



# New Payments Platform Update



The Point 2016, Auckland  
November 2016

- What we're doing
- Why we're doing it
- What we've done
- Where are we in our Program?
- What we've learnt

‘People live in real time.  
It’s time that we live in their world too’

NPP Participant

# It's a new era for payments in Australia

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TOMORROW

World- leading payments system that encourages innovation and makes life better.

Evolution of payment methods, demise of cash for better user experiences

Proliferation of third party apps and user-centred innovation with open access infrastructure

Operation of a modern economy with 24/7 payments

Seamless and secure experience with an alias based Addressing service

Data and information rich payment

TODAY

Real time payments in a faster, more connected world

# What we're doing





# Overview of NPP



## BASIC INFRASTRUCTURE

The Basic Infrastructure contains the Switch, Networking, Addressing and Fast Settlement Service (FSS). This provides **the rails that the new payments transactions will travel on.**

NPPA is currently working with KPMG, SWIFT and 13 other participants with NPP Go Live scheduled for late 2017 with 4 key objectives:



Real time payments



Rich Data (ISO20022 compliant)



Availability



Addressing



## INITIAL CONVENIENCE SERVICE

BPAY have been selected to develop the first of many Overlay Services. The ICS will provide a customer proposition for the NPP and a compelling offering for governments, corporations and consumers to take up the NPP as soon as possible after NPP launch.

**The ICS will deliver the first three services to consumers:**



Fast payments (<15 secs)



Pay with document



Request to pay

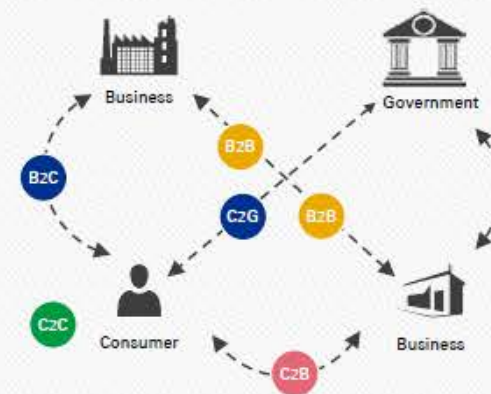


## OVERLAY SERVICES

**More Overlay Services will be developed in addition** to the first three Overlay Services developed by BPAY.

These overlay services could help to **address current pain points experienced across industry sectors by operations and customers** within the B2B, B2C, C2C and C2B space

Note: Government included within Business





# Why we're doing it





## WHY REAL TIME PAYMENTS, WHY NOW?

### TECHNOLOGICAL CHANGE AND INNOVATION

Improvements in technology has reshaped the payments landscape

### PAYMENT CHANNELS ARE EVERYWHERE

They're moving out of our wallet and into our devices

### SECURITY AND TRACEABILITY

Individuals, businesses and the government need to uplift security controls associated with data traceability and payments fraud.



### 01 DIGITISATION

Mobile and digital adoption is growing rapidly

### 04 CUSTOMER PREFERENCES AND BUSINESS GOALS ARE CHANGING

Cash is no longer king and speed/simplicity of payments is crucial

### 06 FINTECHS

Fintechs are disrupting existing payment processes and organisations need to respond

01



## TECHNOLOGY CHANGE AND INNOVATION

is empowering consumers with convenience and choice. Businesses should periodically review their technology strategy roadmap to determine their competitiveness.



New technology is changing the way we communicate, transact and experience the world.

We now have more ways to pay than ever before...and new technological innovation through digital channels is driving this rapid disruption.

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## DIGITISATION



Almost **40%** of Australian jobs could be replaced by technology in 2025<sup>1</sup>



More digital content is created than can be consumed every **60 SECONDS**<sup>2</sup>



**< 60 m**<sup>3</sup> ATM transactions a month, representing the lowest level in a decade (2015)



**43%** projected growth (\$8.8b) on mobile device consumer spend<sup>4</sup>



# WHY REAL TIME PAYMENTS, WHY NOW?

## TECHNOLOGICAL CHANGE AND INNOVATION

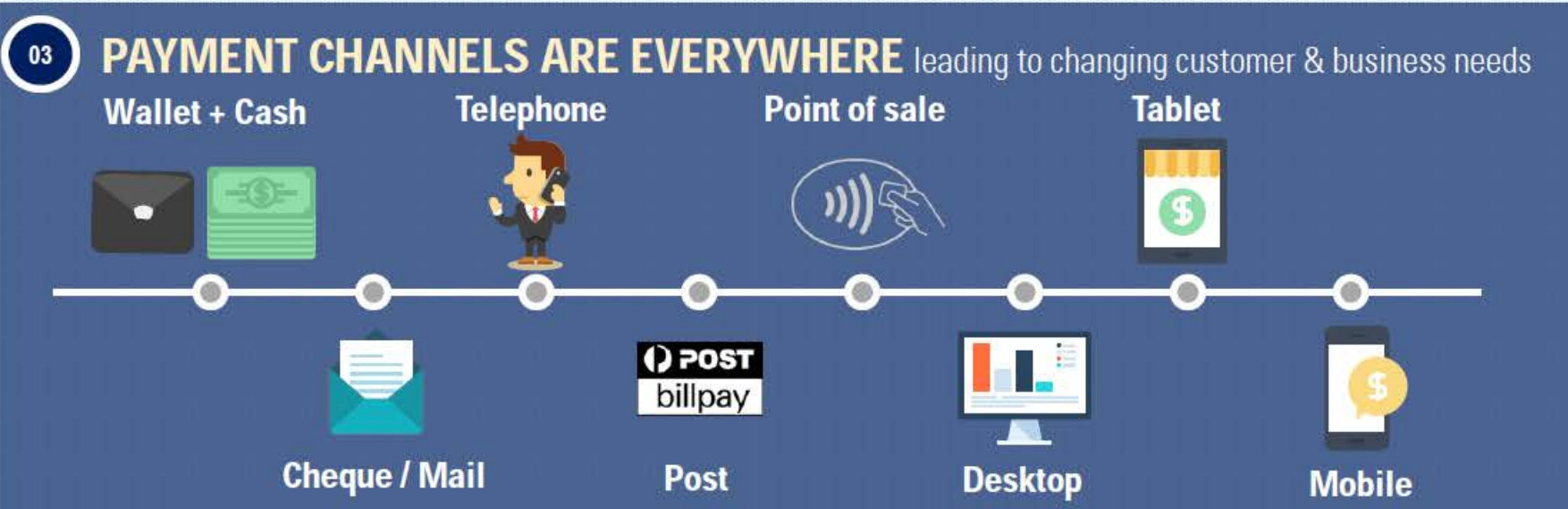
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More than  
**770,000**  
Australians were victims of  
**IDENTITY THEFT**  
in 2015 alone, costing the average victim <sup>1</sup>  
**\$4,000**

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**PAYMENTS FRAUD**




In March 2015, stolen card details were fraudulently being used every 20 seconds, resulting in  
**133,000** transactions per month <sup>2</sup>


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**GLOBAL COST:**  
CREDIT CARD FRAUD <sup>3</sup>

**\$16.3B**





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**FINTECHS** are disrupting traditional business models established by banks and organisations.

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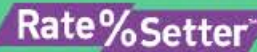
**Digital Currency**





**Foreign Exchange**



**P2P Lending**



**Simplified Payments**



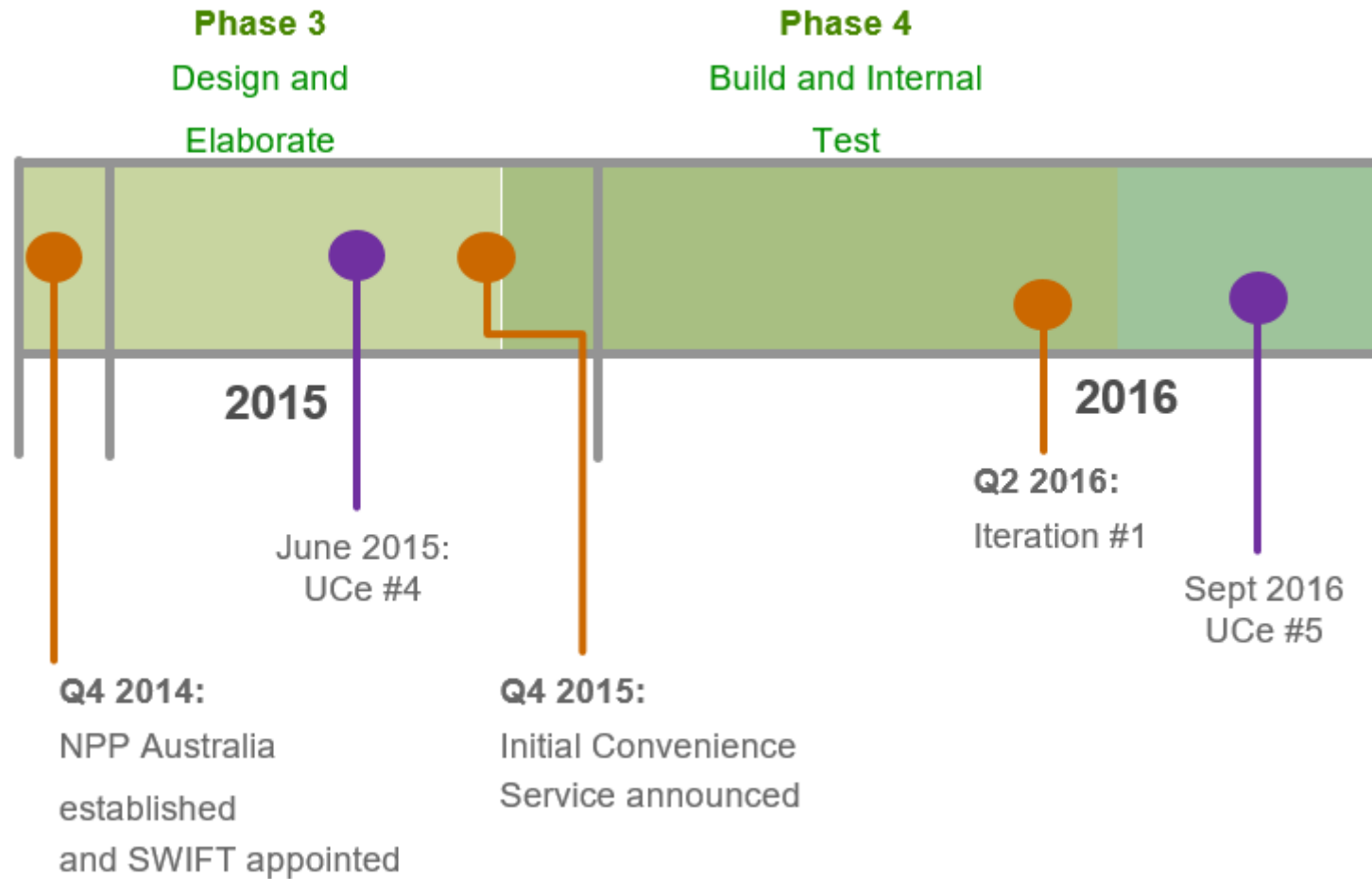
**FINTECHS** are increasingly penetrating the payments space through digital innovation.



# Where are we in our Program?

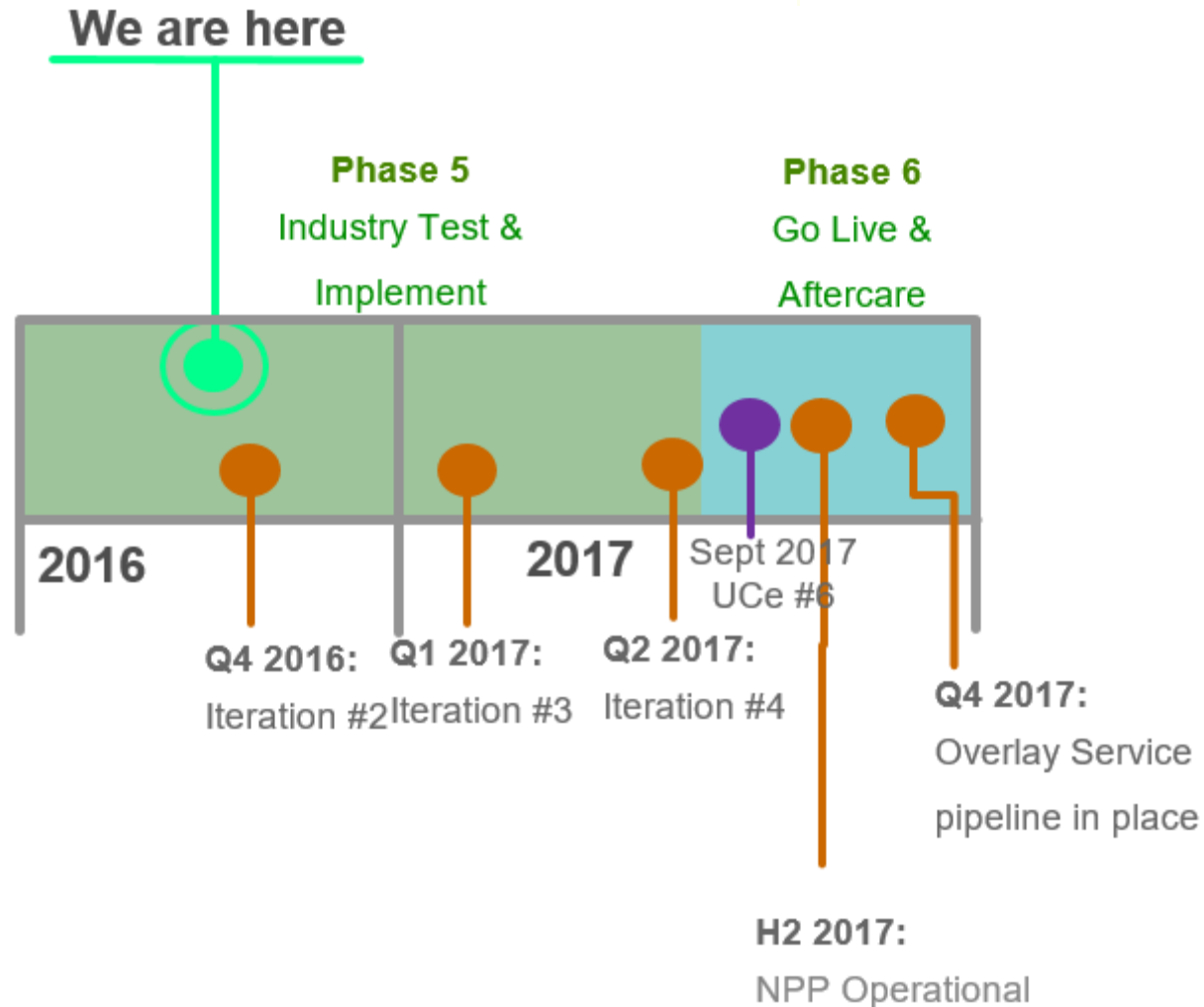


# Where have we been?





# What's left to do?



# A few extra aspects





## Purpose/Mission

To build & operate a fast, versatile & data rich payments system for Australians and provide a platform for future growth & innovation

## Vision

An economically self-sustaining (not profit-maximising) industry utility infrastructure and a key voice & participant in the broader payments community

## Key Result Areas

### Infrastructure/ Operations

Ensure it is fit for purpose, viable, robust, reliable & easy to use

### Innovation

Provide a platform for & facilitate the future growth & development of new overlay services

### Stakeholder Engagement

Engage, promote, encourage, and facilitate fair & open participation

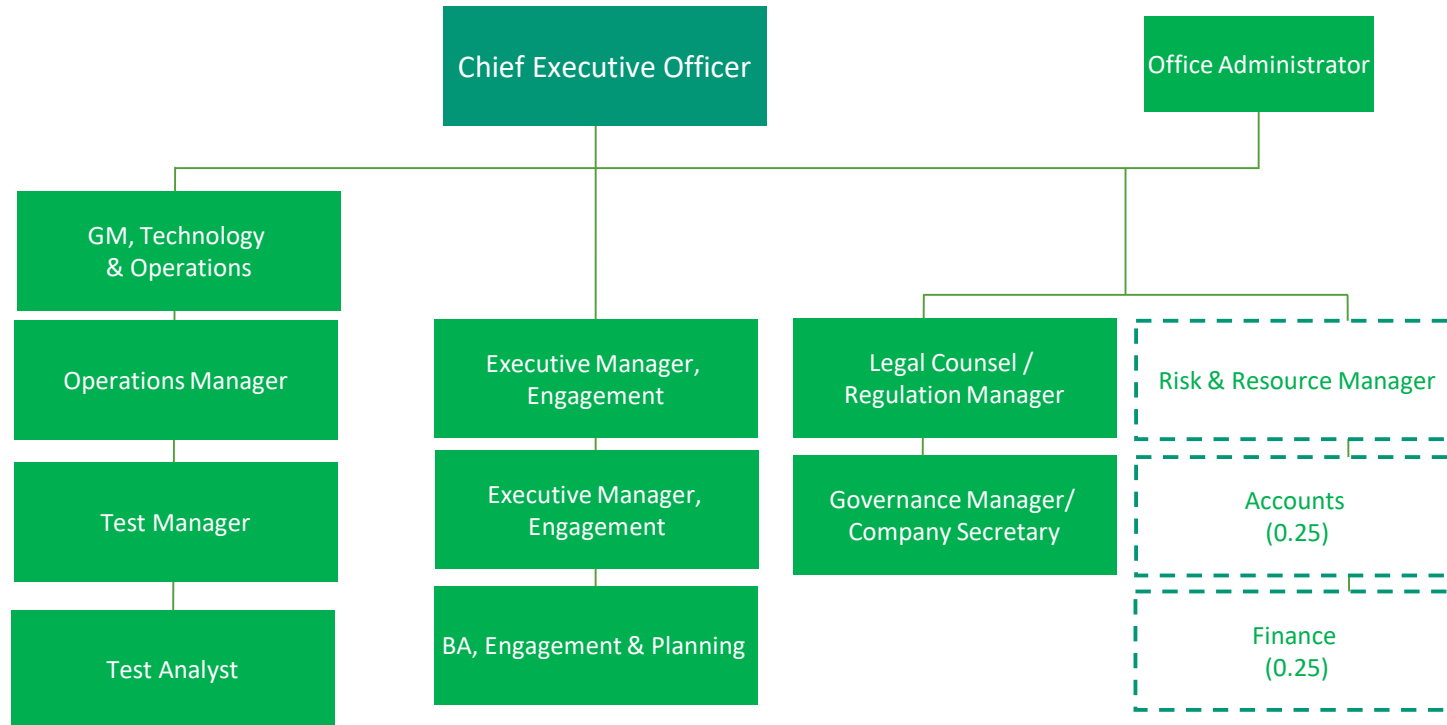
### Industry Participation

Be a credible industry voice and promote and facilitate systemic evolution

### Governance

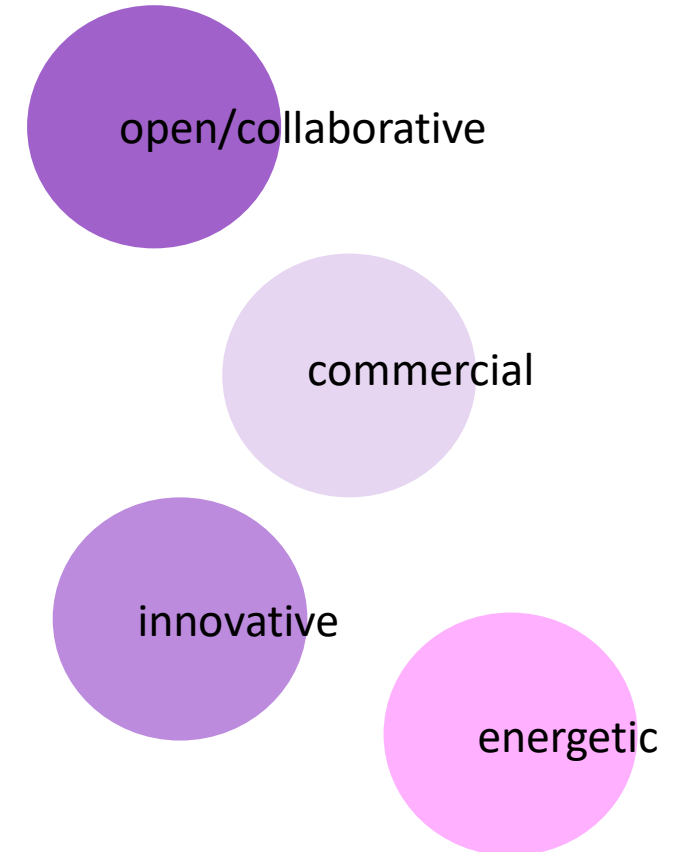
Maintain strong, open governance structures & controls

# NPPAL Structure



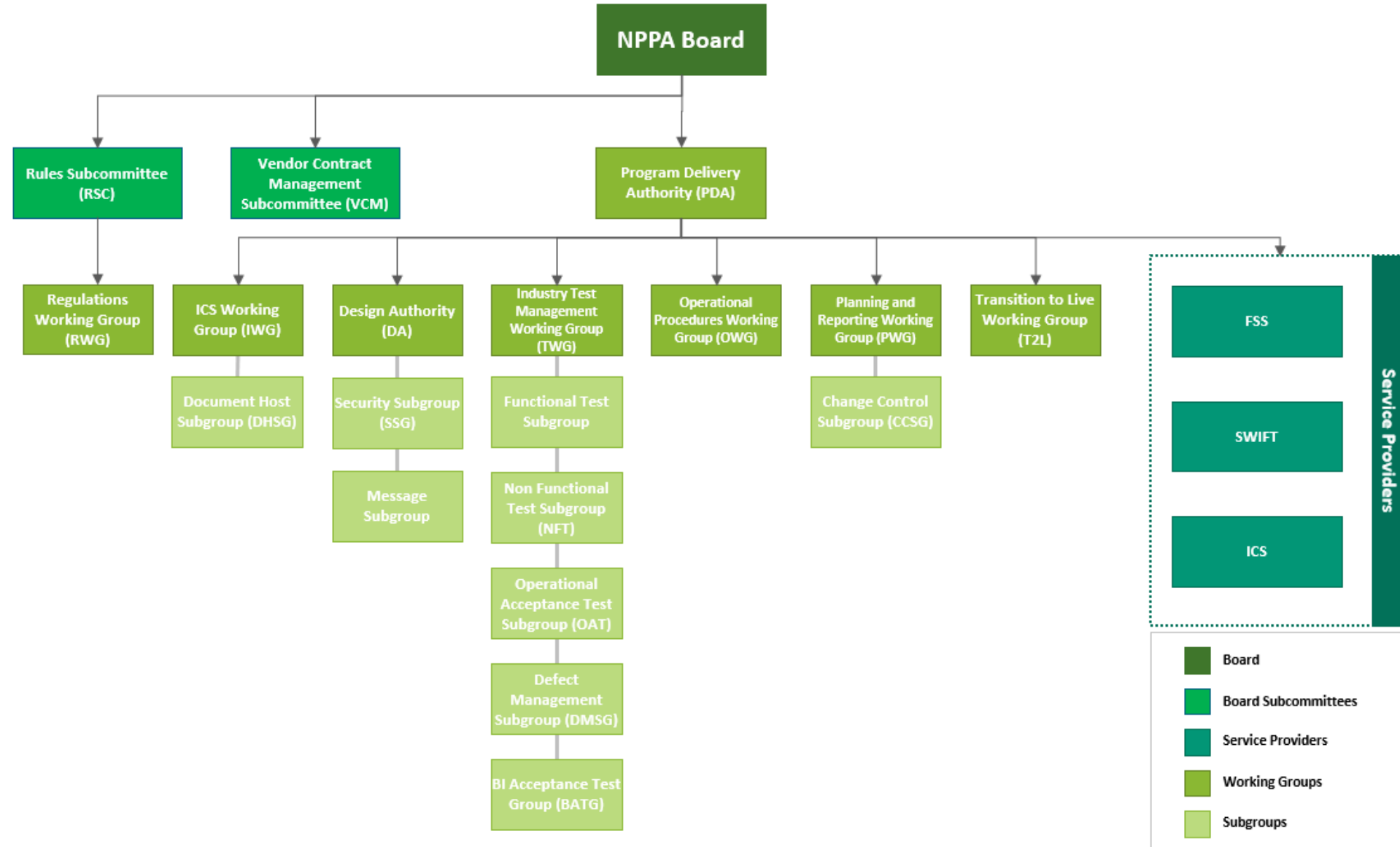
Sourced from APCA

## Desired Culture for NPPA

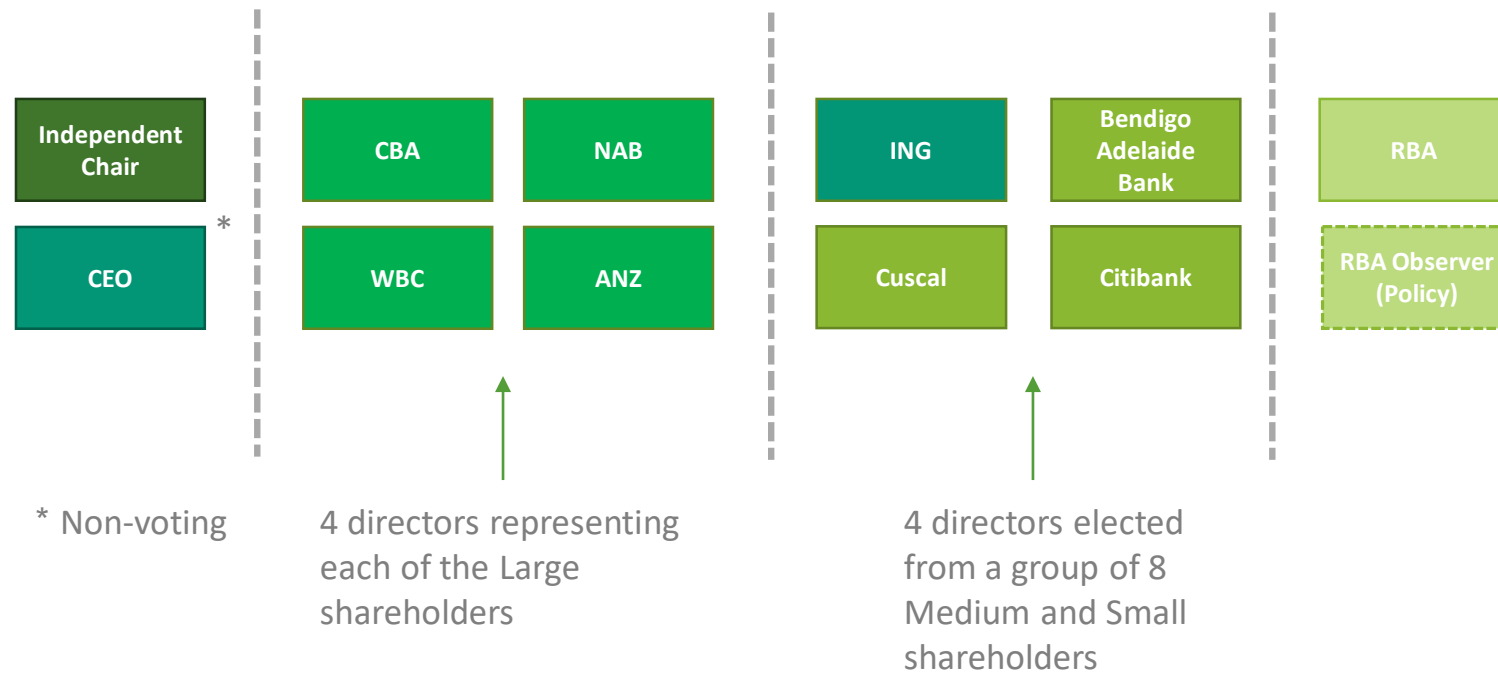




# Program Management Structure



# NPPA Board Structure



# What we've learnt





- Structure and process
- Take the time
- Invest the resources
- Have the hard conversations early
- Utilise opportunities
- Collaborative activity (...this is a change management exercise)
- Get senior executives on the Board
- Focus on “Go Live” criteria at the beginning, not the end

- **We are delivering this for us – Australia:** While we are aware of overseas examples, we are not replicating them.
- **We are building this for the whole industry:** We are building an open access system that can reach every Australian ADI account.
- **Avoid too much complexity – keep it simple:** We deliberately separated the Basic Infrastructure from overlay services to ensure we do not over engineer the solution.
- **Focus on the long run:** Don't think about building something for today's problems. Think about building something for the long run, that will last.
- **Commitment and interest is strong:** We currently have 13 participants including the RBA, and a strong willingness to attract additional players.

IF YOU WANT TO GO FAST,  
GO ALONE.

IF YOU WANT  
TO GO FAR,

go  
TOGETHER.

- african proverb

