed Assistant Treasurer and Minister for Financial Services, The Hon Stephen Jones MP, about the role of government in payments.

Throughout the day, expert speakers and panellists shared insights on a range of topics, including the future of payments, how the Australian industry prepares to be post-quantum cryptography (PQC) ready, and the growing threat of scams. The Summit culminated in our 'Big Debate', moderated by Ellis Connolly, the RBA's Head of Payments Policy. In this session, speakers argued for and against Australia's readiness for a digital currency for payments.

Feedback on the Summit was overwhelmingly positive, and we are excited to raise the bar again with our upcoming Summit in December 2023.

Social media engagement

AusPayNet focussed part of its marketing resources specifically to social media in FY22, in recognition of its ability to provide real-time insights to members and foster industry connections.

Over the past 12 months, the number of followers on AusPayNet's primary social channel (LinkedIn) has grown by 40 per cent. Audiences have shown strong engagement with our social media content, in addition to engagement rates with our electronic newsletters that sit well above industry standards.

Publications

The Corporate Affairs and Marketing Team plays an integral role in sharing AusPayNet's insights with the banking and payments industry, as well as the general public. This year, we published blog posts which explained the step change brought about by the Australian ISO 20022 Migration Program, and which outlined our initial response to the Government's *Strategic Plan for Australia's Payments System* and two associated consultations.

Our quarterly *Payments Monitor* newsletter is our key tool for updating external readers on the progress of our key projects and ongoing policy work. Our flagship newsletter is supported by our bi-annual *Cross-Border Payments Round-Up*, which reports on the Financial Stability Board's (FSB) *G20 Roadmap for Enhancing Cross-Border Payments*, while our *Australian Payment Fraud Report* remains a widely anticipated annual publication that shares valuable payment fraud statistics and highlights specific industry work to reduce fraud levels.

We will continue to enhance our suite of publications to maximise the delivery of updates on our work and industry insights with the whole payments ecosystem.



BOARD OF DIRECTORS

Under the leadership of an independent chair, the Board currently has 13 members comprising independent directors, the CEO, and non-executive directors appointed or elected by AusPayNet members.

There were six changes to the Board during the year, four of which followed the electing member election in 2022. Greg Moore (Macquarie Bank) and Adrian Lovney (Australian Payments Plus) were appointed as Directors. Olivia McArdle (Macquarie Bank) and Mark Tibbles resigned at the conclusion of the 2022 Annual General Meeting. The Board thanked Olivia and Mark for their years of service and contribution to the Board and various committees.

During the year, Nish Dharmaratne replaced Chris Campbell as the Westpac appointed director. Chris served as a Director of AusPayNet for over 20 years. This included serving on various

committees as chair and as a member. The Board thanked Chris for his contributions over the years. The Board also welcomed Nish Dharmaratne, who brings a wealth of experience in banking both in Australia and Asia.

Finally, Kees Kwakernaak resigned at the 31 August 2023 board meeting. The Board also thanked Kees for his years of service to the Board and the various committees. This resignation has triggered an electing member election for the vacant seat, which has a term of two years. The election process is currently underway.

The names of the directors in office as of 4 October 2023 follow.



JOHN BROGDEN AM, Chair

MPA, FAICD

Non-Executive Director

Appointed as Chair and independent director of AusPayNet in January 2022.

Mr Brogden is also Chair of the Remuneration Committee.



LYNDA MCMILLAN, Deputy Chair

M BUS, GAICD

Head of Payments Representation, Business Banking, CBA

Appointed as a non-executive director by the CBA in April 2018 and as Deputy Chair by the Board in December 2019.

Ms McMillan also serves as Chair of the Economic Crime Forum and Nomination Committee, Deputy Chair of the Remuneration Committee, and member of the Governance Review Committee and Payments Review Committee.



ANDY WHITE, CEO

BA (HONS), MA (OXON), GAICD

CEO, AusPayNet

Appointed as CEO and an executive director of AusPayNet in March 2019.

Mr White serves as Chair and member of the Governance Review Committee and Payments Review Committee, and member of the Audit, Risk and Finance Committee and Remuneration Committee.



BIANCA BATES

BEC, LLB, GAID

Managing Director and Head of Payments, Australia and New Zealand, JP Morgan

Appointed as a non-executive director by Electing Members in October 2023.



JENNIFER CLARK

FAICD

Non-Executive Director and former investment banker

Appointed in June 2014 as an independent director.

Ms Clark serves as Chair of the Policy Experts Group, and member of the Audit, Risk and Finance Committee and Remuneration Committee.



NISH DHARMARATNE

BBUS, MBA, MCIM, F FIN

Managing Director, Global Head of Products [Payments, Liquidity & Digital Solutions] GTS, Westpac Group

Appointed as a non-executive director by Westpac in July 2023.

Ms Dharmaratne serves as a member of the Nomination Committee and Payments Review Committee.



JACKIE KALLMAN

BPSYCHSC (HONS), GAICD

Head of Payments Industry, ANZ

Appointed as a non-executive director by ANZ in April 2018.

Ms Kallman serves as Chair of the BECS Management Committee, and member of the Payments Review Committee.



ADRIAN LOVNEY

LLB (HONS), MBA, F FIN, GAICD

Chief Payments & Schemes Officer, Australian Payments Plus Limited

Appointed as a non-executive director by Electing Members in October 2022.

Mr Lovney serves as Chair of the Emerging Technology Experts Group.



DR GREG MOORE

BBA, MLS(HONS) PhD, CA GAICD

Division Director, Payments Products at Macquarie Bank Limited

Appointed as a non-executive director by Electing Members in October 2022.

Dr Moore serves as member of the Audit, Risk and Finance Committee, Remuneration Committee and Payments Review Committee.



KATE MULLIGAN

BA, LLB (HONS), MAICD

Managing Partner, King Irving

Appointed as an independent director in June 2014.

Ms Mulligan serves as Chair of the AusPayNet Stakeholders Advisory Council and COIN Management Committee. Ms Mulligan is also a member of the Governance Review Committee and Payments Review Committee.



DR MICHAEL PLUMB

BEC (HONS), MEC (HONS), DPHIL(OXON)

Head of Banking, RBA

Appointed as a non-executive director by the RBA in April 2022.

Dr Plumb serves as Chair of the Audit, Risk and Finance Committee, and member of the Nomination Committee and Remuneration Committee.



DIANNE SHAY

BTH, MAICD

Head of Payments Industry, NAB

Appointed as a non-executive director by NAB in December 2019.

Ms Shay serves as Chair of the APCS Management Committee, and member of the Payments Review Committee.



DEREK WEATHERLEY

B COMM, M ACC, FAICD

CEO, Indue Limited

Appointed as a non-executive director by Credit Union Members in April 2018 and reappointed by Electing Members in 2022.

Mr Weatherley serves as member of the Audit, Risk and Finance Committee, Nomination Committee, Remuneration Committee and Payments Review Committee.

GOVERNANCE FRAMEWORK

The AusPayNet Board is responsible for setting the organisation's strategic direction and corporate governance.

The current Chair, John Brogden, is an independent voting director. The CEO is charged with implementing Board endorsed strategy and managing the day-to-day affairs of the company. The CEO is a non-voting, executive director.

BOARD COMMITTEES

The Board has established a management committee for each AusPayNet framework including its clearing systems, Issuers and Acquirers Community, and infrastructure system [COIN]. Acting under delegated authority from the Board, management committees are responsible for the efficient operation and management of each framework. Specialised sub-committees are also established under certain frameworks to address technical and operational issues requiring subject matter expertise.

The Board has also established the following committees to assist in managing the company's affairs:

Audit, Risk and Finance Committee: reviews the company's internal financial practices, budget and audit results and monitors the effectiveness of the company's financial controls and administrative policies.

Governance Review Committee: responsible for reviewing AusPayNet's governance, and making recommendations to the Board, including proposed constitutional changes.

Nomination Committee: supports the Board on matters relating to the eligibility, appointment and election of directors.

Payments Review Committee: acts as a steering and oversight committee for Board approved strategies (this includes managing the decline of cheques, the BECS transition, the scam mitigation strategy, and the COIN migration).

Remuneration Committee: establishes remuneration policies and practices for the company generally and recommends remuneration levels and contractual arrangements for the CEO, independent chair and independent directors.

BOARD CHARTER, CODE OF CONDUCT, AND INDUCTION

The Board carries out its functions and exercises its powers in accordance with the Board charter, which sets out its role and responsibilities. The charter is supplemented by various board policies including a conflicts management policy, a competition protocol and a Code of Conduct, which all directors, management committee members and employees must comply with, and which is designed to ensure high standards of ethical and professional conduct and compliance.

The Board reviews the charter and other policies regularly. An induction program for newly appointed board members provides an overview of AusPayNet's governance and policy framework and operations, as well as an understanding of their role and responsibilities.

RESERVE BANK OF AUSTRALIA

As a participant in payment systems, the RBA has been a member of AusPayNet since its inception in 1992. The RBA has appointed a director to the AusPayNet Board, in accordance with its rights under the AusPayNet Constitution. Additionally, since May 2007, the RBA and AusPayNet have been liaising on payments policy issues under an agreed set of procedures which have been set out in a Memorandum of Understanding, which includes senior staff of the RBA consulting with AusPayNet on a regular basis on issues of common interest. This ensures continued close cooperation between the RBA and AusPayNet.

RISK MANAGEMENT

AusPayNet has put in place a risk management framework which the Board oversees. Key risks and risk appetite are regularly reviewed, and the risk framework is submitted to both internal and external review.

OUR TEAM

Our Executive Committee is responsible for leading the AusPayNet team in delivering on strategic objectives.

ANDY WHITE, CHIEF EXECUTIVE OFFICER



Paula Gilardoni
General Counsel and
Company Secretary



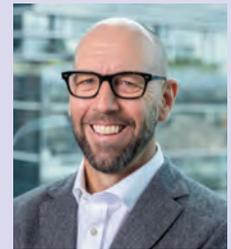
Lynette Hickey
Chief Financial Officer



Rajat Jain
Chief Strategy
Officer



Lauren Johnson
Chief People and
Culture Officer



Luke Wilson
Chief Operating Officer

A NEW HOME FOR AUSPAYNET

In May 2023, AusPayNet's lease on its office at Barangaroo expired. A cross-functional team was formed to find a new location, oversee its fit-out and initiate the transition of staff and tangible assets. On 26 June, AusPayNet had its inaugural day at Grosvenor Place, 225 George Street, Sydney. The new office space features interconnecting meeting rooms, open-plan workstations and a dedicated breakout space with full kitchen that can service future Member meetings and events.

EXECUTING ON OUR VISION

In line with our vision to be the home of collaboration and strategic insights for the payments industry, AusPayNet, led by the People and Culture Team, has strengthened its focus on employee alignment to the corporate strategy. With a multi-year plan, the organisation will focus on developing cross-functional teams and explore how our workforce can remain agile and committed to industry collaboration in an ever-evolving environment.

MEMBERSHIP

AusPayNet has 155 member organisations including Participant Members, Operator Members, COIN Members, Affiliates, and Payment Service Providers.

PARTICIPANT MEMBERS

Adyen Australia Pty Ltd ●
 Agricultural Bank of China Ltd
 Alex Bank Pty Ltd
 AMP Bank Ltd
 Arab Bank Australia Ltd
 Australia and New Zealand Banking Group Ltd ●
 Australia Post
 Australian Military Bank Ltd
 Australian Mutual Bank Ltd
 Australian Settlements Ltd ●
 Australian Unity Bank Ltd
 Auswide Bank Ltd
 Avenue Bank Ltd
 B&E Ltd trading as Bank of Us Bank Australia Ltd
 Bank of America, National Association
 Bank of China
 Bank of China [Australia] Ltd
 Bank of Communications Co., Ltd Sydney Branch
 Bank of Queensland Ltd
 Bank of Sydney Ltd
 BC Payments Australia Pty Ltd
 Bendigo and Adelaide Bank Ltd
 Beyond Bank Australia Ltd
 BNP Paribas
 Capricornian Ltd, The
 China Construction Bank Corporation, Sydney Branch
 China Merchants Bank Co., Ltd
 Citibank N.A.
 Citigroup Pty Ltd
 CLS Bank International
 Coles Group Ltd ●
 Commonwealth Bank of Australia ●
 Community First Credit Union Ltd
 Cooperatieve Rabobank U.A.
 Credit Union Australia Ltd trading as Great Southern Bank
 Cuscal Ltd ●
 DBS Bank Ltd., Australia Branch
 Defence Bank Ltd
 Deutsche Bank AG
 EFTEX Pty Ltd
 First Data Network Australia Ltd
 Flash Partners Pty Ltd
 G&C Mutual Bank Ltd
 Gateway Bank Ltd
 Global Payments Australia 1 Pty Ltd

Greater Bank (a division of Newcastle Greater Mutual Group Ltd)
 Heritage and People's Choice Ltd
 Hong Kong and Shanghai Banking Corporation Ltd, Australian Branch, The
 HSBC Bank Australia Ltd
 Hume Bank Ltd
 IMB Ltd
 in1bank Ltd
 Indue Ltd
 Industrial and Commercial Bank of China Ltd
 ING Bank [Australia] Ltd trading as ING
 ING Bank NV [Sydney Branch]
 International Bank of Australia Pty Ltd
 Islamic Bank Australia Pty Ltd
 JPMorgan Chase Bank, National Association
 Judo Bank Pty Ltd
 KEB Hana Bank
 LCH.Clearnet Ltd
 Macquarie Bank Ltd
 Maitland Mutual Ltd
 Mega International Commercial Bank Co., Ltd
 Members Banking Group Ltd trading as RACQ Bank
 Mizuho Bank Ltd
 MUFG Bank Ltd
 MyState Bank Ltd
 National Australia Bank Ltd ●
 Newcastle Greater Mutual Group Ltd
 Northern Trust Company, The
 Oversea-Chinese Banking Corporation Ltd
 Police & Nurses Ltd
 Police Bank Ltd
 QPCU Ltd
 Queensland Country Bank Ltd
 Rabobank Australia Ltd
 Railways Credit Union Ltd trading as MOVE Bank
 Regional Australia Bank Ltd
 Reserve Bank of Australia ●
 Royal Bank of Canada
 Southern Cross Credit Union Ltd
 Standard Chartered Bank
 State Bank of India
 State Street Bank and Trust Company

Sumitomo Mitsui Banking Corporation
 Summerland Financial Services Ltd trading as Summerland Credit Union
 Suncorp-Metway Ltd ●
 Taiwan Business Bank, Sydney Branch
 Teachers Mutual Bank Ltd
 Till Payments Solutions Pty Ltd
 Tyro Payments Ltd ●
 UBS AG, Australia Branch
 United Overseas Bank Ltd
 Uniting Financial Services
 Unity Bank Ltd
 Victoria Teachers Ltd trading as Bank First
 Warwick Credit Union Ltd
 Westpac Banking Corporation ●
 Windcave Pty Ltd ●
 Wise Australia Pty Ltd
 Woolworths Group Ltd ●
 Worldline Australia Pty Ltd trading as ANZ Worldline Payment Solutions
 Worldpay Pty Ltd
 Zepto Payments Pty Ltd

OPERATOR MEMBERS

American Express Australia Ltd
 Austraclear Ltd
 Australian Payments Plus Ltd ●
 eftpos Payments Australia Ltd
 Google Payment Australia Pty Ltd
 Mastercard Asia/Pacific [Australia] Pty Ltd
 PayPal Australia Pty Ltd
 Royal Australian Mint
 S.W.I.F.T. Services Australia Pty Ltd
 UnionPay International Co. Ltd
 Visa AP [Australia] Pty Ltd

COIN MEMBERS

A2B Australia Ltd
 First Data Resources Australia Ltd
 Genpact Australia Pty Ltd
 Property Exchange Australia Ltd
 Transaction Network Services Australia Pty Ltd

AFFILIATES

Advam Pty Ltd
 Amazon Commercial Services Pty Ltd
 Armaguard Technology Solutions Pty Ltd
 Change Financial Ltd
 Diebold Nixdorf Australia Pty Ltd
 eBay Commerce Australia Pty Ltd
 EFFISION Australia Pty Ltd
 Giesecke & Devrient Australasia
 Ingenico International (Pacific) Pty Ltd
 Microsoft Pty Ltd
 NCR Australia Pty Ltd
 Optus
 Prosegur SPV 1 Pty Ltd
 Quest Payment Systems Pty Ltd
 Southern Payment Systems Pty Ltd trading as Pin Payments
 Stripe Payments Australia Pty Ltd
 Thales
 Threatmetrix Pty Ltd
 UL Transaction Security
 Verifone Pty Ltd
 Webjet Marketing Pty Ltd

PSP MEMBERS

Armaguard Technology Solutions Pty Ltd
 AXIS IP Pty Ltd trading as Paypa Plane
 BioCatch (APAC) Pty Ltd
 Episode Six Inc
 Evison Pty Ltd trading as MessageXchange
 EzyPay Pty Ltd
 Ingenico International (Pacific) Pty Ltd
 Monoova Payments Pty Ltd
 Optal Australia Pty Ltd
 Pax Technology Australia Pty Ltd
 payFURL ANZ Pty Ltd
 PayOK Holdings Pty Ltd
 Square AU Pty Ltd

● Also a COIN member

Members as at 18 October 2023

GLOSSARY

AES	Advanced Encryption Standard
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing
AP+	Australian Payments Plus
APCS	Australian Paper Clearing System
ASSB	Authorised Standards-Setting Body
BECS	Bulk Electronic Clearing System
CBDC	Central Bank Digital Currency
CDR	Consumer Data Right
CNP	Card-not-present
COIN	Community of Interest Network
CPMI	Committee on Payments and Market Infrastructure
Direct Entry	Payments system for direct debits and direct credits
ECF	Economic Crime Forum
ELNOs	Electronic Lodgement Network Operators
EMV	Europay, MasterCard, and Visa
ETEG	Emerging Technology Experts Group
Fintech	Collaboration between financial services companies and technology innovators
FSB	Financial Stability Board
HSM	Hardware Security Module
HVCS	High Value Clearing System
ISO	International Organization for Standardization
MPoC	Mobile Payments on COTS (commercial off-the-shelf)
NASC	National Anti-Scam Centre (NASC)
NPP	New Payments Platform
PCI	Payment Card Industry
PCI SSC	PCI Security Standards Council
POS	Point-of-sale
PSP	Payment Service Provider
RBA	Reserve Bank of Australia

