

23 August 2023

General Manager, Policy
Australian Prudential Regulation Authority (APRA)
1 Martin Place
Sydney NSW 2000



By email only: policydevelopment@apra.gov.au

Australian Payments Network (AusPayNet) welcomes the opportunity to respond to APRA's consultation on remaking Prudential Standard APS 910 Financial Claims Scheme (APS 910).

As noted in APRA's consultation letter, effective crisis preparedness is critical to a safe and stable financial system. Given our role as the industry association and self-regulatory body for Australian payments, safety and reliability of the payments system is a key strategic focus for AusPayNet. We therefore support APRA's proposal to remake and review APS 910, to ensure that it remains an effective pillar of APRA's crisis management framework.

As part of this review, we encourage APRA to adopt payment method neutrality within APS 910. Over the past two decades, the way Australians make and receive payments has changed significantly. Innovation and evolving customer preferences have led to a marked shift towards more convenient and efficient electronic payment methods. Cheques now constitute only 0.2% of non-cash retail payments, and an increasing share of account-to-account transfers are being made using Australia's fast payments system, the New Payments Platform (NPP).¹

In line with these developments, the Government's recently published Strategic Plan for the Australian Payments System indicated support for winding down the cheques system by 2030, and transitioning away from the legacy Direct Entry payment system, BECS, to more modern payment alternatives such as the NPP.² As part of the phase out of the cheque system, the Government has committed to removing barriers that entrench the use of cheques. This includes adopting payment neutrality in any legislation that currently mandates the use and acceptance of cheques. AusPayNet has had ongoing engagement with Federal and State Governments to support their work on this.

APS 910 currently only specifies two payment methods – electronic funds transfer and cheques. Given the developments noted above, this could limit financial institutions' ability to make the necessary payments to account holders under APS 910 in the future. We therefore encourage APRA to consider amending APS 910 to be payment method neutral as part of the current review of the Prudential Standard. Relatedly, APRA should also review the 'Declaration of a direct participant' section (Attachment B, paragraphs 10-18) to account for any other changes in the payments systems that authorised deposit-taking institutions may participate in since the last review of APS 910.³

¹ Reserve Bank of Australia (2022), [Payments System Board Annual Report 2022](#), 28 September.

² Treasury (2023), [A Strategic Plan for Australia's Payments System](#), 7 June.

³ We also note that APS 910 makes reference to the Australian Payments Clearing Association (APCA). This should be updated to Australian Payments Network (AusPayNet).

Given our expertise in these areas, AusPayNet would welcome the opportunity to assist APRA in making these changes. Please contact [REDACTED], Head of Policy & Insights ([REDACTED]) if you have any further questions on this matter.

Yours sincerely,



Andy White
Chief Executive Officer
Australian Payments Network

AusPayNet is the industry association and self-regulatory body for the Australian payments industry. We manage and develop standards and guidelines governing payments in Australia. Our purpose is to create confidence in payments by setting enforceable industry standards for a safe, reliable and effective payments system; leading transformation in payments to drive efficiency, innovation and choice; and being the home for ecosystem collaboration and strategic insight. AusPayNet currently has more than 150 members including financial institutions, payment system operators, major retailers and financial technology companies.