

31 August 2012

Dr. Tony Richards
Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

Email: pysubmissions@rba.gov.au

Dear Dr. Richards,

Strategic Review of Innovation in the Payments System: Conclusions

In June 2012, the Payments System Board (**PSB**) of the Reserve Bank of Australia (**RBA**) issued the above conclusions paper (**Conclusions**), calling for submissions by 31 August 2012 on:

1. the PSB's proposal to establish, every three years, high-level strategic objectives for the payments system to meet by a specified time;
2. the initial strategic objectives and timetable identified by the PSB in the Conclusions and the possible approaches to meeting the objectives, in particular, real time payments;
3. the PSB's preferred approach of an industry owned utility model for delivery of hub-based architecture for providing real time payments; and
4. the PSB's proposal for industry coordination and engagement between the PSB and the industry as referred to in Section 6 of the Conclusions.

eftpos Payments Australia Limited (ePAL) is pleased to make this submission on the above matters and understands that this submission will be posted on the RBA website.

eftpos' submissions on the Conclusions

ePAL:

- (a) supports the proposal that the PSB establish high level strategic objectives for the payments system, including a timetable for delivery of those objectives, revised every three years;
- (b) considers that the initial strategic objectives and timetable are appropriate and achievable with support and engagement from the industry, recognizing that the PSB will consider adjusting these dates as necessary;
- (c) considers that there is merit in establishing hub based architecture for providing real time payments processing and clearing, to work in conjunction with the RTGS system or another real time settlements system operated by the RBA, for one or more payment streams; and
- (d) supports the PSB's proposal for an enhanced industry body and PSB/industry body engagement model, noting that this is broadly consistent with ePAL's earlier submission as part of the review into industry governance.

Payments system architecture

ePAL considers that there is merit in establishing hub based architecture for providing real time payments processing and clearing in Australia. As identified by the PSB, such a hub would have to operate in conjunction with either the RTGS system or another real time settlements system operated by the RBA in order to achieve real time settlement and funds availability to system participants.

It is also pleasing to note that eftpos already meets many of the matters that the PSB has identified as desirable for a real time payment system, in that eftpos:

- is industry owned and operated, with a broad membership base;
- already operates on a real-time basis; and
- supports the idea of accelerating settlement as a means of improving our product proposition.

In addition, as part of our development roadmap, ePAL has been exploring the establishment of centralized payments processing and clearing infrastructure to replace the existing bilateral infrastructure and cater for our current and future product development needs.

ePAL would be pleased to discuss with the RBA how such an eftpos hub could meet both the needs of the eftpos system and also that of other payment streams to achieve the strategic objectives identified by the PSB.

Yours sincerely,



Bruce Mansfield
Managing Director
eftpos Payments Australia Limited