

# Governor's Foreword

The Australian payments landscape is changing rapidly, with new business models and technologies entering the space. The industry is also moving from legacy systems towards new platforms that can deliver payment services that are faster, safer and more convenient. The Payments System Board continues to focus on fostering competition and innovation in a regulatory environment that supports the safety and security of the Australian payments system.

There has been a continued shift from cash to card payments, and a rapid uptake of mobile wallets offered by large technology companies. Use of the New Payments Platform (NPP) – Australia's fast payments system – has also continued to grow. The Board has a close interest in the capability of the NPP, especially in the development and uptake of new functionality to meet the evolving needs of end users. The safety and resilience of the NPP will also become increasingly important given industry's efforts to migrate account-to-account payments from the legacy Bulk Electronic Clearing System by the end of the decade.

The RBA has been working with the Australian Government to enhance the regulatory framework for the payments system, and significant progress has been made in 2023/24 on these reforms. Legislation to modernise the *Payment Systems (Regulation) Act 1998* is being considered by the Australian Parliament and more work has been done on developing a new licensing framework for payment service providers. Another focus area has been the government's regulatory reforms for financial market infrastructures, where legislation is also before the Parliament. These reforms will be critical to ensuring that the RBA and other regulators have the capabilities required to appropriately supervise financial market infrastructures and effectively manage crisis scenarios.

Globally, central banks, including the RBA, are investigating the potential use and implications of central bank digital currencies (CBDCs). During the year, RBA staff, in partnership with the Digital Finance Cooperative Research Centre (DFCRC), completed a pilot study exploring potential use cases for CBDC in Australia. The RBA and the DFCRC have recently embarked on a new research project to explore how different forms of digital money could support the

settlement of transactions in tokenised asset markets. The results of these projects will help to inform future work on assessing the policy case for issuing a CBDC in Australia.

The oversight of clearing and settlement facilities is an important area of the Board's work. Over the past year, there has been significant focus on ASX's governance and management of operational risk. It is important that the ASX continues to prioritise the delivery of safe and reliable clearing and settlement infrastructure for Australia's financial markets. The Board also continued to focus on the operational resilience of other financial market infrastructures that operate in Australia given their importance to the ongoing stability of the financial system.

RBA staff have carried out their work with professionalism and provided excellent support to the Board throughout the year. The Payments System Board joins me in thanking the staff for their work and for their ongoing contribution to the efficiency, competitiveness and safety of Australia's payments system.

## **Michele Bullock**

Governor and Chair  
Payments System Board  
20 September 2024