Review of Payments System Regulation

Tech Council of Australia Submission

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Executive summary

The Reserve Bank's Review of Payments System Regulation addresses where new regulatory attention will contribute most for Australia's productivity and living standards. In this respect, the TCA recommends the Reserve Bank of Australia (RBA) prioritise reforming legacy settings that are holding back choice and innovation already emerging across the payments industry, with a particular focus on account-to-account (A2A) payments, before extending further regulatory attention to segments where the market, or recent reforms, are already delivering good outcomes.

Our starting point is consistent with the Issues Paper's description of a well-functioning payments system as one demonstrating strong contestability, effective interoperability and appropriate standardisation, and with the House of Representatives Standing Committee on Economics' findings in A Level Paying Field that reform should apply equally across banks, fintechs and smaller providers, rather than leave any one group migrating, complying or gaining access on worse terms than incumbents. Australia's payments regulation should back the innovation already occurring across the payments ecosystem and which our membership contribute to, rather than extend settings designed for an earlier, card-based, bank-led system wholesale to a market that has moved well beyond them.

The Review's ultimate effectiveness will turn as much on how issues are prioritised as on which issues are examined. Australia's banking sector has historically suffered from limited competition, and the entry of new payments and fintech entrants has delivered tangible, measurable benefits to consumers and small businesses. Preserving the conditions for that innovation to continue is itself a pro-consumer, pro-productivity outcome, rather than a deregulatory one. The Tech Council of Australia (TCA)'s recommendations are organised on that basis, evaluated against principles rather than an issue's prominence in public debate: they direct the RBA's attention first to A2A payments, where the case for reform is strongest and best evidenced, and counsel restraint in segments that are already contestable, recently regulated, or too small in scale to justify new intervention, so that the RBA's regulatory capacity is directed to where it contributes most for competition, efficiency and safety.

1. Introduction and overview

Thank you for the opportunity to make a submission to the Reserve Bank of Australia's (RBA) Review of Payments System Regulation. The Tech Council of Australia (TCA) welcomes the Review and its focus on ensuring that Australia's payments system remains competitive, efficient, innovative and safe at a time of significant structural change in how payments are initiated, processed and settled.

The TCA is Australia's peak industry body for the tech sector. The tech sector is a key pillar of the Australian economy, and Australia's seventh largest employing sector. The TCA represents a diverse cross-section of Australia's tech sector, including startups, scale-ups, venture capital funds and global tech companies. Our membership includes a significant cohort of businesses operating in payments and fintech: payment service providers and acquirers, buy now, pay later (BNPL) providers, account-to-account (A2A) payments infrastructure providers, accounting and business software platforms, payroll and superannuation platforms, and other payments infrastructure providers. Many of our members sit at the points in the payments value chain where the innovation this Review examines is actually occurring.

We have concentrated this submission on the issues that industry considers most critical to deliver innovation and productivity benefits to consumers. Other matters of importance but which in our view should not take precedence are briefly noted. We have drawn on the detailed experience from members across the payments and fintech ecosystem and share this on an aggregated and unattributed basis. Because many of our members are simultaneously absorbing several concurrent reforms across the payments and fintech landscape, we also address regulatory coherence as a distinct, cross-cutting concern.

Turning that evidence into effective reform depends on how the RBA prioritises and sequences reform. This submission sets out five principles to guide where RBA attention is best directed, consistent with the Issues Paper's own description of a well-functioning payments system as one demonstrating strong contestability, effective interoperability and appropriate standardisation.

A clear, published set of principles benefits the Review as much as it benefits industry. It gives the RBA a consistent, transparent basis for prioritising among the many issues raised in the Issues Paper, rather than defaulting to whichever issue is most prominent in public debate. And it gives payments and fintech businesses, many of them smaller and resource-constrained, the ability to plan against some certainty about where regulatory attention is likely to land, rather than treating every open question as equally live. A business weighing a multi-year investment, for example, can commit with more confidence knowing that segments already subject to competitive discipline, or recently addressed by another regulator, are unlikely to attract near-term intervention, while genuine structural bottlenecks will. This submission is guided by five such principles.

1. **Materiality:** regulatory attention should go where the potential detriment is large in value or reach, and growing rather than shrinking. The scale of A2A's role in wages, superannuation and tax payments, as a channel touching nearly every working Australian each pay cycle, meets that test; segments confined to a small slice of retail payments, or already contestable, do not.

2. **Persistence:** intervention should target detriment produced by structural features of the market, such as dependence on a small number of intermediaries for access, arrangements a business cannot realistically decline, that will not correct themselves and tend to deepen over time, including smaller providers' continued reliance on a handful of major banks to sponsor their access to the system. Segments showing genuine competition such as an active new entry and prices under competitive pressure require only monitoring.

3. **Comparative advantage:** the RBA should act where it is genuinely best placed to do so. The RBA's priority should go to issues no other regulator or credible industry process is positioned to or legally able to resolve.

4. **Cost of delay:** the RBA should weigh what is lost by waiting, not only against the cost of acting immediately, but against the cost of acting too late for it to matter. Where the technical standards and commercial arrangements for A2A payments are being set now, through the A2A Payments Roundtable's roadmap for execution from 2027, building in the right settings at this stage costs far less than trying to unwind and reshape the market once it has settled around a different default. That should be weighed alongside the cumulative regulatory agenda smaller providers are already absorbing e.g., Payment Service Provider (PSP) licensing, the expanded Payment Systems (Regulation) Act 1998 (PSRA) perimeter, the Scams Prevention Framework, new BNPL credit obligations and the Unfair Trading Practices Act, poor sequencing is a cost that falls hardest on those with the least capacity to absorb several changes at once.

5. **Remedy:** priority should attach to issues for which a proportionate, well-targeted remedy is genuinely available such as access, or liability settings aimed squarely at the conduct causing harm, rather than issues where no such tool exists, or where intervention would land on business models that are visibly increasing the choices or value available to consumers and businesses. A calibrated access and liability framework for A2A payments meets that test.

The sections that follow explain, in these terms, why the RBA should or should not act on each issue raised at this time.

2. Prioritisation: focus on productivity outcomes

The RBA's greatest opportunity in this Review is to reform the legacy settings holding back choice and innovation, above all in A2A payments, before extending regulatory attention to segments where the market or recent reform is already delivering. Applying the principles set out above, the TCA's assessment of priority, based on the weight of member evidence, is below.

A further consideration informs this prioritisation: the RBA should engage directly with newer entrants and global platforms operating in Australia's payments market before reaching for regulation, rather than extending settings designed for an earlier, bank-led system wholesale to newer participants, reflecting comparative-advantage and cost-of-delay considerations borne out below.

Highest priority: A2A payments (Questions 11–14)

A2A payments represent the strongest public interest case for RBA reform: a significant, well-evidenced gap between the payments system Australia has and the one its businesses and households need. Section 3 below sets out the case in full and the TCA's recommended actions reflecting the need to focus on materiality of risk and persistence of the issue.

Other important issues: targeted, largely non-legislative action

The principles above also identify several issues where proportionate regulatory intervention to address demonstrable needs may be appropriate. However, some issues warrant continued attention short of new regulation now. TCA recommends the RBA:

- **Tokenisation portability:** clear RBA expectation that network tokens be portable without transaction or migration fees, while allowing the recently commenced AusPayNet porting Standard to be implemented (see Section 7).

- **Online least-cost routing (LCR):** continued review of online LCR and on the governance and incentive issues underlying it, ahead of any formal requirement (see Section 4).

- **AI agents in payments:** development of principles for agent-initiated payments, including open protocols, identity, bounded authority, auditability and merchant choice, with monitoring prioritised over premature restriction of innovation (see Section 4).

- **Overseas card-not-present fraud:** international coordination through AusPayNet, the card schemes and counterpart regulators, rather than a purely domestic mandate (see Section 7).

- **Cryptographic uplift:** RBA support for the industry-led AES migration program, without duplicating it (see Section 7).

- Continue to monitor **competition and efficiency on payment schemes** (see Section 5).

Where current settings should be maintained

The TCA recommends the RBA maintain current settings for: BNPL services, non-designated networks such as JCB and UnionPay, mobile wallets, and the bundling of payments with software and hardware services (see Sections 4 and 5), rather than introduce new pricing or structural regulation in these areas: each is demonstrably contestable, already subject to recent regulation, or too immaterial in scale. Directing the regulatory capacity this frees up toward the A2A reform program, where the evidence of unresolved coordination failure is strongest, is itself an application of the cost-of-delay principle.

3. A2A payments (Questions 11–14)

Because effective, universally available A2A payments would let employers, government and businesses move wages, superannuation, tax and bulk payments over modern, real-time rails instead of a legacy batch system with no replacement date, the TCA recommends the RBA support the industry-led A2A roadmap for dated PayTo delivery, proportionate access settings and a clear liability framework. Achieving this would mean, for example, that a business currently forced back onto manual Bulk Electronic Clearing System (BECS) files whenever a PayTo payroll payment fails could instead run payroll and superannuation on a real-time rail with stronger data capabilities and authorisation. This is where the case for RBA action is strongest on materiality (A2A already carries the payments that matter most to households and business), persistence (a coordination failure banks and PSPs have not resolved on their own) and cost of delay (the roadmap's settings are being fixed now, for execution from 2027).

Reform should be considered within the current ecosystem

A2A payments carry the wages, superannuation, tax, welfare, and bill payments at the centre of every Australian business and household (a materiality few other segments in this Review can match) and the total value processed via the BECS and the New Payments Platform (NPP) far exceeds card payments each year. Four developments now sharpen the cost of delay in this area, each turning on decisions being locked in over the next 12–18 months:

- First, in December 2025 AusPayNet abandoned its 2030 target for decommissioning BECS after the industry concluded it could not be met. BECS is Australia's largest retail payment system by value, and there is now no date by which payments must move to modern rails, so without a forcing mechanism, the migration risks slipping indefinitely.

- Second, the commencement of Payday Super on 1 July 2026 has made reliable real-time business rails an operational necessity. Employers must now make high-value, compliance-driven payments at a frequency and reliability the current rails do not consistently support.

- Third, the A2A Payments Roundtable published the final A2A vision on 8 July 2026 and is developing the roadmap during 2026 for execution from 2027. As a result, the next twelve months determine whether the vision's commitments become time-bound, measurable deliverables or remain aspirations. The House of Representatives Standing Committee on Economics reached consistent conclusions[1], recommending a clearer NPP transition timeline and an easier NPP access framework for smaller payment and fintech companies.

- Fourth, and relatedly, this urgency is not confined to competition and efficiency grounds. In its Report, the Parliamentary Joint Committee on Intelligence and Security separately examined BECS's data-messaging limitations, concluded they represent an ongoing vulnerability given BECS's continued role in around 90 per cent of A2A payments, and recommended that the RBA treat money-laundering and terrorism-financing traceability risk as an explicit, weighted criterion in the A2A Payments Roundtable's roadmap, alongside cost and user experience.[2] That Committee separately endorsed the same A Level Paying Field recommendations on a clearer NPP transition timeline cited above. We raise this only to note that a second, independent parliamentary review has reached a consistent conclusion on timing from an entirely different angle; the AML/CTF policy questions the Advisory Report considers are a matter for AUSTRAC and Treasury, not this submission.

The challenges (Question 11)

(a) The gap between technical capability and effective availability

Australia has had real-time, 24/7 A2A payments since the NPP launched in 2018. PayTo builds on that infrastructure to achieve the same result as direct debit, that is, let a business collect payments a customer has authorised in advance, but in real time and with richer data. In principle, this is what an employer needs to fund payroll, superannuation and PAYG tax. In practice, members operating at scale in payroll and superannuation report that most PayTo payment requests attempted on business accounts currently fail; that a majority of business accounts are not enabled for PayTo at all; and that where PayTo is available, transaction limits are frequently calibrated to e-commerce dispute risk (often in the order of $25,000) rather than to the risk profile of a predictable, data-rich payroll or superannuation run from an established business with a verified Single Touch Payroll history.

Members across the payments ecosystem corroborate this picture. They consistently report that PayTo behaves differently at every bank: features, limits and processing vary institution

[1] House of Representatives Standing Committee on Economics, A Level Paying Field: Report on the inquiry into schemes, digital wallets and innovation in the payments sector, 29 June 2026.
[2] Parliamentary Joint Committee on Intelligence and Security, Advisory Report on the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2026, August 2026, paras 3.22–3.33 ('Transition to the New Payments Platform') and Recommendation 5; see also A Level Paying Field.

by institution, and that the process for customers to approve a payment authority is so cumbersome that many abandon it. Together these undermine confidence in the product. Parliamentary evidence is consistent, with fintech stakeholders testifying before the House Economics Committee that PayTo adoption has lagged expectations owing to poor user experience, particularly on business and merchant accounts.

The consequences reference all three of the Review's objectives:

(i) Efficiency: when PayTo fails, employers do not stop paying staff, they fall back to BECS direct entry or manual push payments, which is the mechanism by which the legacy rails persist and BECS migration stalls.

(ii) Competition: inconsistent and conservative business settings have greatest impact on new entrants and platforms, which cannot build automated products on a rail that behaves differently bank by bank; the high cost of maintaining bespoke integrations directly caps the number of institutions a platform can support, reducing the *choice* available to end users.

(iii) Safety: the current settings have the risk equation backwards. When PayTo fails, employers revert to manually prepared payment files, which is a process more exposed to keying error and manipulation, with weaker authorisation and less data than a PayTo payment the employer has approved through their own bank. So limiting the safer method pushes payments onto the riskier one. Worse, the payments most limited (i.e., payroll and superannuation) are among the safest, with the same amounts being transferred, to the same recipients, on the same schedule every cycle, all verifiable against payroll and tax records.

(b) Access and direct participation

Eligibility criteria for direct access to A2A systems favour authorised deposit-taking institutions (ADIs), and the process for obtaining access is lengthy, costly and uncertain. The RBA's Reserve Bank Information and Transfer System (RITS) membership list illustrates the point: of the roughly 96 Exchange Settlement Account holders, 89 are ADIs, four of the seven non-ADI holders are clearing and settlement facilities rather than payments providers, and only three non-ADI payment service providers hold an Exchange Settlement Account (ESA).[3]

The fintechs that have achieved direct access have generally done so by becoming ADIs themselves, confirming that institutional status, rather than payments risk, has operated as the effective gateway. In practice this forces non-bank PSPs into indirect arrangements, depending on the same major banks with which they compete, and bearing the fees, technical constraints and commercial discretion those intermediaries impose.
Industry participants with direct experience of indirect access also describe a governance disconnect: scheme-level rules set by the system operator to manage end-user risk are

[3] RITS Membership List (rba.gov.au, as at 8 July 2026).

enforced against non-bank participants by the intermediary vendors those participants depend on for access, without the non-bank participant having had any voice in how those rules were set. This is a structural feature of indirect access, not a complaint about any individual rule, that reinforces the case for reviewing direct-access settings.

Direct participation is becoming a question of financial obligations, not just technical connection. As scam-prevention duties and PayTo liability settings develop, banks and system operators may reasonably ask non-bank participants to hold collateral, reserves or other security. Members do not object to that in principle, but these requirements must be transparent, proportionate, and tied to risks the participant can actually manage. If a non-bank provider is asked to secure against losses arising from bank-side systems and controls it cannot see or influence, or if the requirements are opaque or uncapped, then direct access exists on paper but is unusable in practice. The stakes of getting this right are economy-wide: the Productivity Commission's 2024 National Competition Policy modelling identified greater uptake of A2A payments as a reform with measurable GDP and consumer-price benefits.[4]

(c) The liability and dispute gap. A2A payments have no equivalent of the card chargeback regime, and recent incidents involving misuse of PayTo mandates have exposed the absence of a clear framework for who bears the loss when a mandate is abused. This uncertainty extends to consumer-facing A2A use cases as well as business ones: members report that where an individual consumer is the victim of a scam or fraud that uses A2A payments as its vector, which entity bears the resulting loss has been a live concern for scheme participants. An uplifted PayTo liability framework, developed by Australian Payments Plus to address scam- and AI-related fraud risk, is due to take effect from 30 September 2026; it is too early to assess whether it delivers a workable, equitable allocation of risk between banks and non-bank participants, and TCA members will be watching its implementation closely. In the meantime, this gap suppresses adoption in both directions: banks respond with blanket limits and conservative enablement, and merchants and consumers lack the recourse that gives them confidence in cards.

Recommendations (Question 12)

The TCA recommends RBA action that is proportionate and predominantly uses the RBA's convening, standard-setting and information-gathering roles rather than direct product regulation. Banks should continue to set their own product parameters; the gap described above is not a failure of any one institution but a coordination problem no single participant has sufficient incentive to solve. Product design should remain industry-led. The RBA's role should be to ensure the industry-led A2A roadmap has dated, participant-relevant milestones, transparent success measures and accountability, and to escalate to its formal

[4] Productivity Commission, 'National Competition Policy: modelling proposed reforms', Study Report, November 2024.

PSRA tools if voluntary governance does not deliver. Specifically, the TCA recommends the RBA:

- **Name business PayTo enablement as a dated roadmap deliverable.** Both account eligibility and risk-calibrated limits should be named deliverables in the A2A roadmap now being developed, with measurable coverage across business account types, channels and workflows. A capability should be treated as delivered only when it is effectively available to the accounts and workflows that need it, not when it exists at a scheme or technical level. This is consistent with the House Economics Committee's recommendation that the RBA and Treasury, through the Roundtable, ensure A2A payments have a user experience fit to compete with card rails.

- **Support a risk-tiered approach to limits.** A single limits posture applied uniformly across e-commerce and payroll is too blunt an instrument. The RBA should convene work with Australian Payments Plus (AP+) and industry to develop a risk-tiered framework so that predictable, compliance-driven categories, including wages, superannuation, PAYG, are not held to settings designed for higher-risk use cases. Limits should be evidenced by data on failure modes, dispute rates and control effectiveness rather than applied as blanket settings. TCA members with high-volume, low-risk payment flows have offered to act as proving grounds and to share de-identified data.

- **Hold the incoming A2A liability framework to clear principles.** Australian Payments Plus's uplifted PayTo liability framework, due to take effect from 30 September 2026, is a welcome step toward addressing who bears loss when a mandate is misused or a scam or fraud uses A2A payments as its vector. However, it is not yet clear whether it allocates risk equitably and workably between banks and non-bank participants.

  Liability should attach to whichever party is best placed to control, evidence and prevent the specific failure mode, not to whoever holds the most bargaining power, and the RBA should assess the framework against that standard once it is operating, rather than treat its design as settled. Material changes to liability should be evidence-based (i.e., grounded in measured loss and control-failure data) and should recognise participants who can demonstrate auditable control effectiveness, for example through control-based safe harbours. A credible, well-calibrated regime is what gives banks the confidence to enable business PayTo at scale, and gives the RBA a lever to manage risk as A2A values grow. If the framework falls short once live, the RBA should be ready to use its own tools to close the gap.

- **Sequence BECS migration behind business-rail readiness.** With the 2030 target removed, migration risks drifting. Demonstrable business-rail readiness, including reliable business PayTo and bulk-payment readiness for high-volume business and government flows, should be an explicit precondition and milestone for any future

BECS decommissioning timeline, consistent with the Committee's recommendation that Treasury re-establish a clear NPP transition timeline as soon as practicable.

- **Review direct access for qualified non-bank PSPs.** Consistent with the A2A vision's commitment that the system be accessible for providers including non-ADIs on terms reflecting their activities and risk profiles, the RBA should assess whether current access pathways, ESA eligibility settings and any security or collateral expectations are proportionate to the risks actually being managed. The objective is not lower standards but comparable standards for comparable activity and risk.

- **Monitor effective availability, with a credible backstop.** The RBA should use its information-gathering powers to build an evidence base on capability availability by participant, channel and account type, value limits and rejection patterns by use case, and participant-level constraints that are not clearly risk-based. Where participants rely on cost, liability or safety rationales to restrict availability, they should be asked to evidence the specific risk and provide a dated remediation plan. If voluntary roadmap governance cannot deliver, the RBA should be prepared to move to its formal PSRA tools, including standards and access regimes for designated systems.

Competition between cards and A2A payments (Question 13)

TCA recommends the RBA address A2A's barriers to competing with cards at the point of transaction through the roadmap workstreams already set out above concerning liability, enablement and standardisation, rather than by mandating the display or use of particular payment methods. Industry members point to four principal barriers to A2A payments competing with cards at the point of transaction: namely, consumer awareness relative to well-established card methods; a checkout experience that is relatively challenging compared to a single tap; the near-absence of a chargeback and liability framework, leaving end users with materially less recourse than under card schemes; and the extent to which restricted access to Australia’s core payments infrastructure affects what A2A options can be integrated into checkout flows and initiation environments on comparable terms.

Resolving these through the workstreams above would give A2A methods a fair opportunity to be presented and selected where merchants and payers choose them, without the RBA needing to intervene in individual checkout design. This is consistent with the remedy principle of a proportionate response targeted at the specific frictions identified, not a blanket mandate.

Standardisation and interoperability (Question 14)

TCA supports RBA action to promote standardisation when targeted at the foundational layer (underlying technical infrastructure) rather than at a product level: the RBA can coordinate shared infrastructure no single participant can build alone, and the proportionate remedy stops there, leaving product design to industry. Because business PayTo and the broader A2A rails are implemented inconsistently across institutions, platforms must build and maintain customised integrations accommodating each bank's eligibility rules, limits, data requirements and behaviours. That work is expensive and slow, directly caps how many institutions a platform can support, and is itself a barrier to entry.

The highest-value areas for standardisation are the shared primitives: payment initiation and consent data; payment status and outcome messaging; refund, reversal and exception handling; mandate and authority evidence; dispute evidence exchange; and structured merchant and purpose data. Standardising this evidence and data layer lets providers compete on the products built on top, gives the system a shared foundation for resolving disputes, and supports resilient routing and failover across rails during disruption. Members share the Issues Paper's caution that excessive standardisation can suppress differentiation; the discipline should be to standardise where fragmentation would undermine safety, reliability or interoperability, and no further.

4. Merchant choice in payments (Questions 1, 2, 3, 4 and 6)

Competition across debit card networks (Question 1 and Question 2)

TCA acknowledges the substantial industry progress on least-cost routing in the in-person environment. The outstanding issue is online, where availability is high but enablement remains low. We can identify two underlying causes:

- The first is structural: eftpos is operated by an entity majority-owned and governed by the banks, which the ACCC has found have mixed incentives in supporting eftpos and least-cost routing. The banks generally earn more from transactions routed via the international schemes and compete in acquiring against the non-bank PSPs seeking to negotiate with eftpos.

- The second is practical: as online LCR depends on a long chain of gateways, PSPs and merchant integrations, some of which have limited ability or incentive to build the functionality.

The TCA suggests that there is a public interest case for further RBA action, since the structural cause above is a persistence problem the market will not resolve on its own; formal regulatory requirement would nonetheless be premature while the RBA's comparative advantage in convening AP+ and industry before mandating outcomes remains untested.

We recommend the RBA: (a) examine the governance arrangements of AP+, which operates Australia's core domestic payment and digital identity infrastructure, in light of the ACCC's findings, since incentive misalignment at the scheme level will blunt any downstream mandate; (b) continue publishing enablement data at provider level and set clear expectations to encourage online LCR enablement. This positions industry-led delivery ahead of regulation while preserving a credible backstop.

Integrated platforms and bundling of payment services (Question 3 and Question 4)

TCA does not recommend intervention regarding integrated platforms or the bundling of payment services. The TCA's membership includes many of the integrated platforms the Issues Paper describes, and the small businesses they serve are the predominant beneficiaries: member-commissioned research finds bundled point-of-sale and business software saves the average small merchant between $400 and $1,680 a year compared with sourcing software separately,[5] with materially higher satisfaction than among merchants using traditional acquirers.[6]

Separately, efficiency gains are one of the clearest benefits of integrated platforms, with merchants saved from having to integrate and maintain an independent payments relationship, including managing the ongoing security and compliance obligations. For a similar reason, integrated platforms have improved the financial safety of payments by increasing the number of payments processed through a secure environment, reducing the fraud and security risks that arise when merchants are left to secure their own payments environment.

These benefits are of particular value to small businesses, which make up the bulk of integrated platform users and are least equipped to absorb the burden themselves.

AI agents for payments in e-commerce (Question 6)

Agent-mediated payments are at an early stage in Australian e-commerce, so the right regulatory posture is to monitor the market rather than intervene.

AI-enabled payments are a clear example of the innovation this submission asks the RBA to protect: a fast-moving, new capability that both incumbents and new entrants are building, in a banking-adjacent sector that has historically benefited from new competitors challenging entrenched practice. The TCA proposes that the competition, efficiency and safety of agent-mediated payments will likely turn on the protocols agents transact over more so than on the AI models themselves, consistent with the persistence and remedy principles. The risk the Review should be alert to is a dominant agent using its position to foreclose merchant and consumer choice of payment method, for example by steering transactions to the operator's own payment product to the exclusion of competing methods and networks. The way to keep this layer contestable is through open, published protocols: they give any provider a common standard to build against rather than a series of bespoke integrations, and they allow consent and authorisation mechanisms to be independently audited.

[5] Mandala Partners, Report on Surcharging, Unit Economics and Competition, December 2024.
[6] The Initiatives Group/eDentify, Market Research with Small Merchants in Australia on Payments Acceptance, 2024.

The TCA recommends the RBA focus on financial safety. Fraud and scam actors can be expected to exploit reduced human scrutiny in autonomous flows. Rather than prescribing a particular protocol in a fast-moving market, the RBA should take the following principles into account as it continues to monitor the market:

- **Clear identity**: whether parties can determine whether a payment was initiated by a human, an agent with human confirmation, or an agent acting within a pre-authorised mandate.
- **Bounded, auditable authority**: whether the scope of an agent's authority (amount, merchant, purpose, frequency) is recorded and reviewable, supported by strong customer authentication and tokenised agent credentials.
- **Merchant choice**: whether agent experiences remove or obscure merchants' ability to support lower-cost payment methods, and are configured to systematically favour higher-cost methods.
- **Evidence and liability**: whether durable records of instruction, authority and outcome support disputes, with liability allocated to the party best placed to control the relevant failure mode.

Monitoring should be prioritised over premature restriction of a fast-moving technology.

Tokenisation of card information (Question 5)

The TCA supports tokenisation as a proven security control, and treats portability as the test of whether its benefits are realised: a token is only useful to a merchant or provider once it is effectively portable between providers at no cost, not merely once portability exists as a technical or scheme-level capability. Because the compliance date for the AusPayNet Standard for porting merchant payment-related data passed only on 1 July 2026, this is a second-order focus of reform for TCA members. We set out our full position, including our concern about continued PAN retention as a workaround, in Section 7, consistent with the materiality and comparative-advantage principles.

5. Non-designated card networks and BNPL (Questions 8, 9 and 10)

Three-party networks (Question 8)

Price and surcharging regulation has historically applied only once a network reaches a 'must-take' threshold. As this threshold has not been reached by such providers, TCA recommends the RBA continue to track competition and efficiency trends across payment networks and their impact on merchants and the broader payment ecosystem.

Other non-designated card networks (Question 9)

TCA recommends the RBA maintain the current regulatory treatment of non-designated networks such as JCB and UnionPay: their limited scale in Australia and concentration in tourism-related sectors put them below the materiality threshold that would justify designation. The costs of formal designation would outweigh any benefit at this scale, and would fall on the very networks that give merchants an additional, if modest, source of competition in card acceptance. The TCA recommends the RBA continue to monitor rather than regulate this area.

BNPL providers (Question 10)

The TCA recommends the RBA maintain current settings for BNPL, rather than introduce new pricing or interchange regulation: the segment remains well below any principled must-take threshold at around 2 per cent of retail payments, the market is competitive on the evidence of falling merchant fees the Issues Paper itself acknowledges, and BNPL only entered the consumer credit regime in 2025 — a second, RBA-administered pricing layer this soon would be premature and duplicative. If any concern persists, fee transparency, not price regulation, is the proportionate response, consistent with the materiality and cost-of-delay principles.

While the Issues Paper notes that the proportion of BNPL transactions is higher, it remains well below the threshold of other non-designated payment methods. In addition, the BNPL segment is made up of a wide variety of competing BNPL providers, with pricing and product models, rather than any individual product or company. Ongoing monitoring is the most appropriate response.

6. Regulatory coherence and the cumulative reform agenda

The TCA asks the RBA to weigh the cumulative regulatory agenda facing payments and fintech businesses, many of them SMEs, as it prioritises reform, consistent with the cost-of-delay principle. The PSRA perimeter has been expanded; a PSP licensing regime is being introduced; the Scams Prevention Framework imposes new obligations across banks, telcos and platforms; BNPL has moved under the consumer credit regime; the AusPayNet porting Standard has commenced; and the unfair trading practices prohibition takes effect from 1 July 2027 (see Section 4). Each reform is individually defensible and none is a reason to defer A2A action, but businesses need to absorb these changes coherently rather than as unrelated deadlines. Cohesion across concurrent reform is itself a condition for the agility this submission asks the RBA to protect.

Two practical steps would help. First, the RBA's forthcoming statement of regulatory priorities should set out implementation guidance and a phased approach to new obligations, sequenced ahead of commencement and favouring industry education over immediate enforcement initially, mirroring other regulators' approach to comparable obligations. Second, that statement should explicitly address coordination with the frameworks listed above so businesses face one coherent set of expectations rather than overlapping ones, including how RBA settings interact with APRA's prudential and ASIC's conduct regulation of payment service providers. Consistent with the comparative-advantage principle, the RBA should concentrate formal intervention where coordination failure is strongest, which remains the A2A system.

7. Additional issues to note (Questions 5, 15–17 and 18)

The principles set out in Section 1 also identify three further matters raised in the Issues Paper where TCA members have a clear position, but which are a lower relative priority than A2A payments and where the TCA recommends continued monitoring rather than new RBA-led intervention. We set them out briefly so they do not crowd out this submission's central recommendation.

On **tokenisation portability** (Question 5), the RBA should expect network tokens to be portable between providers without transaction or migration fees. Overseas schemes already charge comparable fees (for example, Visa's US$0.12 Digital Credential Update Fee), and this is the friction a portability expectation should pre-empt. The AusPayNet porting Standard's compliance date passed only on 1 July 2026, so it is too early to judge effectiveness; continued PAN retention is the indicator to watch, consistent with the materiality and comparative-advantage principles.

On **cryptographic uplift** (Questions 15–17), TCA members are engaged in the industry-led AES Migration Program and post-quantum planning, facing competing investment priorities, fleet-replacement scale and differing guidance. We recommend the RBA support and coordinate this industry-led uplift through AusPayNet and international standard-setters rather than duplicate it, consistent with the comparative-advantage and remedy principles.

On **overseas card-not-present (CNP) fraud** (Question 18), the CNP Framework works domestically but cannot reach overseas merchants, where half of all fraud on Australian-issued cards is now concentrated despite only around 3 per cent of spend. A purely domestic mandate risks cost and friction without changing offshore behaviour; we recommend the RBA work with AusPayNet, the international schemes and counterpart regulators to extend the Framework's discipline offshore, treating domestic mandates as a last resort, consistent with the comparative-advantage and remedy principles.

8. Recommendations

In summary, the TCA recommends the RBA:

1. **Make A2A payments the RBA's top regulatory priority**, supporting the industry-led A2A roadmap for a dated PayTo delivery, reflecting both the materiality of A2A's role in the economy, the cost of delay in fixing the roadmap's settings now, before they are

locked in for execution from 2027, and the persistence of a coordination failure the market has not resolved on its own.

2. **Name business PayTo enablement as a dated roadmap deliverable**, with measurable coverage across business account types, channels and workflows, consistent with the House Economics Committee's recommendation that A2A payments achieve a user experience fit to compete with cards.
3. **Support a risk-tiered approach to A2A payment limits**, so that predictable, compliance-driven categories such as wages, superannuation and PAYG are not held to settings designed for higher-risk use cases.
4. **Hold the incoming A2A liability framework to clear principles**, where liability should attach to whichever party is best placed to control, evidence and prevent the specific failure mode, not to whoever holds the most bargaining power, and the RBA should be ready to use its own tools if the framework falls short once operating.
5. **Promote targeted standardisation of the A2A foundational layer** concerning consent, status, exception-handling, mandate and dispute evidence leaving product design to industry, where the RBA's role is coordination, not building products itself.
6. **Set a BECS decommissioning date that relies on modern rails** effectively carrying today's business payments on cost-of-delay grounds, thus sequencing migration behind demonstrated readiness rather than a fixed date.
7. **Review whether non-bank direct-access requirements are proportionate** to the risks they actually present, and ensure standards are calibrated to risk rather than institutional status.
8. **Avoid intervening on integrated platforms and bundling**, recognising the demonstrable benefits these platforms provide to small businesses.
9. **Develop principles for AI-agent and initiation-layer payments**: open interoperable protocols, clear identity and bounded authority, auditability, merchant choice, payment-method neutrality and control-aligned liability, and prioritising monitoring over premature restriction.
10. **For three-party networks, the RBA should continue to track** competition and efficiency trends across payment networks and their impact on merchants and the broader payment ecosystem.
11. **Examine the governance arrangements of AP+** in light of the ACCC's findings on bank incentives and effects on downstream mandates.
12. **Continue publishing enablement data at provider level** and set clear expectations to encourage online LCR enablement.

13. **Set a clear expectation that network tokens be portable between providers without transaction or migration fees**, monitoring continued PAN retention as the indicator of whether the AusPayNet porting Standard is delivering in practice.

14. Work with AusPayNet, the international card schemes and counterpart regulators to **extend the CNP Fraud Mitigation Framework's discipline to overseas merchants**, where around half of card fraud is now concentrated, treating a purely domestic mandate as a last resort.

15. **Support and coordinate the industry-led AES cryptographic uplift program** through AusPayNet and international standard-setters, rather than duplicate it.

16. **Maintain current settings for BNPL, mobile wallets, and non-designated networks** such as JCB and UnionPay, on the evidence that these areas are contestable, recently regulated, or too immaterial to warrant designation.

17. **Require the RBA's forthcoming statement of regulatory priorities to sequence new reform against the cumulative regulatory agenda** in train across the payments and consumer-protection landscape, considering the cost of delay in regulation.

The TCA appreciates the opportunity to contribute to the RBA's Review, and the TCA and its members would welcome the opportunity to discuss this submission with the Payments Policy team, and to participate in the structured consultation processes for the A2A payments roadmap.