

**Presenter - Marnie Ryan:** Hello and welcome to the New Payments Platform Australia and ABSIA webinar. My name's Marnie Ryan and I'm a Senior Manager in the engagement team at NPP.

Today we are going to be talking about the NPP. An overview of what the platform looks like and also what's next for the NPP. What are we looking at, what development are we doing and what standards are we releasing. We've also received some questions from the ABSIA Members and we will be going through a Q&A discussion later on, I will be joined with by a colleague of mine Shannon Lewis to have that discussion.

So the NPP. NPP has a number of key capabilities. One of those is the real time movement of money from account to account with real time settlement through the Reserve Bank of Australia. It also involves the use of a PayID which provides simpler addressing and the ability to be able to provide a mobile number as an example rather than a BSB and Account Number. NPP provides data rich capability with the ability for data to be carried with the payment so rather than just a simple eighteen character remittance it's more extensive and provides straight through processing. It's always available 24x7, 365 days a year.

So looking a little bit more technical at how NPP works. It's a distributed switch of individual 'Payment Access Gateways' or payags as we call them hosted by each of the financial institutions who have chosen to connect directly to the NPP. Those gateways route and exchange financial messages between them all using the NPP ISO 20022 message standard. The payment messages are cleared between the participating financial institutions and then settled by the RBA's FSF or Fast Settlement Service.

Let's look a little more closely at PayID. So, NPP's addressing service is called PayID, or utilises the PayID. It enables payments to be directed to an account using an easy to remember alias, what we call a PayID, that is then linked to an underlying bank account. PayIDs can be easily moved or ported from one bank account to another with all of the associated payments that are linked to that PayID. So there's no more need to keep up-to-date bank account details with all of the different parties that you're dealing with. There's currently four alias types that are supported: phone number, email, ABN and an Organisation Identifier. The NPP also supports, still, payments that are made to the BSB and account number as well. So although PayID is out there and in use, you can still actually make payments using NPP to the BSB and account number that you provide. Using PayID does also give you extra ability to confirm who the intended payee recipient is of the payment you are about to make. So there's that added benefit of reassurance that the PayID can give you.

So where are we up to with NPP at the moment? So just over a year after launching we've seen that there are 52 million accounts that can make and receive NPP payments. There's 2.5 million registered PayIDs that are out there. So these figures are at February 11, which is just a year after we launched and we've now seen the PayID registrations increase up to 2.7 million. So it

has been great growth. We've also seen over 90 million transactions sent across the platform, which is an extraordinary number in the short amount of time.

Who's involved in NPP? So we've got 75+ financial institutions and other institutions that are actually involved in NPP and these are growing all the time. We have a number who are waiting to join NPP and we'll continue to see that growth as we get to ubiquity across the platform.

One of the real use cases that we've seen recently of NPP and the actual value that it can bring to the economic infrastructure in Australia is the use of NPP by Centrelink to deploy real time emergency payments. Recently the floods in Townsville and also the fires in Tasmania saw the DHS and Centrelink actually make payments to those affected by the disasters. And we also see Centrelink sending over \$5 million across the NPP for emergency assistance payments, including domestic and family violence consistently.

So what are we looking at next? Our focus for NPP is to develop capability on our platform. Over the last year, we have been slowly building in terms of volume but what we're doing now is trying to enhance that. So we have published an API Framework and an API Sandbox. We're developing message usage guidelines, which we'll talk about all of these in a minute. We're also presenting some QR code standards.

NPP's acknowledged that APIs are really important in the infrastructure of all digital platforms at the moment and are critical to the way businesses interact. We plan on using these to expand our ecosystem to third parties and enabling them to interact with NPP. We've focused over the last couple of months on establishing a standardised and interoperability framework with the API launch, the launch sorry of the API Framework. We are now currently about to, well in the next month or so, launch version 2 of the API Framework, which allows additional functionality to do that. All of these are then published so that we can give FinTechs and other corporate merchants the opportunity to start interacting with NPP.

As part of this, we've also launched an API sandbox. It's intended to allow those third parties the ability to learn more about NPP and actually test different scenarios. It's obviously a secure, cloud based facility. The beta version contains a number of static scenarios that allow you to test but it will evolve over time and it will actually use some of the standards that we're publishing later. If you'd like to register for access to the NPP sandbox, you can visit our website for the registration form if you would like to submit that.

One of the key focuses of the NPP team at the moment is to look at the development of an NPP specific ISO 20022 message usage guideline for three particular areas: payroll, PAYGW so the tax and superannuation payments. We see the benefit of NPP and specifically the ISO 20022 message structure to allow additional information. Our aim is to ensure that there is a uniform approach for data and consistent end to end transmission of that data from Payer to Payee. We are, at the moment, defining specific message elements that will be included for these different types of payments and we will use particular types of category codes, which will identify the

transaction type that is being used. Our current focus is really just looking at the payments but in the longer term we're looking to really enhance the data that's sent with the payments so that both the Payer and Payee can enhance their straight through processing. We're also aligning this work with some of the API Framework that will be published and so you'll be able to see this develop over time.

One of the really great examples of NPP that we see is making a payroll payment from NPP and that is one of the reasons why we've actually looked at that as one of the message usage standards. In this scenario here we see that there's a processing of a payroll by payroll provider a software provider who submits that to their financial institution. The bank looks up the employee's PayID so that they can direct their salary payments to them and then they send that in real time with additional information that can be transferred. They can also potentially put superannuation disbursements and other third party payments through as well. The employees receive their payroll information and their payslip data potentially along with that. The ATO and super funds can also receive their payments and their employee contributions in real time. It's a real value that we can really see for payroll especially where the data is involved.

One of the other areas that we've been looking at and we are looking to develop a lot more is the QR code standard for NPP payments. It's based on the EMVCo QR Code specifications for merchant presented QR Codes and what we'll be doing is defining a number of mandatory elements required to ensure the consistency of NPP payments. This will be for both static and dynamic QR codes and the use cases for these will look to be for either bill payments, invoices, e-commerce and potentially at point of sale terminals.

So what's the NPP vision? NPP is really aiming to be a world class payments infrastructure to enable commerce and the Australian digital economy. We want to achieve ubiquitous reach, which means that every account in Australia is able to send and receive NPP payments. We want to deliver a capability that supports innovation. It needs to be reusable, it needs to extend across all types of payments from person to person, business to business. We want to set a standard or data standard message usage to support processing and efficiency so that we can get straight through processing and that's from small businesses to larger businesses right through to government. We would like to support different payment types so that we can maximise the volume and utility of the platform. We would like to support the ability for third parties to be able to initiate payments and that'll be based on the message usage guidelines that we submit and obviously also ensuring that it's secure. Our vision is also to provide fair and open access to the platform to ensure wide and diverse participation in the NPP from all perspectives in the economy.

As part of this process we've actually asked for some questions and I'm now joined by my colleague Shannon Lewis to go through some of the questions that we received from the ABSIA Members. Hi Shannon.

**Speaker - Shannon Lewis:** Hi Marnie.

**Presenter - Marnie Ryan:** So, some of the questions that have come in, one was around the PayID and what sort of usage and stats we are seeing at the moment for that usage.

**Speaker - Shannon Lewis:** Sure. Well as you said there's 2.7 million PayIDs now registered and we're seeing that grow weekly and expect to continue to see that grow with more financial institutions offering NPP capability to their customers.

**Presenter - Marnie Ryan:** What do you think is the most popular PayID being used at the moment?

**Speaker - Shannon Lewis:** I think it's mobile, mobile phone number, yeah because there's the initial focus on retail payments but we can't forget there's three other PayID types that can be used and as I said with more FI's coming on board and offering the NPP capability to their customers then we'll see that grow as well.

**Presenter - Marnie Ryan:** Another question that we got through was, there appears to be some variability on the maximum amounts that you can transfer on a daily limit essentially by different financial institutions, what is that, why do you think that question has been asked?

**Speaker - Shannon Lewis:** Well, I'll just firstly say that NPP hasn't made any caps or put any kind of rules around the value limits for payments and we know that our biggest payment was 17 million dollars, which is quite large but it's the rules that individual financial institutions have. So they have different rules for different types of accounts and different channels and it's up to them to determine what sort of payments and the amount limit, the value limit, that they want to set for those payments. As the NPP take up increases, as their products mature the banks will look at that again probably and make adjustments but if people want to know what the limit is for their particular institution then they should talk to their institution. We certainly don't have limits.

**Presenter - Marnie Ryan:** One of the other questions that's come in is how are the IBANs or bank account numbers being used for overseas transactions?

**Speaker - Shannon Lewis:** Ah right, yeah interesting. At the moment NPP is handling domestic payments only. In the very near future we will be implementing new business services, which will allow for the domestic leg of an international payment.

**Presenter - Marnie Ryan:** For an incoming one?

**Speaker - Shannon Lewis:** Yeah, for an incoming payment.

**Presenter - Marnie Ryan:** Yeah okay.

**Speaker - Shannon Lewis:** And also we've been a part of the Swift GPI so we expect that in the future international payment will definitely be on the radar.

**Presenter - Marnie Ryan:** It'll start growing. All with all of the other implementations around the globe for real time payments. Start to see that grow. Interesting one because it's been one of our focus areas, something we've been looking at. Are superannuation payments being processed on the NPP?

**Speaker - Shannon Lewis:** They are Marnie but between participants who agree to the way that they would use NPP to process those payments. We have to be *inaudible* of the fact that currently the SuperStream regulations don't include specifications for NPP. We're working closely with the ATO to ensure that we can provide them with the correct specification for that and also we've been working with the super industry to make sure that we've got the right sorts of data we know that we need importantly a PRN.

**Presenter - Marnie Ryan:** The key piece.

**Speaker - Shannon Lewis:** The key piece of data in our payments and for that to be handled in the correct way. We are definitely looking at doing that.

**Presenter - Marnie Ryan:** And we are engaging with all of those parties so it's great. So if we look at the message usage standards we've talked about that we're focussing on superannuation, payroll and PAYGW to start off with we can see the value that they actually bring. What's next, what do you think that you and I specifically will be looking at over, I suppose, the next couple of months?

**Speaker - Shannon Lewis:** Well I suppose the areas of opportunity are things like e-Invoicing, insurance, payments associated with securities. E-Invoicing, especially given that there's the Trans-Tasman initiative at the moment so as we've looked to support other industries like super to help them make payments and reconcile their payments with their information, we'd also look to support any government initiatives in that space as well. So I think that e-Invoicing certainly and then *inaudible* security payments.

**Presenter - Marnie Ryan:** And with those we are working with a number of the bodies as well so *inaudible* we're ensuring that any conversations we have are based on the standards that are out there and being used by those industries. For us that's reassuring. So one other question is that, and I suppose it's relevant for the ABSIA Members is that a lot of software providers currently produce an ABA file which *inaudible* the banks are processing. What do I need to do to get on to NPP?

**Speaker - Shannon Lewis:** So I would encourage software providers and service providers to talk with their banking partners and to talk with us. So starting that conversation to determine if you would incorporate NPP messages into your products and services or if your bank would

translate your current messages into NPP messages or if in fact there's an alternate solution for you. At the moment, I think it's important to start that conversation to consider that if moving over to the NPP messages and incorporating them into your own products is going to give you a long term opportunity but yeah start the conversation with your banking partner.

**Presenter - Marnie Ryan:** And it's about really understanding what the value can be in having a real time response as well as having that information in the message and also the value of what you'll get out of NPP in terms of not just from a payment perspective but from a data reconciliation point. And I suppose that is one of the reasons for the webinar and also one of the reasons we have been doing the market consultations as well and also one of the reasons why we actually want to ensure that we're talking to industry and to partners, vendors etcetera to try and understand what their requirements are as we develop those standards.

**Speaker - Shannon Lewis:** Keep that engagement.

**Presenter - Marnie Ryan:** Yeah, yeah. To really keep that conversation happening so that we can develop the processes and roadmaps and that they can then incorporate NPP into that roadmap. I suppose that's a good point to end on and also to reach out to anyone who's watching the webinar to say that if you are involved or interested in making a recommendation to NPP or want to get in touch with us, even if you have looked on our website and seen that our market consultation has closed, we'd still be interested in hearing from you. We really want to understand what inputs industry can give to us. So please feel free to reach out to us at our inbox at [info@nppa.com.au](mailto:info@nppa.com.au). So thank you for your time, thanks Shannon.

**Speaker - Shannon Lewis:** Thanks Marnie.

**Presenter - Marnie Ryan:** And well, thank you too.