

Head of Payments Policy Department
Reserve Bank of Australia
GPO Box 3947
Sydney NSW 2001

14 August 2026

Via email: pysubmissions@rba.gov.au

RBA Issues Paper - Review of Payments System Regulation

Dear Ellis,

Australian Payments Plus (**AP+**) welcomes the Reserve Bank of Australia (RBA) review of payments system regulation (the Review). This Review comes at a time of significant innovation and structural change in the payments landscape.

In the attachment to this letter AP+ has provided a response to the consultation questions relevant to AP+ alongside a number of recommendations.

We look forward to discussing our submission with the Bank.

Regards,



Aidan O'Shaughnessy
Public Policy, Government & Regulatory Affairs - Australian Payments Plus (AP+)

Encl.



RBA ISSUES PAPER: QUESTIONS FOR STAKEHOLDERS

2. MERCHANT CHOICE IN PAYMENTS

2.1. Competition across debit card networks

1. What are the impediments to competition between debit card networks for merchants' transactions on DNDCs across mobile and/or online environments? Are there practices by industry participants that limit competition, efficiency or financial safety in relation to debit card transactions?

2. Is there a public interest case for the RBA to take further action to support competition across debit card networks in mobile and/or online environments?

Given new restrictions on the ability to surcharge the cost of debit card acceptance, the regulatory environment should seek to ensure competitive tension on these costs are preserved by strengthening merchants' ability to exercise routing choice for as many debit card transactions as possible.

The Bank will be well versed on research that shows the positive competitive and economic outcomes that a strong domestic debit card scheme offers for their home countries.

There are numerous examples of larger, but comparable markets in the northern hemisphere (i.e. UK, EU¹) where there have been poor economic outcomes when competitive tension is limited. eftpos is a robust, secure, cost efficient and modern Australian-owned debit card scheme that invests to deliver the functionality, services and competitive price-tension required in the Australian public interest. The efforts of eftpos, when combined with a regulatory environment which is supportive of dual-network routing choice, has had an overwhelming positive impact for Australia.²

Recommendation One:

That the Bank ensure that all products or enabling agents (i.e. Agentic AI, Click-To-Pay) related to debit card payments brought to market in Australia can support least-cost routing (**LCR**) or do not interrupt LCR³ from the day of launch. This would ensure the lessons of the past are learnt and importantly ensures that merchants and acquirers are not restricted on how they process all future transactions.

Recommendation Two:

That the Bank continue to monitor and report on the availability and enablement of least-cost routing for merchants, such that the RBA is satisfied that all participants in the payment flow, including payment gateways, are making sufficient progress on making LCR widely available for all form factors including online transactions and enabling LCR for merchants that could benefit from it.

That the Bank now also considers setting an expectation for what would be an appropriate deadline for all participants in the payment flow for the complete enablement of all back-books, giving merchants the ability to route all dual-network debit card (**DNDC**) transactions to the lowest-cost network.

These recommendations are further expanded in Section: 2.3. Tokenisation of card information, and section 2.4: Use of AI agents for payments in e-commerce.

¹ Card payments are the main electronic payment method in the EU. International card schemes accounted for approximately 61% of euro area card transactions in 2022. There are currently only nine national card schemes active in the EU; these schemes are all facing a broader trend of declining domestic market shares. The Single Euro Payments Area (SEPA) aims to harmonise euro payments, including card payments, but has faced challenges in creating a fully unified European card scheme. The European Central Bank is exploring ways to further integrate the card payments market, potentially through increased interoperability between national schemes or the development of new European-level solutions. [ECB Report](#).

² The Merchant Services Fees data contained in the October 2024 [Issues Paper](#) (Graph 5, pg. 7) demonstrates the significant positive impact for Australia, of a strong domestic payment system operator.

³ In 2021, the RBA set an explicit expectation that PSPs offer and promote LCR in both the in-person and online environments. In 2022, the RBA set a further expectation that the industry makes LCR functionality available for mobile wallet transactions by the end of 2024.

2.2. Integrated platforms and bundling of payment services

3. How difficult is it for merchants to switch away from their existing integrated platform services provider to access their preferred PSP? To what extent do merchants receive clear and sufficient information from integrated platform providers prior to joining about potential challenges in switching PSPs, and are there areas where greater transparency could help them better understand potential costs and risks?

Please see our response to question 4 and our responses to the questions under: Section 2.3. Tokenisation of card information.

4. Does the bundling of payments with other services, such as in integrated platforms, raise competition, efficiency and/or financial safety issues in the payments system? If so, should regulatory action be considered and what form should it take?

Yes, AP+ considers that integrating payments with commerce, point-of-sale (**POS**) and other business services can deliver benefits to merchants and consumers, as integrated platforms may reduce implementation complexity, simplify merchant operations and enable more seamless customer experiences.

Competition and efficiency issues arise where control of the broader platform gives an intermediary (e.g. agenting AI) the ability to determine, or materially influence, which payment service providers and payment networks remain available to the merchant. This is becoming increasingly important as commerce and POS platforms move upstream in the payment flow. A platform can now determine the PSPs, acquirers, credentials and payment networks available downstream to the merchant. Decisions that affect payment choice can therefore be made before a merchant, or its acquirer reaches the point at which a routing decision would ordinarily occur.

AP+ considers that the introduction of a new intermediary into the payment flow should not reduce or frustrate merchant choice routing that would otherwise be available. For a DNDC transaction, least-cost routing (LCR) can only operate where both debit networks remain technically and commercially available at the point at which the routing decision is made. If an integrated platform restricts merchants to a limited set of PSPs or payment plugins, and those payment pathways do not support LCR, the platform effectively determines the debit network. In that situation, the opportunity for a merchant to make a routing choice has been removed.

As integrated platforms become a more prevalent distribution channel for payment services, the Bank should therefore consider whether its merchant-choice expectations need to extend through to the intermediary layer, for example:

Platform feature or practice	Potential effect	Implication for merchant choice	Appropriate regulatory expectation
Curated PSP or plugin ecosystem	Merchant can only select from PSPs approved or integrated by the platform	If the available PSP pathways do not support both DNDC networks, platform choice effectively determines network choice	Where a platform limits the available PSPs, those payment pathways should provide functionally equivalent support for LCR on eligible DNDC transactions
Preference for the platform's own PSP	Platform payments may be more deeply integrated or commercially advantaged	Alternative PSPs may exist in theory but be impractical or uneconomic for the merchants to use	Alternative PSPs should be available on reasonable and non-discriminatory technical and commercial terms
Additional charges for third-party PSPs	Additional platform fees can offset savings from a lower-cost acquirer or network	Weakens price competition and can neutralise the benefits of LCR	Incremental charges associated with alternative PSPs should be transparent and should not operate principally to foreclose competition

Control of stored credentials or tokens	Merchant may be unable to move customer credentials when changing PSP	Increases switching costs and can entrench the incumbent platform or payment pathway	Payment credentials and tokens should be portable between providers without the need for unnecessary customer re-enrolment or degradation of the customer experience
Single-network credentials or payment architecture	An otherwise dual-network account reaches the merchant as a credential capable of being processed over only one network	Merchant routing choice disappears before the transaction reaches the acquirer	Intermediaries should not convert an otherwise routable DNDC transaction into a single-network transaction by design
Bundled or opaque payment pricing	Cost of payment acceptance becomes difficult to separate from software, hardware or other platform services	Merchants cannot readily compare competing payment propositions	Platforms should clearly disclose payment charges, third-party PSP fees, network availability and LCR capability
High technical or operational switching costs	Merchant becomes dependent on the platform for payments and other core business functions	Reduces contestability and can make moving to another provider commercially impractical for merchants	The Bank should consider portability, interoperability and appropriate switching expectations for platforms

These concerns are particularly relevant for smaller merchants. SMEs often choose an integrated platform precisely because they do not wish to manage multiple technology providers themselves. They are more likely to rely on the platform's default payment configuration.

For example, where a platform limits merchants to a curated set of PSPs or payment plugins, those available payment pathways should preserve equivalent support for least-cost routing on eligible DNDC transactions. A merchant should not lose the ability to route merely because it has chosen to use an integrated platform. Otherwise, the merchant's choice of platform effectively becomes a network-routing decision, even though the merchant may never have intended or understood it to be one.

This creates a risk that payment competition increasingly occurs at the platform level rather than at the merchant or acquiring level. If a relatively small number of commerce and POS platforms determine which PSPs and networks are available to a large population of merchants, their technical and commercial choices can have significant consequences for competition across the Australian payments system.

The issue extends beyond initial PSP selection.

Integrated or 'one-click' checkout solutions may also control the customer's underlying payment credential. Where the merchant does not have portable access to those credentials, changing PSP may require customers to re-enter or re-provision their payment details. This introduces customer friction, creates a risk of lost transactions and materially increases switching costs.

Over time, the accumulation of stored credentials can make the merchant progressively more dependent on the incumbent platform or payment provider. Credential control can also affect network competition where the credential or token exposed through the platform is capable of being processed over only one network associated with an underlying DNDC. AP+ discusses these issues further in our response to question 5.

AP+ does not consider these concerns justify prohibiting integrated offerings or requiring payments to be structurally separated from other services. Merchants should remain able to choose integrated platforms and realise the convenience and efficiency benefit they provide.

Rather, the regulatory objective should be to ensure that intermediation does not remove competition that would otherwise exist.

In particular, AP+ recommends that the Bank consider expectations that:

- integrated platforms provide merchants with effective access to alternative PSPs on reasonable and non-discriminatory terms;
- where a platform restricts merchants to a defined set of PSPs or payment integrations, those pathways preserve functionally equivalent access to LCR for eligible DNDC transactions;
- new platform and checkout functionality preserve merchant routing choice from launch, rather than requiring retrospective remediation after transaction volumes have migrated;
- payment credentials and tokens are portable between providers and do not unnecessarily restrict the networks available for an underlying DNDC;
- merchants receive clear information about supported PSPs, supported payment networks, LCR availability, additional third-party PSP charges and the practical consequences of switching provider; and
- the Bank monitor integrated platforms where their scale or market position gives them the ability to materially influence payment acceptance or network choice.

The regulatory objective should be that a merchant should be able to obtain the benefits of an integrated commerce or POS platform without surrendering the payment choices it would otherwise have had.

Where an intermediary is inserted into the payment flow, whether a platform today (AP+ Recommendation Two) or an AI agent tomorrow (AP+ Recommendation One), it should preserve rather than displace the merchant's ability to choose how an eligible payment is routed.

2.3. Tokenisation of card information

5. How do stakeholders assess the functioning and effectiveness to date of the RBA's tokenisation expectations? Is further regulatory intervention needed to promote the portability of tokens for payment cards, or to address other competition, efficiency or financial safety issues associated with implementing tokenisation across card payment systems? If so, what regulatory actions should be considered?

Tokenisation

There is risk that without appropriate regulatory oversight payment tokens will become tied to particular AI agents or platforms. This then risks creating the same kind of vendor lock-in where migrating tokens between PSPs is both complex and costly for merchants. AP+ is supportive of token portability, making it straightforward for merchants to transfer tokens between providers without disrupting customer experiences.

Given that transparency and user control remain important, another policy consideration is token visibility. Consumers should be able to see exactly where their payment credentials are tokenised and stored, with the ability to suspend or delete those tokens through Token Requestor-initiated lifecycle management (LCM) events.

Most jurisdictions are seeing large technology companies expand into merchant tokenisation. While this may accelerate innovation, it may also further concentrate control over payment credentials within that small number of platforms, reinforcing the importance of open, interoperable tokenisation framework for Australia that promotes competition and merchant choice.

Virtual Card Numbers

Virtual Card Numbers (**VCN**) are a technology that may create a technical lockout for eftpos because a VCN may substitute the credential itself rather than making a routing decision on top of it. A VCN is issued from a single Bank Identification Number (BIN) range drawn from an international scheme, and this applies across every VCN construct in market, including issuer-hosted virtual cards, wallet-generated numbers, PSP and BNPL surrogates, and the VCN patterns embedded in agentic and pass-through commerce.

The defining property of a dual network debit cards (DNDCs) is that one funding account carries two routable applications, whilst a VCN collapses that to one. This means there would be no eftpos application on a VCN and no eftpos-routable Primary Account Number (**PAN**) for an acquirer to select, so least-cost routing never becomes available to the merchant.

Critically, where a VCN is stored as a card on file, eftpos is excluded for the entire life of that stored credential. The exclusion renews itself through scheme lifecycle management rather than expiring with the credential. Single-use VCNs reproduce the same exclusion impact at higher frequency, so the effect is continuous rather than bounded.

The lockout is therefore not permanent by nature, but permanent by default. It is reversible only at re-provisioning events, and only if an eftpos-capable virtual credential exists to replace it. The window to change that default narrows as VCN-based card-on-file tenure accumulates. We note that an integrator (the token requestor) can be a web browser, a browser extension, an application, a digital wallet or the issuer itself usually through a banking app. An example is the Meta and Facebook shopping experience developed with Mastercard⁴

Flexible Credentials

Similar challenges present with 'flexible credentials' that can re-route downstream to various products, potentially precluding LCR for debit card transactions.

The emergence of flexible credential models from international card schemes⁵ materially increases the importance of the RBA's tokenisation expectations. Flexible credentials enable a single scheme-issued credential to provide access to multiple funding sources and payment products, with the scheme determining, or materially influencing, which funding source and payment network is used for a given transaction.

The competition concern for DNDC arises if network selection is not exercised at a layer that the domestic network can reach. Where a flexible credential mediates access to the underlying payment account, that selection can move to the credential layer: an account may remain technically accessible through multiple networks, while the practical determination of routing sits with the entity that issues and controls the credential. As these credentials become embedded in digital wallets, card-on-file arrangements and other tokenised environments, the provider of the credential and its associated tokenisation infrastructure can become the effective gatekeeper to the underlying payment account. In this context, tokenisation is no longer simply a technical mechanism for replacing a PAN; it can become a mechanism through which control of payment routing and the customer relationship is consolidated.

Token portability, synchronisation and visibility should therefore be treated as essential competition safeguards, rather than optional interoperability features. AP+ considers that further regulatory intervention is warranted to ensure that the evolution of flexible credentials does not undermine the objectives of the RBA's existing tokenisation and LCR expectations. Specifically, the RBA should ensure that its tokenisation expectations have binding effect and apply to any credential that provides access to an Australian payment account, irrespective of its technical form or the number or type of funding sources it supports. The Bank should also require that domestic payment networks have effective, non-discriminatory access to the tokenisation, credential and transaction-routing infrastructure necessary to compete for transactions associated with Australian payment accounts.

These protections should apply across the full payment lifecycle, including credential issuance and provisioning, token creation and management, digital wallet transactions, card-on-file transactions and subsequent routing decisions. It should not be sufficient for an alternative network to be technically available if the architecture of the credential or tokenisation service prevents that network from being practically selected or used. Absent such protections, the migration of payments to tokenised and flexible

⁴ As example, see: Mastercard - [Post](#) | [LinkedIn](#)

⁵ Mastercard One Credential ([link](#))

credentials risks progressively shifting control of network selection away from issuers, merchants and consumers and towards the international schemes that control the credential and its associated tokenisation infrastructure. This would weaken the effectiveness of LCR and reduce competitive pressure on card payment costs, notwithstanding the continued technical availability of a domestic network.

The RBA Expectations for Tokenisation

The RBA published⁶ Expectations for Tokenisation of Payment Cards and Storage of PANs in May 2024.

AP+ has always been a strong supporter of the efforts of the RBA to support tokenisation of card details in the online environment, which does substantially improve the security of payments⁷. To date, and in part due to technical complexity, issuer uptake of merchant tokenisation has been mixed in Australia.

In July 2026, EMVCo released v2.4 of their Token Specification - Technical Framework.⁸ AP+ welcomes the EMVCo update to the tokenisation specification, which includes enhancements to PAR including co-badging of cards. The EMVCo standards have adopted a policy position aligned with the RBA view, namely that PAR solves for many modern use cases, without which would result in reduced merchant choice.

Given the release of these global standards, our view is that the RBA could now pursue expectations for industry on PAR distribution. AP+ believes that PAR should be widespread and ubiquitous throughout the Australian ecosystem.

AP+ would welcome the RBA adopting the EMVCo as the Australian standard, as the standard levels the playing field by providing a path to introduce PAR into DNDC which preserves LCR. This is because PAR is critical to token synchronisation and lifecycle management across dual-network cards.

In addition to our recommendation that PAR be mandated, our view is that it should be mandatory to have a minimum PCI DSS level 2 certification, to securely store any PAN.

2.4. Use of AI agents for payments in e-commerce

6. Are there competition, efficiency and/or financial safety issues relating to the use of AI agents for payments in e-commerce? If so, are there any regulatory actions that the RBA should consider?

Yes, there are potentially significant competition, efficiency and financial safety issues relating to the use of AI agents for payments in e-commerce. Which is why AP+ recommended (Recommendation One) that the Bank ensure that all products or enabling agents (i.e. Agentic AI, Click-To-Pay) related to debit card payments brought to market in Australia can support least-cost routing (LCR) or do not interrupt LCR from the day of launch. This would ensure that merchants and acquirers are not restricted on how they process transactions.

In examining the potential use of AI agents for payments in e-commerce, AP raises the following issues for the Bank's consideration.

If a consumer is asked to first delegate authority to an agent to fulfil an intent using a particular scheme's payment passkey/agentic token, this may then prevent a merchant's routing preference from being respected downstream in the payment flow. Merchant choice in Australia would be rendered obsolete through a forced upfront decision point.

Agentic commerce can shift the point of network selection to a much earlier stage in the transaction flow. A consumer may be asked to delegate authority to an AI agent well before the actual merchant, transaction amount, available payment methods, merchant/loyalty incentives and merchant routing preferences are known. Where that early and upfront delegation requires the consumer to select a

⁶ RBA Expectations for Tokenisation of Payment Cards and Storage of PANs | Media Releases | RBA (21 December 2023)

⁷ <https://www.rba.gov.au/payments-and-infrastructure/debit-cards/expectations-on-tokenisation/feedback-conclusions-paper-the-aus-debit-card-market-default-settings-and-tokenisation.html>

⁸ EMVCo Payment Tokenisation Specification – Technical Framework, <https://www.emvco.com/emv-technologies/payment-tokenisation/>

scheme-specific payment passkey, token or credential, the practical effect may be to determine the debit network before the merchant has any opportunity to present payment options or exercise routing choice. It risks entrenching a platform-level default that systematically displaces merchant-choice routing and could embed higher merchant service fees into the Australian economy.

The challenge the RBA has is agents seeking to drive a technical pre-commitment early in the transaction lifecycle that has the effect of eliminating merchant routing choice. To preserve competition and efficiency for DNDC transactions in Australia, agentic payment specifications, frameworks⁹ and protocols should be required to support route-neutral delegation, dual-network credential availability, and routing decisions only after the merchant and transaction are known. Merchants should also be able to communicate payment preferences, incentives or routing options in a machine-readable way that must be considered by the consumer's agent.

Agentic payment specifications and frameworks adopted in Australia will also need to deal with more complex AI agent purchasing orchestrations. Take a human-not-present delegated/autonomous scenario, where fulfilment of the consumer intent may involve purchases from more than a single merchant (e.g. hotel, flight, car hire, travel insurance, airport transfers, etc). This introduces further complexity with respect to ensuring the routing preferences of each merchant are respected in their own right. It cannot be presumed that a single scheme's token could be used across all these multiple merchants given they may each wish to route differently and therefore this human-not-present autonomous scenario would require multiple tokens from the corresponding schemes.

Likewise, AP+ has concerns regarding the direction of some proof-of-concept models in the market today, as any chain of evidence should not be centralised with a single network where the flow may be distributed across multiple merchants and multiple schemes; each scheme that is party to fulfilling a complex intent (e.g. multiple purchases) will need its own non-repudiable audit trail.

Agentic Commerce using Virtual Card Numbers (VCN)

Another policy issue to be considered is with respect to payment flows whereby an agent populates a merchant's web checkout card payment form on behalf of its user. Visa Intelligent Commerce¹⁰ describes such a scenario: *"Make payments: The agent uses the payment credentials received from the Visa Intelligent Commerce platform to complete the purchases at the merchant(s). Initially this payment process will be facilitated using guest checkout, key entry (form fill)."* Mastercard¹¹ similarly describe this as being a legitimate approach, referring to it as Level 1 Agentic Commerce – Enable Agent Support with Minimal Changes.

This is a challenge for the RBA's regulatory objectives, which seeks to ensure competitive tension is preserved for merchants' ability to route debit card transactions in the Australian jurisdiction. In this flow, there is no way for that merchant, potentially blind to the fact it is an agent rather than human filling in the form, to signal its routing preference. The merchant would receive a VCN from Visa Intelligent Commerce or Mastercard Agent Pay, which in effect is a payment token only able to be processed on their network, precluding the ability for the merchant to successfully route that transaction to the eftpos scheme should the merchant wish to do so.

Whilst the emergence of new globally interoperable agentic commerce protocols (in the process of being standardised by the likes of the FIDO Alliance¹² and EMVCo) could ultimately ensure competitive tension is preserved through merchants' ability to route debit card transactions, the Australian regulatory environment needs to guard against scenarios which employ more proprietary mechanisms, effectively prohibiting merchant choice routing.

⁹ EMVCo published a draft EMV® Agentic Payments Specification – Technical Framework v1.0 on 22 July 2026. The draft is open for review by EMVCo Associates, with the initial comment period closing on 5 August 2026.

¹⁰ Visa Intelligent Commerce, developer.visa.com/capabilities/visa-intelligent-commerce/overview

¹¹ Mastercard, [Level 1 Agentic Commerce - Enable Agent Support with Minimal Changes | Merchant Cloud Tutorials and Guides | Mastercard Developers](#)

¹² FIDO Alliance to Develop Standards for Trusted AI Agent Interactions, <https://fidoalliance.org/fido-alliance-to-develop-standards-for-trusted-ai-agent-interactions/>

Recommendations:

In addition to our LCR recommendation (Recommendation One) in Section 2.1. *Competition across debit card networks*

We further recommend that:

- **Functional LCR equivalence for agentic commerce:** where a DNDC is used, agentic payment flows should not reduce merchant routing choice relative to conventional online card payments.
- **No single-network lock-in by design:** scheme-specific passkeys, tokens, wallets, agent credentials or mandates should not unduly or prematurely prejudice routing over another eligible DNDC network.
- **Transparency obligations:** merchants should receive clear information on agentic payment costs, routing availability, incremental fees, and any constraints imposed by agents, wallets, platforms or schemes.
- **Protocol-level requirements:** agentic commerce protocols should carry routing-relevant data and preserve merchant/acquirer routing decision points.
- **Monitoring and data collection:** the RBA may need to expand its data collection to have visibility of agentic transaction volumes, network routing outcomes, token availability and incremental fees.

The right regulatory setting for agentic commerce is not a challenge unique to Australia to solve alone. We understand that a number of jurisdictions¹³ with a sovereign card scheme are developing guiding principles to define key expectations in their ecosystem for agentic commerce to ensure regulatory alignment and the preservation of trust across their payment ecosystem from day-one. Once AP+ has visibility of the work of these peer jurisdictions, we would welcome the opportunity to discuss our views on their proposed approaches with the Bank.

The RBA should act to ensure that agentic commerce develops in a way that preserves, rather than bypasses, Australia's merchant choice and least-cost routing objectives. While these new agentially mediated payment flows are still fledgling and much remains unknown, the direction of travel is clear enough to warrant regulatory guardrails at this time. As AI agents, wallets, tokens and scheme-specific credentials increasingly look to shape how payments are initiated and routed, the RBA should ensure that no technical or commercial constraints are introduced that undermines its long-held position on LCR or reduces the choices available to merchants and consumers.

The regulatory objective should be that wherever a new intermediary is introduced into the payment flow, the intermediary should not reduce or frustrate merchant choice routing that would otherwise be available to the merchant.

New intermediaries can take many forms, including commerce and POS platforms, digital wallets, checkout providers, token requestors, payment orchestration platforms and AI agents. These services can deliver significant benefits to merchants and consumers. However, their introduction should not have the effect of converting an otherwise dual-network transaction into a de facto single-network transaction before the merchant or its acquirer has an opportunity to exercise a routing choice.

For a dual-network debit card, the relevant regulatory outcome should be that merchant choice remains functionally available notwithstanding the introduction of an intermediary. The RBA's expectations should therefore attach to the payment outcome, rather than only to the individual entities directly involved in acquiring or processing the transaction.

¹³ For example. Monetary Authority of Singapore (MAS), Safeguards for Agentic Finance at Runtime (SAFR), 3 July 2026, ([link](#))

The principle should apply as new forms of intermediation emerge. Whether the intermediary is a platform, wallet, tokenisation service or AI agent, it should not determine the payment network upstream in a way that removes a routing choice the merchant would otherwise have had.

3. MOBILE PAYMENTS, NON DESIGNATED CARD NETWORKS AND BUY NOW PAY LATER

3.1. Mobile payments

7. Are there competition, efficiency and/or financial safety issues relating to mobile payments? If so, are there any regulatory actions that the RBA should consider?

In FY24, Australians made \$160 billion¹⁴ worth of payments with their mobile wallets.

In 2022¹⁵, the RBA set an expectation that the industry make LCR available for mobile wallet transactions by the end of 2024. The RBA recognised the growth in mobile payments and the benefits of LCR for merchants to reduce their costs by choosing the cheapest network.

The RBA expectation was that providers, including payment gateways, accelerate progress on making LCR widely available for online transactions and enabling LCR for merchants that could benefit from it. This includes work in rolling out eftpos and LCR into mobile wallets, which now account for about half of in-store purchases.

Enabling eftpos on mobile wallets was a significant piece of work for AP+ and our members in recent years and is progressing well, with now over 85% of mobile wallets are LCR enabled.

As per our recommendations, we would welcome the RBA continuing to apply their regulatory focus on ensuring LCR is widely available for merchants.

4. ACCOUNT-TO-ACCOUNT PAYMENTS

4.1. Future of A2A payments

11. What are the challenges faced by participants and end-users in the A2A payments system? Do these limit efficiency, competition or financial safety in relation to A2A transactions?

As the scheme operator for Australia's domestic payment rails, AP+ sits at the intersection of:

- Banks, Payment Service Providers (PSPs), and other financial institutions,
- Corporates, merchants and billers, and
- Consumers, governments and small businesses who rely on our systems every day.

We work closely with our members and stakeholders and understand their views and any concerns regarding cost, security, investment, access, fraud and resilience.

AP+ always needs to balance those concerns with our responsibilities, given that a strong domestic payment schemes drive good outcomes. AP+ is here to compete and transform payments in Australia. We provide cost-effective and competitive payment services which are modern, resilient and safe. Our products are designed to support competition and innovation, meeting the needs of the users of the Australian payments system, including secure low-cost, data-rich digital payment solutions for governments, retailers, businesses and for consumers.

¹⁴ ABA Customer Trends 2025, ([link](#))

¹⁵ RBA, Least-cost Routing of Debit Card Transactions, ([link](#))

There are already three important regulatory processes happening that are likely to be appropriate regulatory vehicles to consider any new views raised, namely the:

- Account-to-Account (**A2A**) Payments Roundtable
- Treasury's payments licensing reforms
- The Strategic Plan for Australia's Payments System

Account-to-Account (A2A) Payments Roundtable

As Australia's economy becomes more digital, account-to-account (**A2A**) payments must continue to evolve to meet changing technologies, expectations and user needs. A shared vision and the prompt development and finalisation of the roadmap for the future of A2A payments is a key step in guiding that evolution.

In July 2026, the Account-to-Account (A2A) Payments Roundtable released its A2A Payments Vision¹⁶, incorporating feedback from a public consultation and ongoing engagements with a broad range of end-users and other stakeholders on Australia's A2A payments system. The vision sets out the long-term direction for Australia's A2A payments system.

With the A2A payments vision finalised, the focus of the A2A Roundtable has now shifted to the development and finalisation of the A2A payments roadmap. The roadmap will define the way forward for achieving the vision, including high-level deliverables, implementation timelines, and associated governance and coordination arrangements. A shared roadmap will help underpin competition, innovation, and resilience across the payment ecosystem, giving banks, payment service providers and scheme operators a clear foundation on which to build products and services.

AP+ is committed to working closely with the RBA and others to develop the roadmap given end users and stakeholders are seeking clarity on the future of A2A payments and how the A2A payments vision will be delivered. To support the development of the roadmap, structured mechanisms have been established to seek that critical input and feedback from banks, payment service providers, end-users and other stakeholders during the process.

12. Is there a case for the RBA to take any regulatory action in relation to A2A payments to support efficiency, competition or financial safety, or control risk to the financial system? If so, what regulatory actions should be considered?

As above, there are already three important regulatory processes in progress that are likely to be the appropriate regulatory vehicle to consider issues raised, namely the:

- Account-to-Account (**A2A**) Payments Roundtable
- Treasury's payments licensing reforms
- The Strategic Plan for Australia's Payments System

Payment licensing reforms & AP+ ambitions for competition.

AP+ remains a committed supporter of Treasury's 2021 Payment System Review (**Review**).

The 2021 Review provided a vision and pathway for Australia to update, grow and strengthen our payment system. Successive governments have progressed the recommendations from the Review and the current government is progressing the final stages of enabling legislation for these licensing reforms.¹⁷

AP+ already supports allowing non-banks to connect directly to our payments infrastructure if the risks are managed appropriately. For eftpos, our debit card scheme, of the 28 entities that are eftpos scheme members only 17 are banks. The design of the NPP also facilitates the access of non-bank payment service providers. Since its 2018 launch, the NPP now has 120+ participating organisations, of those only

¹⁶ The vision for account-to-account payments in Australia, July 2026. [link](#)

¹⁷ Federal Treasury, Payments licensing reforms, <https://treasury.gov.au/policy-topics/banking-and-finance/payments-licensing-reforms>

14 are direct participants, who each have an ADI licence from APRA. Treasury's payments licensing reforms are intended to make that access more efficient and cost effective, while also not introducing significant new risks for the operators of systemically important payment infrastructure.

AP+ requires an ADI licence as a marker of appropriate regulatory status for direct connection to the NPP as a full NPP Participant because no other suitable alternative currently exists. Payments are highly regulated in Australia and the NPP and eftpos payment systems have also been deemed 'Critical Infrastructure' under *the Security of Critical Infrastructure Act 2018* (SOCi), so the duties and obligations of AP+ for the payment infrastructure under our control has grown. Therefore, Australia must have a licensing regime that facilitates enhanced access (lower cost, simpler pathways) for new entrants while concurrently protecting systemically important payment systems and facilitating competition that will benefit the Australian economy. The A2A Vision outlines how access and diverse participation must be balanced against the safety, security, and stability of the A2A payments system.

It remains the ambition of AP+ to calibrate and align our existing access regimes behind an appropriate licensing regime and the proposed¹⁸ RBA Common Access Standards (**CARs**), without additional AP+ specific standards being applied to new non-bank SVFs and PSPs who wish to connect to AP+ infrastructure. This AP+ position is predicated on an effective APRA regulatory regime and appropriate CARs for those SVFs and PSPs who, due to their size, designation and/or functions (i.e. PSPs seeking greater roles and participation in the authorisation, clearing and settlement flows between members of these schemes), may introduce new risks for Australia's payment system which need to be managed. AP+ envisages a future where access requirements may evolve as regulatory settings, such as licensing regimes, are refined over time. Further changes, such as our plans to allow connectivity to the NPP via cloud rather than physical infrastructure, will also assist in simplifying access for smaller participants.

4.2. Competition between cards and A2A payments

13. What are the barriers to more seamlessly enabling A2A payments in the in-person and online environments through, for example, digital wallets, and do they warrant the RBA taking action to address them?

A challenge we set ourselves in AP+ is to provide cost-effective and competitive payment services which are modern, resilient, safe, and meet the needs of the users of the Australian payments system. Australia is fortunate to be one of the few countries with both a sovereign debit card network and a real-time account-to-account payment system.

Australia already possesses many of the core building blocks required for real-time A2A payments for the in-person and online environments - including the NPP, PayID, PayTo, and widespread mobile banking. However, in physical retail, A2A has not yet achieved broad merchant acceptance comparable to card payments.

We follow with interest initiatives such as the UK Finance Proof of Concept which assessed the technical feasibility of A2A payments at the physical point of sale in the UK (**A2A@POS**)¹⁹. The UK A2A@POS Proof of Concept was initiated following the release of the UK National Payments Vision, which called for greater choice, competition, and resilience in UK retail payments, noting that unlike Australia, the UK does not have a sovereign debit card network.

In Australia, the use of PayID and other A2A methods are growing but are a relatively small share of online consumer payments. In particular, competition is growing in the online environment where there is less integration effort compared to in-person environments and consumers expect and use multiple payment methods when shopping online. The NPP already supports some larger merchants such as Amazon accepting PayTo and PayID as an alternative to card payments. Merchants who use services like PayTo, which facilitates account-to-account payments can bypasses card networks and avoid the percentage-based fees associated with cards.

¹⁸ Ibid

¹⁹ UK Finance, A2A@POS Proof of Concept – Outcomes Report, June 2026. ([link](#))

A2A adoption would require ubiquity at the physical point of sale, alongside a notable change in consumer behaviour, and innovative solutions and incentives like price-signals at checkout for merchants to assist that shift in consumer behaviour.

In Australia, the largest current barriers to seamlessly enabling A2A payments in the in-person environment are 1) consumer preferences in Australia and 2) the quantum of industry investment that would be required to upgrade acceptance infrastructure to support ubiquitous in-person acceptance. Even with the availability of A2A payments in the in-person environment, RBA research²⁰ shows that card payments are by far the dominant retail payment method in Australia.

According to the RBA research²¹ card payments in Australia enjoy powerful structural advantages:

- 73% consumer usage, creating strong network effects.
- Near-universal merchant acceptance.
- Deep integration into digital wallets.
- Mature tokenisation, recurring payments and "card-on-file" capabilities.
- Established consumer protection frameworks, including chargebacks and dispute resolution.
- A highly familiar "tap-and-go" user experience

14. What regulatory action, if any, should the RBA take to promote more standardisation and interoperability across cards and A2A payments?

The A2A Vision²² of standardisation encourages industry to focus on areas of the system where fragmentation would undermine safety or reliability, or where consistency, interoperability and the achievement of network effects would generate broad benefits. AP+ is strongly supportive of that A2A vision and ambition.

When we look at the specifics of the Australian market and compare it to overseas jurisdictions which have similar payment ecosystems to Australia, we cannot currently identify evidence or a pressing public-interest need for an additional regulatory intervention from the RBA to intervene to promote more standardisation and interoperability across cards and A2A payments at this time. AP+ does however see significant benefits of standardisation within particular payment schemes.

We examined the features of jurisdictions like Brazil and India, jurisdictions whose payment ecosystems evolved on a different path to Australia due to specific public policy outcomes those jurisdictions deliberately sought to achieve for their citizens. The same market failures (e.g. lack of infrastructure, choice, unbanked population) do not exist here and Australia which also has a different system of regulation.

Australia is fortunate to be one of the few countries with both a sovereign debit card network and a real-time A2A payment system. Each scheme has a clear and distinct purpose and function and the underlying risk, settlement and commercial models differ. While we expect that the evolution of each scheme will increasingly result in overlaps in functionality where this creates value, we do not believe there is a market failure or public policy need which would warrant RBA mandated standardisation and interoperability across cards and A2A payments.

The message standards and formats for card schemes and A2A differs significantly. The NPP uses the ISO 20022 messaging standard and we see considerable value for participants and end users who utilise and need this global standard. To achieve interoperability, it is likely that the global card schemes would need to transition away from their propriety messages towards ISO 20022.

For AP+ who operates multiple schemes, we expressly consider how to best leverage the capability of our portfolio which we operate for the benefit of Australia. Including standardisation and interoperability.

²⁰ RBA's 2025 Consumer Payments Survey, [Consumer Payment Behaviour in Australia | Bulletin – May 2026 | RBA](#)

²¹ Ibid

²² The vision for account-to-account payments in Australia, July 2026. [link](#)

The RBA could continue to focus their regulatory support for existing scheme-led and industry-lead (e.g. AP+, AusPayNet, EMVCo) standardisation and interoperability outcomes in schemes, such as:

Card Schemes	A2A
Cryptographic practices	Standard payment instructions
Tokenisation	Secure, standardised, and high-quality fraud intelligence sharing
Merchant Choice	Eligibility criteria and onboarding requirements
High availability and operational resilience	Consistent mandate controls
	High availability and operational resilience

5. CRYPTOGRAPHY AND FRAUD PREVENTION

5.1. Cryptography in the payments system

5.1.1. The card payments system

15. How is the payments industry strengthening its cryptographic practices in response to evolving cyber threats? What initiatives or uplift programs are underway, whether led by individual participants, industry bodies, or international standard-setting groups, and how effective are these initiatives likely to be in delivering an appropriate and sustainable level of cyber security?

This is a high priority for eftpos as we have a large programme of work to strengthen cryptographic practices across the ecosystem.

AP+ is progressing a program to uplift cryptographic protections across the eftpos network through the adoption of Advanced Encryption Standard (AES)-based cryptography. As part of this program, AP+ has already uplifted the eftpos Hub to support AES cryptography and has commenced engagement with the other industry members participating in the Australian Payments Network (AusPayNet) AES program to upgrade the eftpos interchange links²³ from the Triple Data Encryption Standard (3DES) to the Advanced Encryption Standard (AES).

While the payment industry is aligned on the importance of stronger cryptography such as AES; programs of this significance require coordinated execution, investment, technical planning, and reporting over multiple years. Therefore, the Bank could assist in supporting an efficient and orderly migration by setting clear industry timelines and mandates to ensure that migration remains appropriately prioritised.

In parallel, the Bank and the industry will need to continue to monitor developments in post-quantum cryptography and will need to consider whether additional coordinated uplifts are required from the current asymmetric cryptographic algorithms, including Rivest-Shamir-Adleman (RSA) and Elliptic Curve Cryptography (ECC). This will be an ongoing task.

16. What key barriers or challenges are participants facing in uplifting cryptography and broader cyber security practices within the payments system?

Prioritisation, funding, and legacy infrastructure are key challenges.

Industry participants will need to uplift cryptographic protections across the payment network and its connections, but each participant must assess and sequence the changes across its own environment, including connected systems, operational processes, and downstream dependencies e.g. ATMs. While industry support for AES uplift is strong, participants must balance the uplift of cryptographic protections against other regulatory, operational, technology and strategic priorities.

Coordination across the payment ecosystem is a significant challenge. Participants will likely need to meet specific requirements from card schemes, regulators, and industry bodies. Aligned timelines and consistent expectations would reduce duplication, avoid conflicting implementation plans, and support a more efficient delivery of cryptographic uplift across the industry.

²³ The standards which were updated to support this migration were: AS 2805.2, AS 2805.6.9, & AS 2805.9. AP+ then adopted the revised standards within our own technical "eftpos Hub Link Specification (eLS)" to support our members.

17. What role could the RBA play in supporting and coordinating industry-wide cryptographic uplifts in the payments system, while avoiding both duplication and undermining existing domestic and international standards, regulatory frameworks or industry-led initiatives?

The RBA should support the required cryptographic uplift by setting clear industry expectations, target dates and also by facilitating coordination and reporting points. A regulatory obligation would assist entities within the industry to seek the funding to prioritise this necessary work. A regulatory obligation also should assist in aligning the delivery plans of individual entities with the capacity the broader payments industry, to avoid a last-minute rush which would be an unnecessary challenge for the domestic payment schemes and the international card schemes to support.

Rather than developing a separate technical standard, AP+ would support the RBA utilising established standards and guidance²⁴ that industry participants can then apply consistently across the payments ecosystem. Organisations setting standards for protecting payment messages and payment data include the National Institute of Standards and Technology (NIST) and/or the International Organisation for Standardisation (ISO).

AP+ would also support the Bank assisting the industry to prepare for future cryptographic change, including post-quantum cryptography, by monitoring developments and setting industry expectations for uplifts as the standards mature; Noting that these regulatory efforts would need to be coordinated with domestic payment schemes, international card schemes, regulators and other relevant bodies. The expectations of the Bank would also need to take into account existing and new obligations under the *Security of Critical Infrastructure Act 2018*, and also scheme-specific requirements where they already address cyber resilience.

²⁴ As example, The Australian Signals Directorate, Planning for post-quantum cryptography
<https://www.cyber.gov.au/business-government/secure-design/quantum/planning-for-post-quantum-cryptography>