

The New Payments Platform



Speed
payments in
near real-time



Always on
24 hours a day,
seven days a
week, 365
days a year



Data enriched
more
remittance
information
with payments



**Simple
addressing
(PayID)**
use an easy-
to-remember
identifier

The New Payments Platform is a fast, versatile, data-rich payments system available any time of the day, any day of the year.

About the New Payments Platform

The New Payments Platform is new payments infrastructure designed and built by members of Australia's financial services industry, including the Reserve Bank of Australia and the 'Big Four' banks. There is also a large number of additional financial institutions, like building societies, regional and mutual banks and credit unions, that will connect to the Platform.

The Platform enables customers of different participating financial institutions to make and receive real-time domestic payments between accounts, any time of day, any day of the year. Users can also include more data or information with payments, such as text or links to documents.

It also brings enormous potential for future payments innovation through its data capability, open-access design, and unique layered architecture, which can support multiple and competitive products or services.

Open for progress

The New Payments Platform went live in November last year, operating between a small number of employees within participating financial institutions. From today's public launch, in coming months, a large number of banks, building societies and credit unions will commence the gradual introduction of faster, simpler and smarter payments via the Platform to Australia.

The development of the New Payments Platform

Following industry calls for a more modernized payments system for Australia to support the growing needs of a digital economy, a group of financial services and payments focused organisations created a proposal for infrastructure to support real-time payments clearing and settlement. Following a competitive global tender process in 2014, SWIFT, a global leader in the provision of secure financial messaging services, was appointed to build the Platform's Basic Infrastructure. The Platform addresses gaps and learnings from other international systems and is now the reference model for other international real-time payments solutions that are in development because of:

- Infrastructure that is open access and separated from the product layer to allow innovation
- Enhanced data capability and the ability to support business applications via ISO20022
- PayID, that can be leveraged by innovators
- Real-time settlement in central bank money to preserve the integrity of the platform

NPP Australia is the company established in 2014 to build and oversee the New Payments Platform. Adrian Lovney is the CEO of NPP Australia.

How the New Payments Platform works

The Platform is like a secure set of rails between participating financial institutions so they can send payment messages in real-time, via the Reserve Bank of Australia. This set of rails enables funds to be transferred between accounts instantly. In addition:

- More data can travel with these messages, in the form of longer descriptions or attachments such as invoices or receipts.
- Payments can be directed to accounts via an identifier called a PayID, which can be something easy to remember like a mobile phone number or email address. This means BSBs and Account Numbers don't always have to be used.
- Innovative organisations can use the Platform's features and reach to create and offer new and competitive payments products or services. The first product launched from the Platform will be Osko by BPAY.

Initial products and services

PayID

PayID is a key functionality of the Platform, which can be used to simplify payments. A PayID is something easy to remember, like your phone number or email address, that you can securely link to your bank account. Then when you want somebody to transfer funds into your account, you give them your PayID instead of your BSB and account number. You can read more about it at www.payid.com.au

Osko by BPAY

Osko by BPAY is the first consumer service built on the New Payments Platform to use the PayID functionality. Osko will enable instant person-to-person payments within participating financial institution's online and mobile banking. More than 50 financial institutions are already signed up to offer Osko over the coming months, including the four major banks. As it rolls out, people will find Osko where they would normally pay someone with a BSB or Account Number, 'Pay Anyone,' or 'Pay Someone' in either online or mobile Banking. You can read more about it at www.osko.com.au

Benefits

For consumers: Products and services launched from the Platform, like Osko, will enable consumers to do things like pay a babysitter late at night, or pay an emergency plumber on a public holiday, on the spot. They could also sell something on Gumtree and receive their funds the moment the goods are exchanged. Consumers will also have the option to use a PayID – a simple identifier (such as an email address or phone number) – when making these payments, rather than having to remember a BSB and account number.

For businesses: At the most basic level, the New Payments Platform will enable products like Osko, which will assist with cash flow management for businesses; the ability to pay staff and suppliers quickly, as well as receiving instant payments for goods and services. Businesses will be able to make and receive those payments any time of day, any day of the week, any day of the year – including all public holidays. But the Platform's data capability also presents enormous potential for businesses. From simpler invoicing to automatic reconciliation across core business processes; as organisations continue to digitize their back offices we believe the New Payments Platform will be building block for innovation that bring significant businesses efficiencies.

For innovators: The New Payments Platform unique layered architecture enables innovative payments or data-focused organisations to build simple or complex products or services 'on top' of the Platform (overlay services), leveraging its capabilities. 'Osko' by BPAY will be the Platform's first overlay service and will enable consumers and businesses to send payments in near real-time, 24 hours a day, seven days a week.

For government departments: Government departments will be able to improve speed and efficiency across payments such as regular and emergency welfare payments, tax payments, and emergency payments in the event of a disaster. They will also be able to conduct e-invoicing, reducing the need for manual reconciliation.

Fraud and Security

The New Payments Platform has been built with security and fraud front of mind. Banks, building societies and credit unions already protect their customers now when they make payments in real-time with their cards, and they will continue to remain focused on maintaining their track record of keeping Australian fraud levels amongst the lowest around the world when real-time payments are introduced.

They will do this a number of ways:

- Real-time payments can only be made by logging in to your usual secure internet or mobile banking and authorising (or 'pushing') a payment.
- When sending a payment using a PayID, you will be able to check the name of the person you are paying, before confirming the payment.
- Banks use leading edge fraud detection tools to detect, stop and examine unusual or suspicious payments – some of these tools will be visible to users, while others will be invisible.
- The Platform itself is certified to the highest data security standards and monitored 24 hours a day, seven days a week.

Some commentators like to point to the UK experience of increased fraud levels during the launch of Faster Payments in 2008. It's important to note that Faster Payments were introduced in the UK almost a decade ago, at a time when internet banking was very new and mobile banking virtually non-existent. By contrast, Australia is building on significant internet and mobile banking use as well as major technological advances in fraud screening. So while there are valuable lessons from overseas, there are risks making direct comparisons to what happened 10 years ago.

Remain scam aware

Consumers will continue to remain alert to the type of fraud where customers are tricked into authorising a payment or giving away sensitive information like online banking log in and passwords. The banking industry educates its customers about what they should be wary of, and they will continue to do that. This includes reminding people they should:

- Never give away their online banking login details or passwords, especially via email or phone.
- Always question emails or phone calls from people asking you to send them money that you weren't expecting to receive.
- Always check with your bank, building society or credit union if something doesn't feel right. They will never mind you asking for more information or asking questions if you are suspicious.

Frequently asked questions:

Who is involved?

The New Payments Platform has been developed and funded by an initial thirteen Participating financial institutions including Australia's four major banks. There is also a large number of additional financial institutions, like building societies, regional and mutual banks and credit unions, that will connect to the Platform. You can see who has plans to offer services via the New Payments Platform here:

<http://newpaymentsplatform.thebridgedigital.com.au/consumers/find-my-institution/>

How will the roll-out happen?

The Platform went live in November last year and has been supporting payments between employees at a number of different banks, building societies and credit unions. Today's public launch means that participating financial institutions can gradually open access to the platform in a careful way in line with their own plans. It's important to keep in mind that this won't happen overnight – experience in other countries tells us that real time payments are best introduced in a careful and staged way. We do expect that within a month after launch about four in five accounts in Australia will have the ability to make faster, simpler and smarter payments.

How quick will payments be via the New Payments Platform?

The first product that will use the Platform's capabilities Osko by BPAY. Osko will be offered to consumers via their usual digital banking service. Osko payments will be fast, mostly in under a minute. Consumers can expect to see their money transferred 24/7, 365 days a year.

How many characters will consumers now be able to use when they make a payment via the Platform?

The first consumer product that will use the Platform's capabilities is Osko by BPAY. Osko will be offered to consumers via their usual digital banking service and will enable users to use up to 280 characters as a descriptor, including emojis.

How much will it cost customers?

Pricing will be determined by the participating financial institutions, but given the competition we expect to see between participating financial institutions, we don't expect pricing will be an issue.

How many payments do you expect to see made via the Platform when it launches?

Participating banks, building societies and credit unions will commence marketing their services to their customers and, like anything new, payments made via the Platform will gradually grow. We do expect that after a short period of time about four in five Australian accounts will be reachable and this will grow.

Does the New Payments Platform replace the current system?

No – the New Payments Platform will operate alongside the current system. It's important also to note that BSB and Account numbers are not being replaced. Instead the PayID addressing service enables users to elect information that is easier to remember – like a mobile phone number – that can act as a pointer to their account.

How will I know who I can make an instant payment to?

Products and services supported by the New Payments Platform, like Osko and PayID, are gradually rolling out from now and throughout 2018. The best way to find out who you can pay using Osko and PayID is to check with the person or business you are planning to make a payment to. When you make a payment using Osko or a PayID, this payment may include a verification step which will confirm if the person you wish to pay has access to that service.

Will the New Payments Platform enable customers to switch bank accounts?

Customers who create a PayID (the Platform's Addressing Service) will be able to switch payments between accounts more easily. While the New Payments Platform has not been designed to support account switching, it does empower consumers to redirect payments via their PayID to other accounts through a simple and safe process.

What is PayID?

A PayID is something easy to remember, like your mobile phone number, an email address or an ABN, that you can securely link to your bank account. Then when you want somebody to transfer funds into your account, you give them your PayID instead of your BSB and Account number. The first place you will be able to use a PayID is through the first service to be offered which is called Osko, by BPAY. Overtime you'll see it appear in other places too.

Why was the Platform built?

The way people and businesses spend and receive money is changing rapidly. Australians are increasingly used to fast, online and mobile experiences and it's important that the payments system evolves to meet these needs.

Why have payments taken so long in the past?

The current system that supports payments between accounts works well, but is about 50 years old and is a batch process built around physical tape exchanges, so it was never designed for speed. Today consumers expect things to be instant, which is why some Australian banks, credit unions and building societies have collaborated to build the Platform that has been designed for the digital economy.

Why is it called the New Payments Platform?

What makes our Platform unique to other real-time payments systems around the world is its layered architecture, which can support multiple and competitive products or services. The first product to be launched off the Platform is Osko by BPAY and overtime we hope to see many other new payments experiences launched from the Platform...which is why we are the "New Payments Platform".

What is an Overlay Service?

An overlay service is a product or service that uses parts of the New Payments Platform to provide tailored payment experiences between the customers of Participants. They could be offered either by connected Participants or via partnerships with other organisations to enable access to the New Payments Platform.

What kind of products and services could be offered as an 'overlay service'?

The possibilities are endless really. Speed will be a key differentiator, as will the convenience offered by the addressing service and the data that can be transmitted along with payment. It's likely that the transmission of data along with payments will mean that a key focus will be on business applications, as well as the opportunities in industry verticals, such as funds management, in and around the stock exchange, or in the insurance and superannuation industry. The NPP presents an opportunity to help solve some of common pain points such as efficiency, improved customer service and reducing costs.

What about cryptocurrencies? Is this the same thing?

It's different. The Platform acts like a set of rails that travels between the participating banks, building societies and credit unions, via the Reserve Bank of Australia's Fast Settlement Service, settling transactions in Australian dollars.

Is this related to the Royal Commission?

No. The New Payments Platform is the result of unprecedented industry collaboration which commenced in 2012. The banks recognise that the way people pay and receive money is changing as we move towards a digital economy and they recognise that we needed a new payments system to support people's needs and expectations for speed and convenience.

For more information

Email: communications@nppa.com.au

www.payid.com.au

www.osko.com.au

www.nppa.com.au