

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.

NPP Fast Facts

105+

Participating Financial Institutions (including subsidiaries/sub-brands)

76+ million

NPP reachable accounts (can make and/or receive NPP payments)

2.8 million

Average daily NPP transactions

8.7 million

Number of registered PayIDs



New Payments Platform



~\$3 billion

Average daily value of NPP payments

\$19.8 billion

Largest single transaction across the NPP

31% share

Of all account to account credit payments

\$2.6 trillion+

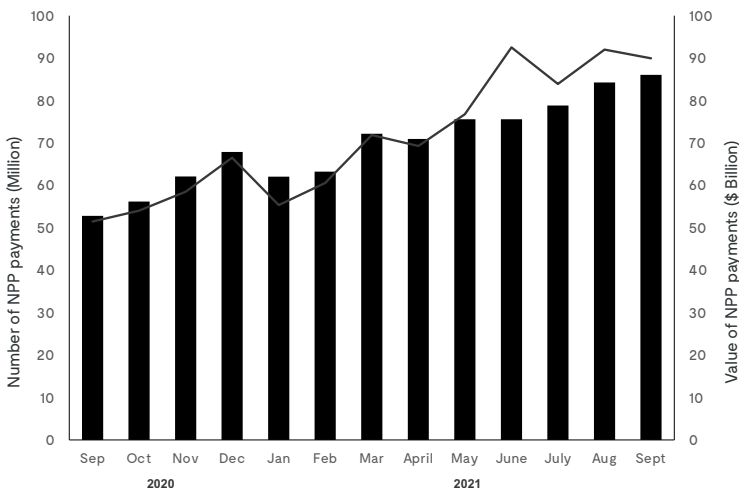
Total cumulative value of NPP payments since launch

As of 25 October 2021



NPP snapshot - October 2021

NPP Payments



2.8 million payments/day

NPP's strong growth trajectory has continued in 2021 with the platform currently processing an average of 2.8 million NPP payments every day, worth in excess of \$3 billion.

Transaction volumes are up 63% and transaction values by 75% compared to September 2020.

More than 30% of all account-to-account credit payments are now done via the NPP with most single 'pay anyone' retail payments being processed as real-time payments.

Source: RBA C06-1 hist schedule; Sept 2021 estimated based on NPPA data



Expanding reach and participation

Platform reach

76+
million accounts

More than 76 million accounts are now able to make or receive NPP payments. Most domestic retail bank accounts, with a few exceptions, have been enabled for NPP payments and a large proportion of business and corporate accounts.

The platform offers a range of direct and indirect access options, designed to suit both ADIs and non-ADIs. More than 105 banks, credit unions, building societies and a growing number of fintechs are connected to the NPP today, with the vast majority connecting indirectly.

Access to the NPP

105+
participating organisations

Recently NPP Australia welcomed Wise Australia as the latest NPP Participant and Zepto has been approved as the first non-ADI to connect directly to the platform as an NPP Connected Institution.



Access and Licensing

The NPP is an open access payments system with a graduated access framework that balances security and risk according to the regulatory status of an organisation and what that organisation is seeking to do.

In determining its access framework, NPP Australia primarily relies upon the existing Australian regulatory licensing regime determined by Parliament and supervised by the appropriate regulatory authorities. When a new class of regulated payments license is introduced, as has been recommended over a number of years¹, NPP Australia has committed to aligning its access framework accordingly.



Growing use of PayID

There are now 8.7 million registered PayIDs, a 60% increase since the same time last year with 250,000 new PayID registrations on average being added every month. More than 100 banks and other financial organisations now offer customers the ability to link a PayID to their bank account(s).

Approximately 13% of NPP payments are initiated by the payer using the payee's PayID, a 30% increase since March 2021. A growing number of small businesses are choosing PayID to receive payments from their customers in real-time².

Organisations are also choosing to use PayID as a receivables solution by linking unique PayIDs for each customer to the organisation's bank account. This supports easy reconciliation as each payment can be reconciled back to individual customers without requiring the customer to input the required information.

8.7 million
PayIDs registered

“ Having a PayID payment straight away, directly into my account, is a huge bonus for a growing business like mine.

Melissa, Owner, Geelong Candle Co

“ I'm a pilates instructor, I'm not tech savvy; figuring out how to teach classes online was enough! But setting up a PayID in my internet banking was really simple. I use my phone number as my PayID because my clients already have that.”

Casey Bennett, The Pilates Basement

PayID benefits for businesses



Low cost payment option



Better cash flow - funds received in less than a minute, 24x7



Quick and easy to set up



More reconciliation information with up to 280 characters



Mobile and always accessible

1. 2014 Financial System Inquiry recommended PPFs be reviewed; Productivity Commission in 2018 recommended that CFR review PPFs; In 2020 the Final Recommendations from the CFR Review into SVFs was published and in 2021, Treasury's review into Payments Systems Regulation called for a single, tiered payments licensing framework

2. To see how more small businesses are using PayID, see 'PayID in Action'



Confirmation of payee

PayID's confirmation step whereby the payer receives confirmation of the person or business being paid before the payment is processed is one of the key benefits of PayID.

NPP Australia continues to work with the industry and participating organisations to explore how PayID can be further leveraged as part of broader industry efforts to help prevent scams and reduce mistaken payments, including for B2B or system generated payments.

“ PayID is great because our supporters know they are paying the right bank account, they see our name before they confirm the payment.

Jeremy Lawrence, Founder, Streets Alive Yarra

87% of customers who have registered and used PayID see it as a secure way to send or receive money³.



Increasing corporate and government use of the NPP

Benefits:

- Always available
- Better customer experience
- Information in real-time, including status of payments
- Reduced manual handling and exceptions
- More efficient working capital management

More corporates and government agencies are seeking to avail themselves of the benefits of the NPP, which extend beyond just the speed of payment.

In addition to creating better experiences for customers, corporates can benefit from more efficient working capital management, reduced exceptions processing and access to better information in real-time such as the status of payments. More payment services are becoming available, catering to the needs of corporate customers, such as API driven payment solutions for real-time account payables and receivables.

Recent use-cases include the immediate disbursement of funds for taxi drivers, gig economy workers, personal loans and insurance claims. The NPP is also being used to support real-time funding for a range of scenarios including outbound cross-border payments and share trading.

The NPP has continued to play an important role in supporting the Australian economy navigate the COVID-19 pandemic. The NPP's real-time capability has been critical for government departments making vital emergency relief payments, seven days a week, and in many cases less than an hour after an application was submitted. The platform has been used to administer more than 17 million disaster payments during the pandemic⁴.



Supporting bulk and Direct Entry payments on the NPP

NPP payments move value in real-time between bank accounts, are available all day, every day, and can carry more data. Many NPP participating organisations are looking to migrate existing Direct Entry payments, typically submitted in bulk files today, over to the NPP. This is in anticipation of the retirement of the legacy Direct Entry system at some point in the future⁵.

This migration is anticipated to deliver a number of benefits including simplification, processing efficiency as well as combating financial crime and reducing fraud.

To support this effort, NPP Australia continues to focus on ensuring the underlying capabilities are in place to support the migration of these payments in a safe, secure and standardised manner. The exact timing for when these payments might move to being processed on the NPP will be driven by the timing of individual financial institutions and their corporate clients.

Interested organisations should consult with their financial institution or payments provider to understand their specific plans and service offerings.

“ The migration away from BECS will ultimately benefit all stakeholders and will be assisted by early transition planning to simplify the process and allow for a prompt and orderly migration away from BECS at an appropriate time.

Future State of Payments Action Plan – AusPayNet August 2020

Bulk payments can be submitted in a range of formats including:

File formats as submitted today (files are then 'de-bulked' into single NPP payments by the NPP participating organisation receiving the file for processing)

APIs (including Batch Payment APIs)

ISO 20022 formatted messages

3. NPPA research April 2020 based on a survey sample of 2,520 respondents

4. Michele Bullock, Assistant Governor (Financial System) at an appearance before the Senate Economics Legislation Committee (Supplementary Estimates), 28 October 2021

5. See <https://www.auspaynet.com.au/insights/consultations/future-state>

NPP Roadmap October 2021

NPP Australia is committed to 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. The October 2021 roadmap is focused on the delivery of two key business services, which all NPP participating organisations are required to support:



Enabling third party payment initiation

Supporting international payments

By end June 2022

By end April 2023

Customer authorised payments initiated by third parties

Safer, faster inbound international payments with complete payer information

NPP technical capability implemented by Dec 2021
Service delivered from end June 2022¹

NPP technical capability implemented by Dec 2022
Service delivered from end April 2023¹

1. Effective compliance date as designated by the NPP Australia Board

Business Services

Business services have their own set of rules for processing these different types of payments. Third parties, whether they be fintechs, businesses, corporates, service providers or government, can choose to use these business services in a variety of ways. This will drive competition and innovation 'at the edges' as organisations incorporate these capabilities into their own product and service offerings outside of the platform.



Enabling third party payment initiation

NPP Australia has been working with the financial services industry to develop PayTo - a new, digital way for businesses to initiate real-time payments from customers' bank accounts.

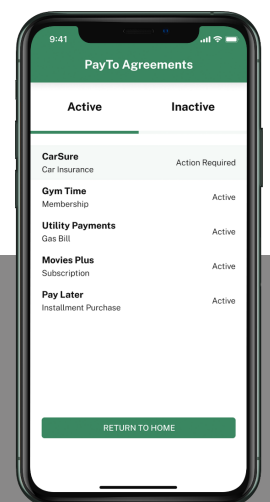
Core to the PayTo proposition is a seamless digital customer experience, that gives customers visibility and control over their payment arrangements. Benefits of the service include real-time account validation, confirmation of funds availability and real-time confirmation when a payment has been made. This new business service is foundational capability that will enable a broad range of use cases and provide a springboard for future innovation.

Delivering PayTo 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. Significant progress continues across more than 100 participating organisations in preparation for the service which is on track to become available from end June 2022. This includes directly connected NPP participating organisations upgrading their NPP infrastructure by the end of 2021 as a key required milestone.

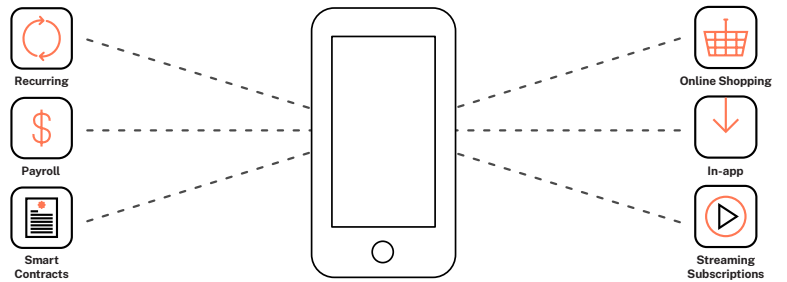
It is a mandatory requirement for all NPP participating financial institutions to enable their payer customers to be able to authorise new PayTo agreements and process any associated payments by mid 2022. It is anticipated that NPP participating organisations will begin to roll out PayTo payment initiation services, including to third parties via APIs, from the second half of 2022.

Like all payments services, establishing the required network effect for PayTo will be important in driving take up. NPP Australia are working with NPP participating organisations to ensure a critical mass of participation at the initial stage of roll-out. An element of service variability will be inevitable during these early stages as the number of participating organisations and reachable accounts ramps up and use of the service grows.



PayTo goes beyond being just an alternative to direct debit by also linking bank accounts for in-app payments, card-on-file type arrangements for ecommerce and subscription services, funding for other payment options like digital wallets and BNPL services and for one-off payments.

PayTo can also be used by organisations to enable third parties to conduct payments on their behalf such as corporate payroll and accounts payable.



PayTo is a broad, scalable and secure solution for payment initiation, supporting multiple use cases:

Modern alternative to direct debit

PayTo can be used as a modern alternative to direct debit, solving many of the current challenges to deliver improved outcomes for businesses.



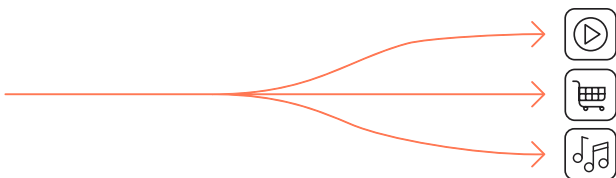
PayTo can be used for recurring payments, addressing many of the pain points experienced today.

PayTo provides:

- ✓ Real-time account validation when setting up a PayTo agreement
- ✓ Real-time processing including funds availability check, and confirmation of payment outcomes
- ✓ PayTo agreements contain more information, supporting easier reconciliation
- ✓ Centralised, secure, digital storage of PayTo agreements that are readily accessible
- ✓ Confidence that the customer has authorised the PayTo agreement using their banks's existing secure authentication practices

A digital payment solution and funding source

PayTo can be used for in-app and e-commerce transactions, providing an integrated, digital solution for merchants and businesses to initiate payments.

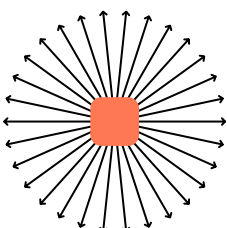


PayTo can be offered as a digital payment solution that payer customers can use to pay for in-app and ecommerce transactions directly from their bank account. Customers can either set up an ongoing PayTo agreement establishing their 'account on file' for frequent purchases or use PayTo for one-off purchases.

PayTo can also be used by customers to link their bank account as a funding source for digital wallets and other third party payment methods including Buy Now, Pay Later solutions. As transactions are made via these payment solutions, funds are moved out of the customer's linked bank account in real-time.

Outsourced business processes

PayTo can be used to enable more efficient business processes. With PayTo, businesses can streamline payments for outsourced functions like payroll and accounts payable.

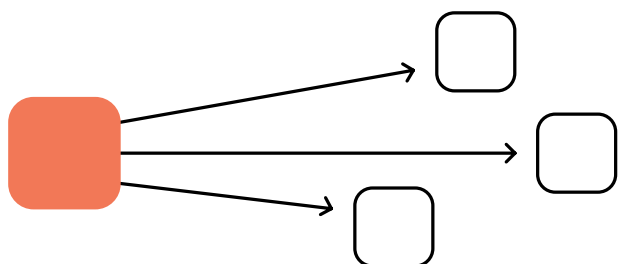


PayTo can be used for more than just C2B payments. Businesses can authorise third parties such as cloud accounting and payroll providers to initiate real-time payments on their behalf, directly from their bank account.

This will enable more efficient streamlined payments combined with easier matching and reconciliation given the additional information contained in a PayTo agreement. Many of these improved business processes can be supported by APIs.

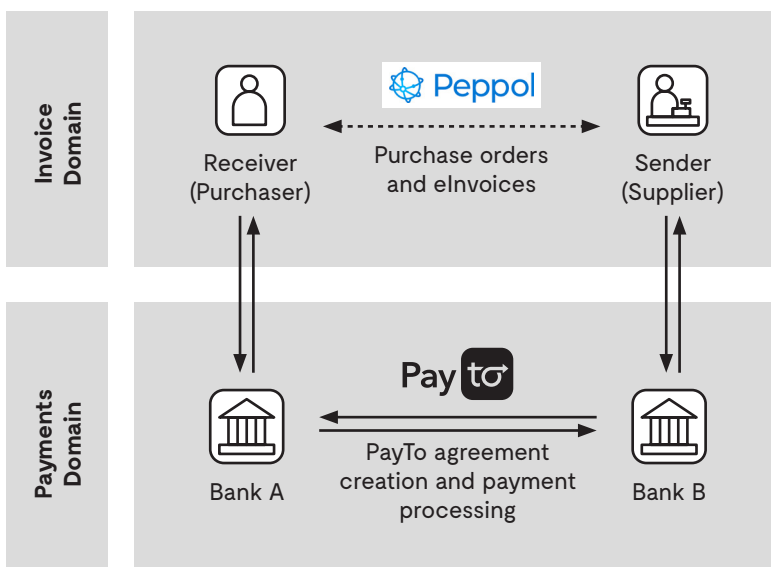
Payment of eInvoices

PayTo can be used to support invoicing so businesses get paid faster. Payment times can be significantly reduced and the procure-to-pay process transformed.



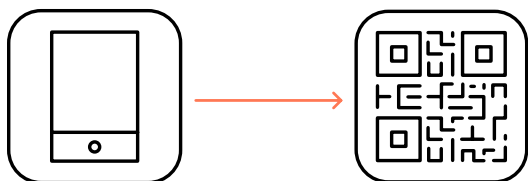
PayTo can work together with eInvoicing to efficiently process supplier payments. Purchasers can pre-authorise payments to suppliers within pre-set parameters. When eInvoices are received, they are processed automatically with invoice attributes such as the PEPPOL invoice ID mapped to the NPP payment message for easy reconciliation.

This means businesses can get paid faster and the end to end procure-to-pay process streamlined.



PayTo and QR codes

PayTo can enable frictionless real-time payments using QR codes, transforming the customer experience for frequent or ad-hoc payments.



QR codes can be combined with PayTo to perform actions such as creating a PayTo agreement or for requesting a payment by a third party.

PayTo could be used with QR codes for requesting payments at point of sale, online or within a third party app environment.



For more information visit www.payto.com.au



Supporting CDR payment initiation



Consumer Data Right

PayTo has been designed to support customers instructing 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 report⁶, the delivery of the PayTo service could be one means by which financial institutions can meet any potential obligations to deliver CDR payment initiation.

PayTo builds upon the existing NPP infrastructure using existing features and protections operating within the NPP today, specifically PayID, secure authentication practices, 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.



Access options for payment initiation

Initiating payments from 100+ financial institutions



via 1 access point

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

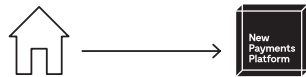
A key feature of the service is that third parties can reach any one of the 76m+ NPP enabled accounts via just **one** access point, either through a commercial agreement with an NPP sponsoring organisation or as an NPP Connected Institution.

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 do not need to be accredited under the NPP access framework, requiring only a commercial agreement with a sponsoring organisation.



Direct access as a Connected Institution:

A Connected Institution connects directly to the NPP infrastructure by installing an NPP 'payment access gateway' (or PAG) in their own operating environment to initiate payments from a customer's bank account.

The certification and accreditation requirements for a Connected Institution have been aligned 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 fee⁷, 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 the hardware and software that constitutes an NPP payment gateway which the organisation installs.

This componentry is supplied to a Connected Institution by NPP Australia, on a cost recovery basis⁸.

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

7. This is the fee levied by NPP Australia's retained third party assessor who conducts a review as part of the certification and accreditation process

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

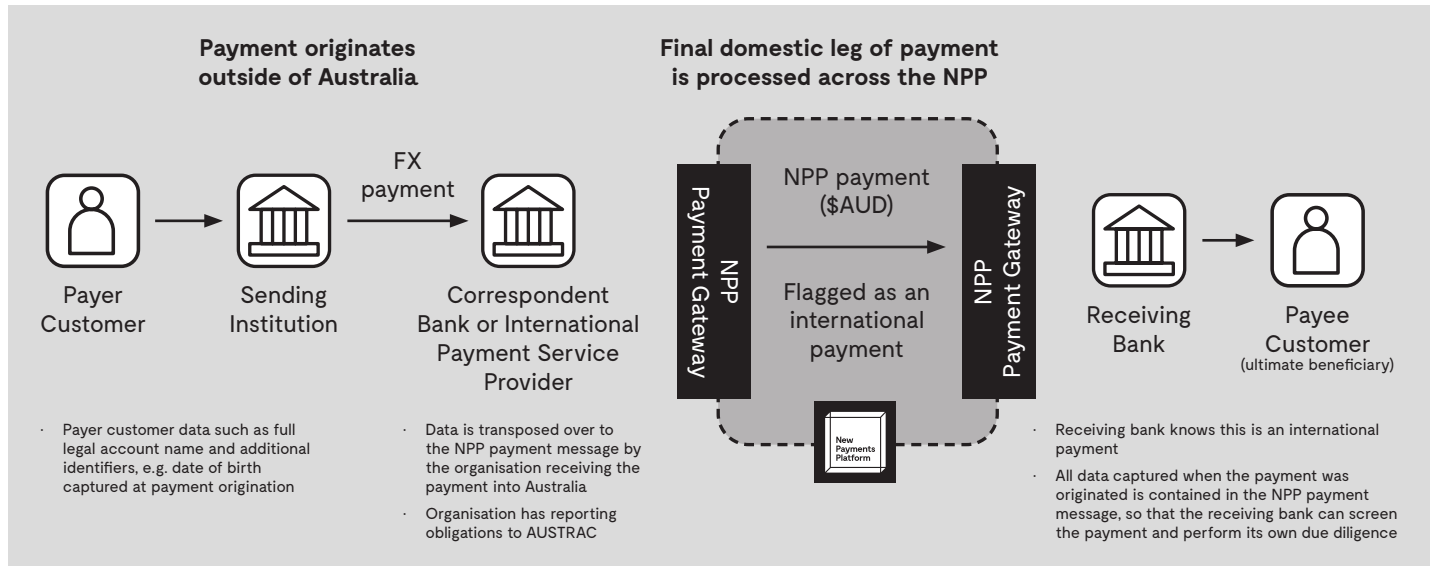




Supporting international payments

NPP Australia has defined a business service for processing the final domestic leg of an inbound international payment on the NPP. The service has been specifically designed to support the AML/CTF compliance requirements of all parties involved in processing these payments. This service can be used by a range of parties including Australian banks and international payment service providers.

The data richness of the NPP payment message enables the inclusion of additional data when processing an international payment, which is not possible today using the Direct Entry system. Data such as the full legal account name of the sender and additional identifiers like date of birth can be carried from the country of origination through to the receiving bank in Australia. This allows the receiving bank (as the bank holding the account of the ultimate beneficiary) to perform necessary due diligence and screening of the payment to meet their regulatory obligations.



The ability to flag the NPP payment as a cross-border transaction and include additional data means that the NPP will support faster cross-border payments as well as being more effective in addressing financial crime.

However, with this opportunity comes additional risk as the payments are processed in real-time. Sufficient time is required by participating organisations to undertake work required around sanctions screening and risk processes in their respective back offices before they are ready to support the service and process real-time international payments.

All NPP participating organisations are obliged to join the NPP International Payments business service to receive inbound international payments via the NPP. Directly connected NPP participating organisations need to upgrade their NPP technical infrastructure by December 2022 as part of the platform's annual infrastructure release. By the end of April 2023, NPP participating organisations need to be operationally ready to support the service.



Extending the NPP QR code standard

There is increased interest in the potential use of QR codes in Australia, 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.

NPP Australia has enhanced its current NPP QR code standard to cater for loyalty information. This standard also aligns to the standard development work led by AusPayNet which has sought to establish an interoperable industry standard for payment with a QR code. NPP Australia will publish this updated standard before the end of 2021.

Following the ACCC authorisation of the proposed amalgamation of Australia's three domestic payment organisations, NPP Australia will work together with BPAY Group and eftpos to agree an industry wide standard supporting Pay with a QR Code by the end of June 2022, given the undertaking committed to the ACCC.



Australian Payments Plus

On 9 September 2021, the ACCC authorised the merger of BPAY Group, eftpos and NPP Australia into a new combined entity, Australian Payments Plus (AP+). An efficient, innovative and competitive Australian payments system and a strong domestic payments organisation will deliver benefits for Australian consumers and businesses.

The immediate priority of the new organisation will be the delivery of the prescribed services committed to the ACCC as undertakings given as part of the authorisation process¹⁰. For the NPP, this primarily means delivery of the PayTo service by mid 2022.

With the formation of AP+, future NPP capability development will be determined as part of an integrated AP+ roadmap, incorporating future capability plans for all three domestic payment organisations.

For more information visit www.auspayplus.com.au



Real Time Payments Summit 2021/22

Interested in learning more about what is happening in the world of real-time payments? Join us at our summit on 8 March 2022.

Thank you to all of our sponsors and registered delegates for their understanding and support when we rescheduled our summit to next year.



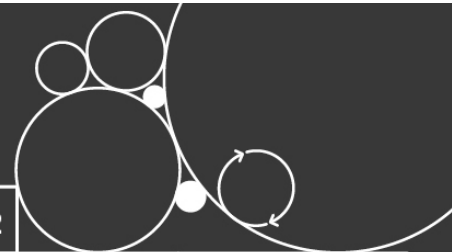
More than just speed

Real Time Payments Summit 21/22

brought to you by New Payments Platform Australia

8 March 2022

ICC, Sydney



More information

The NPP is modern payments infrastructure that enables Australian consumers, businesses and government agencies to make data-rich real-time account to account payments.

For more information, please visit www.nppa.com.au or email info@nppa.com.au

	Speed
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	Always on
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	Data enriched
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	Simpler addressing
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10. More information on the undertakings provided to the ACCC by Australian Payments Plus can be found [here](#)

