

Memorandum of Understanding The Payments System Board and The Australian Payments Council

1. Objective

This memorandum of understanding is intended to facilitate an effective relationship between the Australian Payments Council (the Council) and the Payments System Board (the Board) of the Reserve Bank of Australia, with the aim of promoting an efficient, stable and competitive payments system in Australia that is responsive to changing community needs.

2. Responsibilities

The Payments System Board

The Board's relevant payments system responsibilities and powers are set out in four separate Acts. These are: the *Reserve Bank Act 1959*; the *Payment Systems (Regulation) Act 1998*; the *Payment Systems and Netting Act 1998*; and the *Cheques Act 1986*.

The *Reserve Bank Act 1959*, as amended, gives the Board responsibility for determining the Reserve Bank's payments system policy. It must exercise this responsibility in a way that will best contribute to:

- controlling risk in the financial system;
- promoting the efficiency of the payments system; and
- promoting competition in the market for payment services, consistent with the overall stability of the financial system.

The Australian Payments Council

The Council was created in 2014 to bring together senior payments executives to drive a strategic agenda for the Australian payments system through industry collaboration based on a shared vision.

The objectives of the Australian Payments Council are to foster the ongoing development of the Australian Payments System in order to meet changing user needs, while delivering efficient and safe payment services in an environment that encourages competition.

3. Strategic Objectives for the Payments System

The Board stated in *Strategic Review of Innovation in the Payments System: Conclusions* that it will from time to time set out Strategic Objectives for the payments system – that is, services or characteristics that it believes the payments industry should be able to provide by a specified time. Without limiting the powers of the Board to formulate or establish Strategic Objectives, it is the expectation of the Board and the Council that the Board will consult with the Council prior to establishing Strategic Objectives and that, where an industry-wide approach is required to meet them, the Council will seek to coordinate such an approach.

4. Engagement Framework

An ability to freely exchange information is likely to be beneficial to the Board and the Council. Without limiting the way in which this might be undertaken, the Board and the Council have agreed that engagement between the two bodies may include:

- joint meetings between the Board and the Council to discuss matters of mutual interest. It is the initial expectation of the Board and the Council that joint meetings will occur once per year;
- liaison between the Chairperson of the Council and the Deputy Chair of the Board;

- any other communication or engagement that the parties consider would be beneficial to their effective relationship.

An agenda will be agreed by the Australian Payments Clearing Association (APCA), as administrator of the Council, and the Reserve Bank prior to any joint meeting of the Board and the Council.

Matters for discussion between the Board and the Council may include:

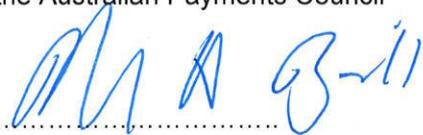
- trends and developments in the payments system and the needs of payments system users, participants and potential new entrants;
- possible future trends and areas where development of the payments system is likely or may be warranted;
- issues that might be addressed by Strategic Objectives, along with the timelines and possible approaches to achieving them;
- other issues relevant to the respective responsibilities of the Board and the Council, including those that, in the view of the parties, might benefit either from a coordinated industry approach or from a regulatory approach.

5. Confidentiality

The Board and the Council agree that any commercially sensitive information related to an individual Australian Payments Council Member disclosed through the arrangements set out in this memorandum of understanding is confidential to the Board and the Council. This does not preclude the Board from fulfilling its statutory and other information-sharing obligations.

6. Review and Termination

This memorandum of understanding will be reviewed from time to time by the Board and the Council to ensure it is meeting its objective, with any proposed changes to be agreed between the Board and the Council. Each of the Board and the Council may terminate this memorandum of understanding on three months' notice to the other party.

<p>For and on behalf of the Payments System Board of the Reserve Bank of Australia:</p>  <p>..... Glenn Stevens Governor and Chairman, Payments System Board 21 August 2015</p>	<p>For and on behalf of the Australian Payments Council</p>  <p>..... Mark Birrell Chairman, Australian Payments Council 21 August 2015</p>
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