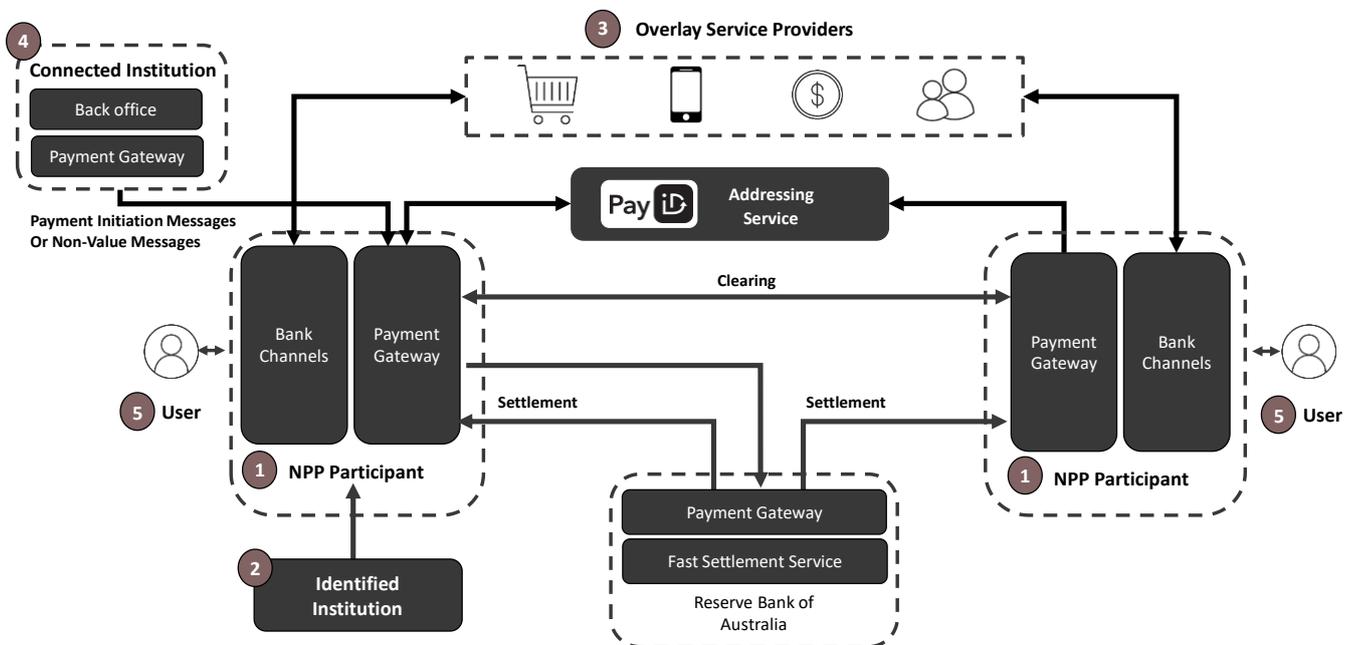


Accessing the New Payments Platform

Introduction

The NPP is payments infrastructure that enables consumers, businesses and government agencies to make real-time data-rich payments between accounts at participating Australian financial institutions. It supports real-time clearing and settlement for simple or complex payment solutions and has the potential to deliver significant back-office efficiencies.

The NPP can simplify payments through its Addressing Service, called PayID. It can also support more information sent with payments, such as written text or links to externally hosted documents. An example of a service using these capabilities is Osko by BPAY.



What can you do with the NPP?

The New Payments Platform provides innovators with capability building blocks that can be used in different ways to create new payments experiences and enable efficient, cost-effective back-end processing.

There is a broad spectrum of innovative possibilities that could be brought to life by the Platform - from supporting emergency payments, helping corporate treasurers to unlock their working capital, embracing more efficient reconciliation, or enabling real-time cross-border payments.

These innovative possibilities could incorporate PayID – the Platform’s addressing service that enables payments to be directed to accounts using information that is easier to remember than a BSB and account number, such as a phone number, email address or Australian Business Number.

Outside retail, corporate and institutional banking, the industries and sectors that could benefit from the Platform’s capabilities include insurance, superannuation, ecommerce, payroll, the gig economy, securities and corporate actions. But the NPP’s potential is not restricted to these sectors alone.

A great deal of innovation could occur 'before', 'after' or 'around' the real-time payment leg of a product or service. Examples of this include the real-time funding or defunding of digital payments wallets, short-term lending, the first or last domestic leg of an international remittance, or QR Code driven products.

Ways to Access the New Payments Platform

The NPP has been intentionally designed to be 'open access'. Depending on the end-goal, there are five pathways an organisation could follow to access the NPP and its benefits.

1. *Become an NPP Participant*

Organisations that clear and settle payments on behalf of their customers can connect directly to the Platform if they are an Authorised Deposit-taking Institution (ADI) or a Restricted ADI (RADI), whether they are fully or conditionally licensed. Because the Platform enables funds to move between institutions and accounts in near real-time, prudential safeguards are required to meet international standards for real-time payments systems (as set out by the Bank for International Settlements). A directly connected Participant also needs to meet the technical requirements of standing up and maintaining an NPP Payment Access Gateway (PAG) in a real-time environment. A PAG is a piece of the NPP infrastructure that enables the transmission and exchange of messages between other PAG holders.

Organisations who are interested in applying to become an NPP Participant should contact NPP Australia at info@nppa.com.au.

2. *Become an 'Identified Institution'*

An Identified Institution can offer customers NPP enabled payments via an arrangement with a directly connected NPP Participant who can clear and settle payments on their behalf. An Identified Institution does not need to be either an ADI or a RADI, nor does it need to install and support an NPP Payment Access Gateway. This is the most popular way to access the Platform with the majority of participating organisations currently using the NPP this way. Today there are a number of directly connected Participants that offer this type of connectivity arrangement, including non-bank organisations whose business model is focused on providing wholesale access to payment streams.

Organisations who are interested in becoming an Identified Institution should contact any of the current NPP Participants.

3. *Overlay Service Provider*

An Overlay Service is a product or service that uses the NPP's capabilities in a way that defines a unique payment experience or process. This is done by defining the 'messages' or 'rules' that decide how a payment will travel along the NPP in regards to speed, the type of information that goes with the payment and what the end customer experience is. Organisations wanting to customise NPP messages or capabilities can become an Overlay Service Provider if they are incorporated in Australia and can show a sound business plan backed by the required expertise. Overlay Service Providers offer their product or service to NPP Participants and other organisational subscribers, who then distribute it to their customers. It's important to remember that not all Overlay Services need to be customer facing – they could also be business improvement processes, compliance or 'Regtech' solutions.

The following fees apply to Overlay Service Providers:

- Application fee of \$15,000
- Annual administration fee of \$10,000

Subsequent overlay services being offered by an existing Overlay Service Provider will be treated as a new application and will be charged a \$10,000 application fee.

Organisations who are interested in applying to become an Overlay Service Provider should contact NPP Australia at info@nppa.com.au.

4. *Become a 'Connected Institution'*

A 'Connected Institution' is an organisation that connects directly to the NPP so they can initiate payments with participating financial institutions. This could include organisations like payroll providers or share registries. Because these organisations are not directly processing or clearing payments they are not required to be an ADI or RADI. However, they are required to be able to meet the technical requirements to stand up and maintain their own NPP PAG in a real-time environment and meet all security requirements.

Organisations who are interested in applying to become a Connected Institution should contact NPP Australia at info@nppa.com.au.

5. *Become an 'end user'*

Businesses and corporates can use the NPP to make and receive payments, the same way a consumer does, by simply having an account at one of the many participating organisations that offer NPP services to their business and corporate clients. They can also receive payments via the NPP by creating a PayID with their participating financial institutions and providing it to their customers.

Organisations who are interested in finding out more about how they can use the New Payments Platform, should contact their financial institution.

More information

For information about the NPP contact info@nppa.com.au.

For more regarding what's available from your financial institution, please refer to your financial institution directly.