

New Payments Platform	Level 9 420 George Street Sydney 2000 Australia	www.nppa.com.au
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Efficient, simpler, stronger payments infrastructure for Australia

4 June 2020

The RBA's *Review of Retail Payments Regulation* ([published 29 November 2019](#)) invited views about whether any changes or consolidation of the various Australian domestic payment arrangements might be worth considering. RBA Governor Philip Lowe also referred to this in a keynote address to the [AusPayNet Payment Summit on 10 December 2019](#).

As one of the organisations specifically mentioned in the RBA Review, the NPP Australia Board considered that it had an obligation to consider this issue further and therefore tested preliminary views amongst its shareholders. The view of NPP Australia shareholders was that reviewing the structural arrangements for the domestic schemes and organisations was worthy of serious exploration in order to deliver more efficient, simpler, stronger domestic payments infrastructure, and to deliver better services to Australian consumers and businesses, with a number of key benefits:

- for the public interest, by facilitating the development and faster delivery of new payments functionality that will benefit consumers, merchants/SMEs and institutional customers alike;
- for the payments industry, by maintaining a sustainable, resilient and scale alternative to global schemes and technology companies, that enables continued innovation, a low cost of acceptance and effective risk management: and
- for BPAY, eftpos and NPP Australia and their shareholders, via faster speed to market, integrated product roadmaps and more efficient deployment of capital.

These potential benefits have been further emphasised by the COVID-19 pandemic which has:

- accelerated the trend away from cash towards digital payments including online and in-app; and
- highlighted the importance of targeted investment, resilient systems, and reduced complexity.

Given these factors, the NPP Australia Board and shareholders consider there is merit in exploring whether potential consolidation of BPAY, eftpos and NPP Australia into a single entity under the current ownership might advance the public interest and be in the interest of all stakeholders.

As indicated by the RBA in its Review, this kind of development is not without precedent, with similar consolidation of domestic payments infrastructure imposed by the UK Payment System Regulator in 2017, and a market led approach by Singapore in 2017 when NETS acquired BCS and BCIS.

The NPP Australia Board has consulted a number of its shareholders, who are also shareholders in BPAY and eftpos, along with other stakeholders and it is clear from this process that there is appetite to explore the potential case for consolidation. Given the level of initial shareholder support, the NPP Australia Board has resolved to facilitate the creation of an Industry Committee as a structured, independent forum, with a legal foundation, in which the 22 shareholders of the three organisations will be invited to participate to continue discussions on this matter. The intention of this Committee is to create an inclusive forum that can collectively consider whether the consolidation of the three entities into one organisation might be in the public interest and in the interests of the entities' existing shareholders, and if so, how to best achieve that.

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The Industry Committee is intended to focus on issues of ownership, structure, and corporate governance. This process would be independently chaired and supported by independent resources. It is anticipated this process could take 6-9 months, including obtaining the necessary regulatory approvals before any recommendations on potential outcomes are finalised. NPP Australia have met with the ACCC and RBA Policy and advised them of this process. RBA Policy will be invited to participate in the Industry Committee as an observer.

The NPP Australia Board sees its immediate role to be a facilitator in establishing the proposed Industry Committee. From that point forward, NPP Australia will step back but continue to be an active supporter and participant, alongside others, in exploring possible future improvements for the domestic payments industry in Australia.

All statements attributed to Bob McKinnon, NPP Australia Chair

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Further enquiries:

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About the New Payments Platform

On 13 February 2018, the New Payments Platform commenced rolling out to customers of participating financial institutions. Since then more than 90 banks, building societies and credit unions have introduced real-time data-enhanced payment services to their customers:

- There are more than 67 million accountholders that can now make and receive payments via the NPP (estimated at about 90 per cent of all accounts that will eventually be reachable)
- During the month of April, an average of 1.3 million NPP payments worth an average of ~\$4 billion transacted every day on the NPP
- There are more than 4.8 million PayIDs registered