

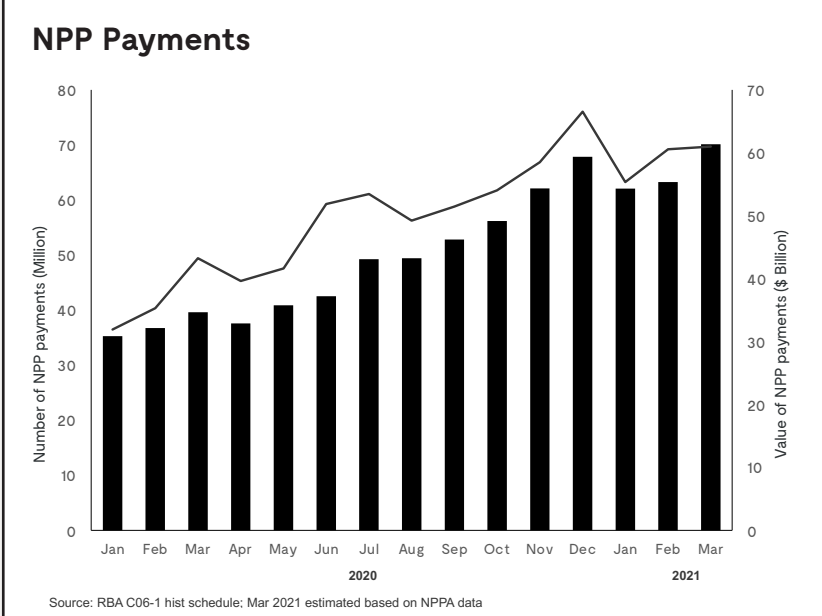
NPP Australia is committed to extending and enhancing the capability of the New Payments Platform (NPP) to meet the needs of the wider payments ecosystem. This document provides an update on the NPP roadmap delivery.

### NPP Fast Facts

|   |  |  |
|---|--|--|
| <b>105+</b><br>Participating Financial Institutions (including subsidiaries/sub-brands) | <b>75 million</b><br>NPP reachable accounts (can make and/or receive NPP payments) | <b>2.2 million</b><br>Average daily NPP transactions               |
| <b>6.7 million</b><br>Number of registered PayIDs                                       | <b>PayID</b>   | <b>New Payments Platform</b>                                       |
|   |  | <b>~\$4 billion</b><br>Average daily value of NPP payments         |
|   |  | <b>\$19.8 billion</b><br>Largest single transaction across the NPP |
| <b>27% share</b><br>Of all account to account credit payments                           | <b>\$1.7 trillion+</b><br>Total cumulative value of NPP payments since launch      |  |

**As of 26 April 2021**

## NPP snapshot - April 2021



### Volumes

**2.2** million payments/day

The platform now processes an average of 2.2 million NPP payments every day, accounting for close to 27% of all account-to-account credit payments in the market.

2021 YTD transaction volumes are up 75% and transaction values are up 60% YTD. The monthly value of NPP payments is now close to the combined level of debit and credit card transactions in the market<sup>1</sup>.

NPP account reach continues to grow with 75 million accounts now able to make or receive NPP payments. In the last six months more than 3 million accounts have been enabled for NPP payments. More organisations are expected to start offering NPP payment services during the course of the year. In terms of domestic retail bank accounts, only one regional bank and four small financial institutions are not currently participating in the NPP.

### Platform Reach

**75** million accounts

1. Source: RBA Payment statistics



## PayID update

There are now 6.7 million registered PayIDs, growing close to 20% since the start of this year with an average of 60,000 new PayID registrations added every month. Over 100 banks and other financial organisations are now offering customers the ability to link a PayID to their bank account.

More businesses are choosing to use PayID to receive payments from their customers in real-time linking unique PayIDs for each customer to their account to enable easy reconciliation and we expect to see this trend continue during the course of the year.

**6.7** million  
PayIDs  
registered



## Growing corporate use of the NPP

The NPP delivers benefits beyond just the speed of payment including real-time confirmation of a payment and real-time access to enhanced data and reporting via APIs which can be used for automated reconciliation.

Use of the platform by corporates is growing as more organisations seek to avail themselves of the benefits of the NPP. Recent use-cases include disbursement of funds for taxi drivers, gig economy workers and insurance payments.

### Case study spotlight



Chubb Insurance, a global provider of insurance products, have worked with their financial institution ANZ, to use the NPP to make claim payments to customers in real-time using ANZ's API connectivity and NPP's PayID capability, resulting in a better experience for Chubb Insurance customers.

In addition to offering a better customer experience, corporates can benefit by reducing operating expenses via more streamlined processes, particularly in relation to failed payments, and by getting better information related to payment processing, such as the real-time status of payments.



## Listen to our podcast series, [NPP Soundbites](#), to hear more about how different organisations are using the NPP's capabilities.

### Access to the NPP



**105+**  
participating  
organisations

NPP's access framework has a range of access options, both direct and indirect, suitable for ADIs and non ADIs.

More than 105 banks, credit unions, building societies and fintechs are connected to the NPP - 11 directly and more than 95 indirectly. This includes five non-bank organisations who have chosen to connect indirectly to offer NPP payment services to their customer base.

The NPP has been intentionally designed to be pro-access, encouraging broad participation while maintaining safeguards needed for a real-time payments system and ensuring the ongoing protection of consumers.

In determining its access framework, NPP Australia primarily relies upon the existing Australian regulatory licensing regime determined and supervised by the appropriate regulatory authorities.

NPP Australia has called for an e-money licence to be created (as a regulatory category between an AFSL and an ADI) on four separate occasions in responses to various regulatory reviews<sup>2</sup>.

If a new class of regulated entity under the e-money licence is created in the market, NPP Australia stands ready to support these changes when they are introduced, as we did previously when APRA created the new class of regulated entity under the Restricted ADI license in March 2018. The NPP access framework is flexible enough to be modified to adapt to any changes in the broader licensing regime as it may evolve.

2. Productivity Commission 2018. RBA/ACCC Review into NPP Access and Functionality 2018, Senate Inquiry into Fintech 2019, RBA Review into Retail Payments Regulation 2019

## NPP Roadmap October 2020

NPP Australia is focused on building broad native capability, beyond simple credit transfers, which will support a range of use-cases and meet the needs of a diverse range of payment users.

In October 2020, NPP Australia published its biannual NPP roadmap which had three main areas of focus<sup>3</sup>.



Over the past six months since the October 2020 NPP roadmap was published, NPP Australia has been working with participating institutions to progress delivery of these capabilities, particularly those minimum mandatory capabilities required to establish network effects.

## Business Services

These capabilities are being delivered as business services with their own set of rules for processing the different payment types.

Third parties, whether they be fintechs, businesses, corporates, service providers or government, can use these business services in a variety of ways and incorporate them into their own product and service offerings, outside of the platform.



## Delivering data-rich message standards

The NPP enables additional data to be carried end-to-end together with the payment. NPP Australia has developed message usage guidelines for specific payment types, namely payroll, tax, superannuation and e-invoicing payments which are intended to bring the structured data capabilities of the platform to life.

These message guidelines define the use of category purpose codes to identify these payments and specify certain data elements that should be included in the payment message. This ensures a standardised approach to how data is carried with the payment and consistent end-to-end transmission of that data from the Payer all the way through to the Payee.

This capability is now available as a new business service having been implemented as part of the platform's infrastructure release in April 2021 with NPP participating financial institutions able to receive NPP payment messages formatted with additional defined data elements for payroll, tax, superannuation and e-invoicing.

## Benefits of NPP data capabilities:

- More business automation
- Improved reconciliation
- Enriched reporting
- Prevention of financial crime

3. More information on the NPP roadmap is available [here](#).



## Enabling third party payment initiation

NPP Australia has been working with the financial services industry to develop capability that will enable customers to authorise third parties to initiate payments from their bank accounts using the NPP. This new business service is foundational capability that will enable a broad range of use cases and will provide a springboard for future innovation.

The programme name 'Mandated Payments Service' was a working industry title. A market facing name for the service has been developed: PayTo.



**For Payer  
Customers**

PayTo enables a more digital and enhanced customer experience, providing customers with more visibility and control over their payment arrangements. The functionality goes beyond being just an alternative for direct debit by also supporting the linking of bank accounts for in-app payments, card-on-file type arrangements (such as Uber), funding for other payment options such as digital wallets and BNPL services and for recurring e-commerce payments.



**For  
Business**

PayTo will also deliver tangible benefits to parties wanting to initiate payments such as real-time account validation, confirmation of funds availability and confirmation that the payment has been made.

For more information visit [www.payto.com.au](http://www.payto.com.au)

The delivery of the PayTo service is a key priority for NPP Australia and the industry. Implementing this critical capability is a multi-year programme of work requiring significant change to existing back-office processes, technical systems and customer facing digital channels.

The programme is now in build and implementation stage and considerable progress has been made across the industry to prepare for the delivery of this capability with the mobilisation of significant resources across more than 100 participating financial institutions.

However, due to the degree of internal work required and the impact of unexpected external factors, namely the COVID-19 pandemic, which diverted resources and funding for a considerable part of 2020, it is clear that some additional time will be required by a critical mass of financial institutions to complete the work required to deliver the service, including comprehensive industry testing.

Based on this, the delivery date for the implementation of this mandatory capability has been extended from early 2022 to mid 2022. Extending the implementation date to this time increases confidence of a critical mass of participation in the initial roll-out of the service, delivering the necessary network effect for market uptake.

Despite this adjustment to the mandatory implementation date, the programme of work to bring PayTo to life continues and further updates will be provided to the market as this work progresses.



## Enabling write access under Consumer Data Right

PayTo has been designed to support customers to instruct third parties to initiate payments in real-time from their bank account as envisaged under CDR. As referenced in the Future Directions of the Consumer Data Right report<sup>4</sup>, the delivery of the PayTo service could be one means by which financial institutions can meet any potential obligations to deliver payment initiation under CDR.

PayTo builds upon the existing NPP infrastructure and leverages existing features and protections operating within the NPP today, specifically use of PayID, fraud prevention, liability allocation and risk management processes. With a comprehensive rules framework, liability model and robust governance already in place, PayTo supports third party payment initiation in a safe and secure manner requiring only one access point, and a range of either indirect or direct access options, including streamlined options for organisations with CDR accreditation.

4. See <https://treasury.gov.au/review/future-directions-consumer-data-right/final-report>



## Access and accreditation

Third parties that want to use the PayTo service to initiate payments will have a range of access options, both indirect and direct.

Initiating payments from 100+ financial institutions



via 1 access point

A key feature of the service is that third parties can reach any one of the 75 million NPP enabled accounts via just one access point, either through a commercial agreement with an NPP sponsoring organisation or as an NPP Connected Institution.

This is an important differentiator to other markets, such as the UK, and removes the need for fintechs or other third parties wanting to initiate payments to integrate with each and every financial institution where their customers hold their bank accounts – or the need to use intermediaries.



### Indirect access:

Third parties seeking indirect access are not required to be accredited under the NPP access framework.



### Direct access:

For Connected Institutions, we have sought to align our certification and accreditation requirements with the CDR ACCC accreditation model. If an applicant is already a CDR-accredited data recipient, they are likely to have already satisfied many of the criteria required by NPP Australia. This also means that the certification and accreditation fee<sup>5</sup>, one of the key upfront costs payable, will be lower for CDR accredited data recipients.

The other main upfront cost payable by a Connected Institution relates to the purchase of NPP componentry or NPP gateway which the organisation installs in their operating environment. This hardware and software are supplied to a Connected Institution by NPP Australia, on a cost recovery basis<sup>6</sup>.

### Connectivity costs for Connected Institutions:

- a) NPP payment gateway (cost recovery basis)
- b) Certification and accreditation costs
  - will be lower where CDR accreditation is in place
  - will not apply for certain regulated institutions



## Extending API capabilities

APIs play an important role in enabling third parties to use the NPP's capabilities and the development of seamless and integrated payment experiences. Next month, NPP Australia will extend the NPP API framework (version 5.0) to include sample APIs that will support key functions for the PayTo service, such as PayTo agreement creation, verification, and PayTo event notification APIs. The NPP dynamic sandbox offered will also be updated to include these sample APIs, thereby enabling third parties to test these APIs in a sandbox environment.

We anticipate continuing to see a number of NPP participating financial institutions make their APIs available in the market this year or continuing to extend out their existing API capabilities (NPP Australia itself is not exposing APIs for use on the NPP).



## Supporting the use of QR codes

There is increased interest in the potential use of QR codes in the market, particularly given the pivotal role that QR codes have played in the COVID-19 pandemic and people's increasing familiarity with them as a result. Based on industry feedback, NPP Australia is planning to enhance the current NPP QR code standard to cater for loyalty as well as enable the use of a QR code together with the PayTo service, consistent with work being led by AusPayNet.

NPP Australia will consult further with industry before releasing an updated version of the standard later this year. Subject to ACCC authorisation, the proposed amalgamation of eftpos, BPAY and NPP Australia will facilitate the coordinated deployment of QR codes across the three entities, in accordance with an agreed standard.

5. Including certification fees levied by NPP Australia's retained third party assessor

6. Other costs apply to installing this payment gateway including vendor network partner fees



## NPP Participant capability development

NPP participating financial institutions have their own roadmaps and priorities in terms of capability they plan to make available to their customers, such as APIs or the ability to process bulk payment files via the NPP. Organisations interested in understanding how they can best utilise the platform's capabilities should consult with their financial institution or payments provider to understand what NPP services they are offering and their plans for future capability development.

### Preparing for migration of Direct Entry volumes

Payments made by the NPP move value in real-time between bank accounts, are available 24/7/365 and can carry more data.

Many NPP participating financial institutions are looking to migrate existing Direct Entry payments to the NPP over time, in anticipation of the retirement of the legacy Direct Entry system at some point in the future<sup>7</sup>. To support this effort, NPP Australia continues to focus on ensuring the underlying capabilities are in place to support the migration of these payments to the NPP in a safe, secure and standardised manner.



## More information

NPP Australia will provide a further update on the NPP roadmap in October 2021.

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