

# Payments System Board

Annual Report 2025

In the spirit of reconciliation, the Reserve Bank of Australia acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community.

We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

# Payments System Board Annual Report 2025

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# Foreword

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We can be proud of Australia's payments system, which is efficient and reliable by global standards. Nevertheless, the payments environment is evolving rapidly, with new technologies and business models emerging. Work by industry is also gathering pace on moving from legacy systems towards new platforms that can deliver payment services that are faster, safer and more convenient. At the same time, a more uncertain global environment means that the resilience of the payments system is more important than ever. In this context, the Payments System Board continues to focus on promoting the safety, efficiency and competitiveness of Australia's payments system.

In August 2025, the Board endorsed the RBA's payments policy strategy for the next two years. Our first strategic objective is to further strengthen the resilience of the payments system. This involves identifying system-wide risks for Australia's payments system, calling on payments and market infrastructures to strengthen their governance, risk management and operational resilience, and operationalising the RBA's new crisis management powers for clearing and settlement facilities. Our second objective is to promote a competitive, accessible and innovative payments system. As part of this, we are overseeing industry's efforts to modernise account-to-account payments, continuing to enhance cross-border payments and supporting the Australian Government's work on payments regulatory reform. Our third objective is to shape the future of money so it meets the evolving needs of the community, economy and financial system. Of particular focus here is our analysis of how innovations in digital money could enhance the functioning of our financial markets.

The supervision of clearing and settlement facilities is a very important area of the Board's work. Over the past year, there has continued to be a significant focus on the risk management of the Australian Securities Exchange (ASX), particularly for operational risk. It is important that the ASX continues to prioritise the delivery of safe and reliable clearing and settlement infrastructure for Australia's financial markets. The Board also continues to focus on the operational resilience of other financial



market infrastructures that operate in Australia given their importance to the ongoing stability of the financial system.

A major milestone of 2024/25 was the passage of the government's regulatory reforms for financial market infrastructures. These reforms provide the RBA and other regulators with the capabilities required to appropriately supervise financial market infrastructures and, in the unlikely event of a crisis, intervene to support continuity of critical services. Work to operationalise the reforms is underway, including planning for resolution of critical clearing and settlement facilities and development of resolution guidance to provide additional transparency to stakeholders. Legislation to modernise the *Payment Systems (Regulation) Act 1998* is being considered by the Australian Parliament and more work has been done on developing a new licensing framework for payment service providers.

The RBA's policy work on retail payment systems over the past year has focused on efficiency and competitiveness in card payments and the future of the account-to-account payments system. The RBA commenced a review of merchant card payment costs and surcharging and published a consultation paper for stakeholder feedback. The RBA also undertook a risk assessment of industry's proposal to decommission the Bulk Electronic Clearing System by June 2030 and made a set of recommendations to support a safe and orderly migration that serves the public interest.

The RBA continues to investigate the potential use and implications of new forms of money. During the year, RBA staff, in partnership with the Digital Finance Cooperative Research Centre, commenced a collaborative research project investigating how innovations in wholesale digital money could support the settlement of transactions in tokenised asset markets. The RBA is also conducting research into the policy issues associated with retail central bank digital currency.

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

**Michele Bullock**

Governor and Chair

Payments System Board

24 September 2025

## Chapter 1

# About the Payments System Board

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The Payments System Board (the Board) has responsibility for the RBA's payments system policy, including policy on clearing and settlement facilities. In 2024/25, the Board comprised eight members and met at the RBA's premises in Sydney through the year. During the year, the Board endorsed the RBA's payments policy strategy, enhanced its code of conduct and its conflict of interest policy, and ensured a high degree of transparency and accountability around its actions through reporting and the RBA's communication program.

## Role of the Board and the RBA

The Reserve Bank of Australia (RBA) is responsible for promoting the stability, efficiency and competitiveness of the payments system through the Payments System Board. The Board has a duty under the *Reserve Bank Act 1959* to ensure that the RBA's payments system policy is directed to the greatest advantage of the people of Australia, and that the powers of the RBA under the *Payment Systems (Regulation) Act 1998* and the *Payment Systems and Netting Act 1998* are exercised in a way that, in the Board's opinion, will best contribute to:

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

Under the *Payment Systems (Regulation) Act*, the RBA has the power to designate payment systems and to set standards and access regimes for designated systems. The *Payment Systems and Netting Act* provides the RBA with the power to give legal certainty to certain settlement arrangements to minimise the risks of systemic disruptions from payment systems.

In addition, the Board has a duty to ensure that the powers and functions of the RBA under Part 7.3 of the *Corporations Act 2001* are exercised in a way that, in the Board's opinion, will best contribute to the overall stability of the financial system. These powers and functions relate to the supervision of central counterparties and securities settlement facilities, which are key infrastructure supporting the clearing and settlement of transactions in financial markets. The RBA's Payments Policy Department also acts as overseer of Australia's high-value payments system – the Reserve Bank Information and Transfer System (RITS).

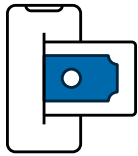
## RBA Payments Policy Strategy 2025–2027

At its August 2025 meeting, the Payments System Board endorsed an RBA payments policy strategy focused on three strategic objectives, supported by 10 priority initiatives, over 2025–2027. This strategy will help prioritise the RBA's efforts to support the Australian payments system to evolve in line with the public interest over coming years. The Board will regularly review progress being made.

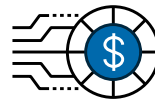
## RBA Payments Policy Strategy 2025–2027 | Strategic Objectives



Strengthen the **resilience** of the payments system



Promote a **competitive, accessible and innovative** payments system



Shape the **future of money** so it meets the evolving needs of the community, economy and financial system

### RBA payments policy strategic objectives

#### Strengthen the resilience of the payments system

Payments and market infrastructures play a crucial role in facilitating payments and managing financial risk in the financial system. The reliance of the community, economy and financial system on these services means that disruptions can have wide-reaching effects. The RBA is focused on ensuring risks to payments and market infrastructures are managed appropriately.

#### Promote a competitive, accessible and innovative payments system

Consumers and businesses rely on the payments system every day. The RBA has an important role to play in promoting a payments system that delivers competitive, accessible and innovative payments for consumers and businesses.

#### Shape the future of money so it meets the evolving needs of the community, economy and financial system

Australians need safe, efficient and cost-effective payment options, both now and in the future. As the payments landscape changes, the RBA is helping to shape the future of money by exploring the case for new digital forms of money, and by ensuring cash remains a viable means of payment for those who need or want it.

### RBA payments policy priority initiatives

To achieve its payments policy strategic objectives, the RBA will pursue 10 priority initiatives over 2025–2027 to:

- identify system-wide risks to Australia's payments system that require attention
- call on payments and market infrastructures to improve their governance, risk management and operational resilience to meet regulator and community expectations
- deliver a framework for clearing and settlement (CS) facility crisis management and operationalise new powers for CS facility supervision
- oversee the industry's efforts to transition account-to-account payments to more modern features in a manner consistent with the public interest
- assist payments regulatory reform, including to enhance the resilience of the payments system
- work with government and industry to reinforce reasonable access to cash across the community
- review the regulatory settings for retail payments systems and support the implementation of adjustments if required
- enhance cross-border payments
- assess how innovations in digital money and existing infrastructure could enhance wholesale payments and settlements
- deepen analysis into the issues associated with new forms of retail digital money, including central bank digital currencies (CBDCs).

## Board members as at September 2025

The Payments System Board comprises up to eight members: the RBA Governor; a representative of the RBA (currently the Assistant Governor, Financial System); a representative of the Australian Prudential Regulation Authority (APRA) (currently the Chair of APRA); and up to five other non-executive members appointed by the Treasurer.

Members of the Board as at September 2025 and details of their qualifications and experience are provided below.

### Michele Bullock

BEd (Hons) (UNE), MSc (LSE)



#### Chair and RBA Governor

Governor since 18 September 2023  
Present term ends 17 September 2030

Michele Bullock commenced as RBA Governor on 18 September 2023. She is Chair of the Governance Board, Monetary Policy Board, Payments System Board and Council of Financial Regulators. She served on the Reserve Bank Board as Deputy Chair from 2 April 2022 and Chair from 18 September 2023 until 28 February 2025.

Prior to her current role, Ms Bullock was the RBA Deputy Governor. She has also held a variety of senior management positions at the RBA. She was Assistant Governor (Financial System), Assistant Governor (Business Services), Assistant Governor (Currency), Adviser for the Currency Group and, before that, Head of Payments Policy Department.

Ms Bullock is a Member of Chief Executive Women and a signatory to the Banking and Finance Oath.

#### Other roles

Chair – Governance Board  
Chair – Monetary Policy Board  
Chair – Council of Financial Regulators  
Chair – Financial Markets Foundation for Children  
Co-chair – Financial Stability Board Regional Consultative Group for Asia  
Member – Financial Stability Board  
Member – Melbourne Institute Advisory Board  
Member – Trans-Tasman Council on Banking Supervision  
Director – The Anika Foundation

## Brad Jones

PhD (Macquarie)



### Deputy Chair and RBA Assistant Governor (Financial System)

Deputy Chair since 16 January 2024

Brad Jones joined the RBA in 2018 and was appointed RBA Assistant Governor (Financial System) in 2022. He oversees the RBA's work on financial stability and payments policy, including the future of money and geopolitical risk.

Prior to his current role, Dr Jones was the Head of International Department and then the Head of Economic Analysis Department.

Before joining the RBA, Dr Jones held roles at the International Monetary Fund in Washington DC, Deutsche Bank in London and Hong Kong, and the University of Cambridge Judge Business School.

Dr Jones is a graduate member of the Australian Institute of Company Directors and a signatory to the Banking and Finance Oath.

### Other roles

Member – Basel Committee on Banking Supervision

Member – Financial Stability Board Regional Consultative Group for Asia

Member – Council of Financial Regulators

Member – Trans-Tasman Council on Banking Supervision

Member – Institute of Global Finance Advisory Board

Chair – RBA Financial Market Infrastructure Review Committee

## Ross Buckley

BEcon, LLB (Hons) (UQ), PhD (UNSW), LLD (Melbourne)



### Non-executive member

Member since 1 August 2023

Present term ends 31 July 2028

Ross Buckley is a Scientia Professor, School of Private and Commercial Law at the University of New South Wales and an Australian Research Council Laureate Fellow. His key research areas include fintech, regtech, central bank digital currencies and cryptoassets more generally. He has written seven books and over 200 journal articles, book chapters and major reports. He has twice been a Fulbright Scholar, at Yale and Duke universities.

Professor Buckley has consulted to government departments in over a dozen countries and written reports for a range of institutions, including the Alliance for Financial Inclusion, Asian Development Bank, Bank for International Settlements, European Commission and the United Nations Capital Development Fund.

### Other roles

Chair – Digital Finance Advisory Panel, Australian Securities and Investments Commission

Member – Consultative Panel, Australian Securities and Investments Commission

Member – Public and Private Markets Advisory Group Network, Australian Securities and Investments Commission

Member – Simplification Consultative Group, Australian Securities and Investments Commission

Strategic Research Advisor – Digital Finance Cooperative Research Centre

Fellow and Academic Board Member – European Banking Institute, Frankfurt

## Gina Cass-Gottlieb

BEC (Hons), LLB (Hons) (Sydney), LLM (Berkeley)



### Non-executive member

Member from 15 July 2013 to 14 July 2018

Reappointed from 1 August 2018

Present term ends 31 July 2028

Gina Cass-Gottlieb has extensive expertise in competition law and economic regulatory advice and in the regulation of payments in Australia. She was appointed Chair, Australian Competition and Consumer Commission on 21 March 2022.

Prior to this, Ms Cass-Gottlieb was a senior partner in Gilbert + Tobin's competition and regulation practice, advising and representing corporations, industry associations, government and non-government agencies. She has over 25 years' experience, including advising in relation to access arrangements in a range of sectors across the economy.

Ms Cass-Gottlieb attended the University of California, Berkeley, as a Fulbright Scholar.

## Michelle Deaker

BSc (Hons) (Sydney), MSc (Sydney), PhD (UC)



### Non-executive member

Member since 1 August 2023

Present term ends 31 July 2028

Michelle Deaker is a Founding Partner and the Managing Director of OneVentures, a venture capital firm that focuses on technology and healthcare sectors. Dr Deaker has over 20 years' experience in the development of high-growth technology companies in Australia and the United States. She has served on the boards of large and small listed and unlisted companies and has a strong background in Australian research and development as well as expertise in global business expansion.

Prior to establishing OneVentures in late 2006, Dr Deaker established IT enterprise business Networks Beyond 2000 and later E Com Industries, a leading prepaid card and electronic voucher provider in several countries.

Dr Deaker is a Member of the Australian Institute of Company Directors and Chief Executive Women.

### Other roles

Director – Phocas Group

Director – Buildkite

Director – WinVC Limited

Board Observer – Employment Hero

## Scott Farrell

BEC (Sydney), LLB (Hons) (Sydney), PhD (UNSW)



### Non-executive member

Member since 23 March 2022  
Present term ends 22 March 2027

Scott Farrell has more than 25 years' experience in financial markets and financial systems law. In 2016, he was appointed to the Australian Government's FinTech Advisory Group at its formation and in 2018 was appointed its co-Chair.

Dr Farrell has led a number of reviews for the Australian Government, including the Review into Open Banking in Australia in 2017, the Inquiry into Future Directions for the Consumer Data Right in 2020 and the Review of the Australian Payments System in 2021.

### Other roles

Strategic Counsel – King & Wood Mallesons  
Adjunct Professor – School of Private and Commercial Law, University of New South Wales  
Chair – International Organization for Standardization TC 307 Blockchain and Distributed Ledger Technologies  
Member – Data Standards Body Advisory Committee

## John Lonsdale



### APRA-appointed member

Chair – Australian Prudential Regulation Authority

Member since 1 November 2022

John Lonsdale was appointed as Chair of the Australian Prudential Regulation Authority (APRA) on 31 October 2022 after joining APRA as Deputy Chair on 8 October 2018. In his Deputy Chair role, Mr Lonsdale was responsible for oversight of Australia's banking sector, as well as oversight of APRA's work on culture and remuneration, building APRA's crisis-resolution capability and strengthening APRA's collaboration with peer regulators.

Prior to joining APRA, Mr Lonsdale worked for the Australian Treasury for over 30 years. He was a member of the Treasury's Executive and, in his role as Deputy Secretary for the Markets Group, he had responsibility for financial system, consumer and foreign investment policy. In 2014 he led the Secretariat for the Financial System Inquiry.

### Other roles

Member – Council of Financial Regulators  
Member – Financial Stability Board Standing Committee on Supervisory and Regulatory Cooperation  
Member – Trans-Tasman Council on Banking Supervision

## Deborah Ralston

BEC, Dip Fin Mgt, MEc (UNE), PhD (Bond)



### Non-executive member

Member since 15 December 2016

Present term ends 14 December 2026

Deborah Ralston has more than 25 years of board-level experience in education, banking, superannuation and fintech sectors. She has held senior leadership and research roles in Australian universities, most recently as the Executive Director of the Australian Centre for Financial Studies.

Dr Ralston's expertise in public policy is reflected in appointments to the Australian Government's Retirement Income Review Panel, the Comprehensive Income Products for Retirement Framework Advisory Committee and as inaugural Chair of the Australian Securities and Investments Commission's Digital Finance Advisory Board.

Dr Ralston is currently a Professorial Fellow at Monash University Business School, with research interests in financial regulation and superannuation. She is a Fellow of both CPA Australia and the Australian Institute of Company Directors.

### Other roles

Chair – Advisory Board, Household Capital

Member – Advisory Board, Connexus Institute

Member – Future Fund Board of Guardians

Non-executive Director – Digital Finance Cooperative Research Centre

## Meetings of the Board

The Payments System Board met four times in 2024/25. Two meetings were in person and two via hybrid arrangements (with one member participating remotely).

Five members form a quorum for a meeting of the Payments System Board. Consistent with the Reserve Bank Act, the Board makes decisions by a majority of the members present, with the Chair having a casting vote, if necessary. Attendance by members is shown in Table 1.1.

**Table 1.1: Payments System Board Meetings – 2024/25**

Attendance by members

Member	Role	Term	No. of meetings attended	No. of meetings eligible to attend
Michele Bullock	Chair; Governor	Sep 2023 – Sep 2030	4	4
Brad Jones	Deputy Chair, RBA representative	Jan 2024 –	4	4
John Lonsdale	APRA representative	Nov 2022 –	4	4
Ross Buckley	Non-executive member	Aug 2023 – Jul 2028	4	4
Gina Cass-Gottlieb	Non-executive member	Jul 2013 – Jul 2028 <sup>(a)</sup>	4	4
Michelle Deaker	Non-executive member	Aug 2023 – Jul 2028	4	4
Scott Farrell	Non-executive member	Mar 2022 – Mar 2027	4	4
Deborah Ralston	Non-executive member	Dec 2016 – Dec 2026 <sup>(b)</sup>	4	4

(a) Gina Cass-Gottlieb's first term on the Board ended on 14 July 2018 and second term ended on 31 July 2023; she was reappointed to a third term on 1 August 2023.

(b) Deborah Ralston's first term on the Board ended on 14 December 2021; she was reappointed to a second term on 15 December 2021.



Payments System Board members at their meeting in August 2025. From left to right: Back row – Deborah Ralston, Scott Farrell, Ross Buckley, John Lonsdale, Anthony Dickman (Reserve Bank Secretary); Front row – Assistant Governor (Financial System) Brad Jones, Governor Michele Bullock, Michelle Deaker (absent: Gina Cass-Gottlieb).

Source: RBA.

## Code of conduct

A code of conduct for Payments System Board members supplements statutory requirements and imposes obligations on members to ensure the highest possible standards of ethical conduct. At its March 2025 meeting, the Board approved minor updates to the code following revisions to the *Reserve Bank Act 1959* in late 2024; these updates were made to provide consistency across the codes of conduct for each RBA board and did not affect its substantive provisions. The code is published on the RBA website.<sup>1</sup>

## Conflicts of interest

The RBA has several distinct areas of responsibility in the Australian payments system. It:

- owns, operates and participates in Australia's real-time gross settlement system – RITS
- provides transactional banking services to the Australian Government and its agencies
- is principal regulator of the payments system through the Payments System Board.

This combination of functions is conventional internationally, but their existence in the one institution may give rise to concerns about conflicts of interest. In view of this, the Board has adopted a policy on managing actual or perceived conflicts of interests,

which focuses on the interactions between the RBA's Payments Policy and Banking departments. The policy is published on the RBA website.<sup>2</sup>

Details of the steps taken to achieve compliance with the policy, including the minutes of informal meetings between departments, are audited every three years by the RBA's Audit Department, with the results presented to the Board. The most recent audit was conducted in June 2025.

In August 2024, the Board amended the policy to allow staff from Payments Policy Department to gather information from Banking Department and jointly participate on working groups related to the migration away from the Bulk Electronic Clearing System (BECS) to modern payment systems. This will allow Payments Policy Department and the Board to better oversee risks and issues posed by the BECS migration, especially those related to government payments.

In June 2025, the Board conducted its regular triennial review of the conflicts of interest policy. Following this review, the Board amended the policy to allow staff from Payments Policy Department and Banking Department to simultaneously observe and/or participate in industry committees or working groups with broad representation. This will enable staff to identify payments policy issues early and encourage industry to voluntarily put in place solutions that achieve the RBA's public interest objectives.

The Board also has a governance role in managing conflicts of interest relating to the RBA's oversight of RITS. While an internal Financial Market Infrastructure Review Committee has the formal responsibility to review and approve assessments of other payments and market infrastructures, the Board retains primary responsibility for approving the staff's periodic assessments of RITS.

## Accountability and communication

The Payments System Board seeks to ensure a high degree of transparency and accountability around its actions through regular reporting to the Australian Government and through the RBA's communication program.

## Accountability

The RBA has a range of reporting obligations that serve to ensure the accountability of the Payments System Board. Under the *Reserve Bank Act 1959*, the Board is required to:

- inform the government, from time to time, about the performance of its functions and the exercise of its powers, including the determination of any payments system policy (section 11A(2))
- prepare and give to the Treasurer a report that covers certain matters relating to the standards that the RBA determines under section 827D of the *Corporations Act 2001* and developments in the clearing and settlement industry that are relevant to Australia's financial stability (section 25M(1)).

This annual report addresses these requirements and is the primary accountability vehicle for the RBA's payments system responsibilities. The House of Representatives Standing Committee on Economics holds twice-yearly public hearings at which the RBA presents an opening statement on the economy, financial markets and other matters – including payments system matters – related to the RBA's operations, and responds to questions from Committee members. These hearings may include discussion of developments in the payments system and the RBA's payments system policy.

The broader accountability of the RBA includes its obligations under the *Public Governance, Performance and Accountability Act 2013*. The RBA's annual report, including the annual performance statement, covers the RBA's role in the payments system.

## Communications

The RBA regularly communicates on payments system issues and its regulatory and oversight work through media releases, speeches, research publications, the RBA website, and community and industry liaison. The RBA also engages in various international forums relating to payments and market infrastructures.

The RBA publishes a media release in the afternoon immediately following each quarterly Payments System Board meeting, outlining matters that were discussed by the Board and foreshadowing any forthcoming

documents to be released by the RBA. Media releases also accompany any major announcements following decisions taken by the Board.

During 2024/25, senior RBA staff gave a number of public speeches and participated in discussion panels on various payments system-related topics, including:

- the future of the payments system
- financial innovation and the future of CBDC in Australia
- the future of account-to-account payments in Australia.

Audio files and transcripts of speeches are published on the RBA website.

## Submissions and parliamentary appearances

Where appropriate, the RBA makes submissions to parliamentary and government committees, inquiries and regulatory processes on payments and market infrastructure-related topics. During 2024/25, the RBA made submissions to the Australian Competition and Consumer Commission on applications for industry coordination to support the viability of the wholesale cash distribution system and on work to migrate the Australian card payments system to the Advanced Encryption Standard. Copies of the RBA's submissions can be found on the RBA website.

## Research and statistics

To support the RBA's research and policy work, the RBA collects statistics on retail payments on a monthly basis from financial institutions, card companies and other payments system participants. Data on debit and credit cards, mobile wallets, ATM transactions, merchant fees, bulk electronic transfers, New Payments Platform (NPP) transactions and cheques provide insights on how individuals and businesses make and receive payments. These aggregated data are published as part of the statistical tables on the RBA website. In December 2024, the RBA began publishing updated retail payments data including data on newer payment technologies such as mobile wallets and contactless payments.

In addition, the RBA commenced preparation for the next three-yearly Consumer Payments Survey, which will be conducted in late 2025, with results to be published in 2026.

## Liaison activity

The RBA engages with a wide range of stakeholders in Australia and overseas.

During 2024/25, the RBA engaged with a range of participants in the payments industry to discuss policy issues and market developments. Key focuses of stakeholder engagement were on the Review of Merchant Card Payment Costs and Surcharging and industry's proposed decommissioning of the Bulk Electronic Clearing System.

The RBA's meetings with stakeholders on retail payments issues over the past year focused on various issues, including competition in the debit card market, merchant card payment costs and surcharging, improving security, efficiency and competition for online card payments, the development of the NPP, the future of the account-to-account payments system, enhancing cross-border payments, and the future of cash. RBA staff continued to engage with stakeholders about their obligations under the RBA's card payments regulations. The RBA also engaged with payments industry participants on technology and innovation, especially on CBDCs and the role of new players in the payments ecosystem. There has been significant engagement with industry participants as part of an ongoing research project, Project Acacia, which is exploring the role that innovations in wholesale digital money could play in supporting settlement of tokenised assets.

RBA staff meet regularly with senior staff of the Australian Payments Network (AusPayNet), the main industry body for the payments system, to discuss industry initiatives and developments. These meetings take place consistent with a Memorandum of Understanding (MOU) on liaison arrangements between the two organisations that is published on the RBA website.

RBA staff also meet periodically with counterparts from government agencies, including the Australian Competition and Consumer Commission (ACCC), Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission

(ASIC), the Australian Transaction Reports and Analysis Centre (AUSTRAC), Treasury, the Attorney-General's Department and the Department of Home Affairs as part of the cross-agency forum on payments. An MOU between the ACCC and the RBA sets out an agreed basis for policy coordination, information sharing and liaison between the two agencies.

There was significant engagement with Treasury and other agencies during the past year on issues relating to implementing the government's reforms to the regulation of the payments system.

The NPP is operated by NPP Australia Ltd, a wholly owned subsidiary of Australian Payments Plus (AP+). Staff from the RBA's Payments Policy Department meet regularly with senior staff from AP+ to discuss developments in relation to the NPP as well as the other domestic payments infrastructure operated by AP+ (eftpos and BPAY).

The RBA meets regularly with each clearing and settlement facility (CS facility) it supervises. These meetings cover a wide range of topics, including developments in financial and operational risk management. As ASIC and the RBA have complementary regulatory responsibilities for the supervision of CS facilities, the two agencies coordinate their liaison with these facilities. ASIC and the RBA also liaise with market participants on a range of topics related to clearing and settlement.

The RBA continues to work closely with other agencies of the Council of Financial Regulators (and, where relevant, the ACCC) on a number of policy issues. These include the Australian Government's reforms to the regulatory regime for financial market infrastructures and the introduction of a crisis management regime for CS facilities, competition in clearing and settlement of equities, electronic conveyancing and cybersecurity.

The RBA works closely with the Department of Home Affairs in the performance of each agency's respective regulatory responsibilities under the *Security of Critical Infrastructure Act 2018*. This engagement takes place consistent with an MOU between the Department of Home Affairs and the RBA that is published on the RBA website.

RBA staff also attend various conferences and seminars on issues related to payments and market infrastructures, in some cases as speakers or panellists.

## International engagement

The RBA is a member of the Bank for International Settlements' (BIS) Committee on Payments and Market Infrastructures (CPMI), which serves as a forum for central banks to monitor and analyse developments in payment, clearing and settlement infrastructures, and the development of relevant international standards. It has members from 28 central banks.

Joint working groups of the CPMI and the International Organization of Securities Commissions (IOSCO) bring together members of these two bodies to coordinate policy work on the regulation of payments and market infrastructures. RBA staff are members of a number of CPMI working groups, including those involved in the international roadmap for enhancing cross-border payments and the future of payments.

The RBA participates in a Financial Stability Board (FSB) working group on central counterparty (CCP) resolution.

The RBA participates in the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP) Working Group on Payments and Market Infrastructures. This is a regional forum for sharing information and experiences relating to the development, oversight and regulation of payments and market infrastructures.

In addition, the RBA participates in several multilateral and bilateral arrangements to support its oversight of overseas-based payments and market infrastructures.

Table 1.2 provides details of the RBA's participation in the international forums relevant to the mandate of the Payments System Board.

**Table 1.2: RBA's Participation in International Forums dealing with Payments and Market Infrastructure Issues**

Name of the forum	Organiser/secretariat	Mandate	Membership
<b>Policy-focused forums</b>			
CPMI	BIS	Monitoring and analysing developments in payment, clearing and settlement infrastructures, standard setting.	Central banks
CPMI–IOSCO Steering Group	BIS/IOSCO	Providing operational guidance on joint CPMI–IOSCO work.	CPMI and IOSCO members
CPMI–IOSCO Policy Standing Group	BIS/IOSCO	Developing supervisory policies and guidance.	CPMI and IOSCO members
CPMI–IOSCO Implementation Monitoring Standing Group	BIS/IOSCO	Monitoring of Principles for Financial Market Infrastructures implementation in 28 CPMI–IOSCO jurisdictions.	CPMI and IOSCO members
CPMI–IOSCO Operational Resilience Group	BIS/IOSCO	Strengthening the cyber and operational resilience of financial market infrastructures (FMIs).	CPMI and IOSCO members
FMI Cross Border Crisis Management Group	FSB	Development of resolution strategies and operational resolution plans for CCPs.	Representatives from jurisdictions, major international financial institutions and standard-setting bodies
EMEAP Working Group on Payments and Market Infrastructures	Rotating chair	Information and experience sharing on the regulation and oversight of payments and market infrastructures.	East Asia-Pacific central banks
<b>Cooperative oversight forums</b>			
CLS Oversight Committee	Federal Reserve Bank of New York	Cooperative oversight of CLS International Bank (CLS).	Central banks representing CLS settlement-eligible currencies
Swift Oversight Forum	National Bank of Belgium	Providing input to cooperative oversight of Swift exercised by the Swift Oversight Group (OG).	G10 central banks (OG) and additional central banks
LCH Ltd Supervisory College and Crisis Management Group	Bank of England	Cooperative oversight of LCH Ltd.	Central banks and securities regulatory authorities from jurisdictions where LCH Ltd operates
Multilateral Oversight Group for the Euroclear Bank	National Bank of Belgium	Cooperative oversight of Euroclear Bank.	Central banks from jurisdictions where Euroclear Bank operates

Source: RBA.

## Endnotes

- 1 RBA (2025), 'Code of Conduct for Payments System Board Members', March.
- 2 RBA (2025), 'Managing Potential Conflicts of Interest Arising from the Bank's Commercial Activities', June.

## Chapter 2

# Payments System Regulation and Policy Issues

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The RBA undertakes regulatory and policy work on retail payment systems. The RBA oversees the safety and resilience of key payment systems, including Australia's high-value payments system and the fast payments system. Over the past year, the RBA focused on reviewing and implementing policies aimed at enhancing competition and efficiency for card payments, including commencing the Review of Merchant Card Payment Costs and Surcharging. We also enhanced our oversight of industry's plans to modernise Australia's account-to-account payments system, to ensure that it delivers on the needs of end users. The RBA assisted Treasury and other regulatory bodies on reforms to the regulatory framework for payments. With the ongoing shift from cash to electronic payments, the RBA continued to examine issues on access to cash, and those related to the cost, reliability and security of electronic payment services. The RBA considered a number of policy and regulatory issues associated with innovations in the payments system, with a key focus area being research on central bank digital currencies.

## Oversight of safety and resilience of payment systems

Individuals, businesses and governments rely on electronic payment systems for a wide range of critical payments. Reliability and security problems can impose significant costs on end users, cause economic disruption and damage public confidence in the financial system. At a minimum, payment systems need effective risk management frameworks, particularly for managing operational risk. The Payments System Board considers it vital that participants in the payments industry invest in resilient and secure infrastructure, systems and customer services, and that strong efforts are made to manage fraud and scam risks.

The RBA oversees the safety and stability of payment systems that are systemically important as these handle high-value payments for key financial market infrastructures. The RBA also oversees prominent payment systems, where an outage could cause significant economic disruption and damage confidence in the financial system. The most recent annual review of developments in the payments landscape was provided to the Board in March 2025. The review confirmed that:

- the Reserve Bank Information and Transfer System (RITS) and CLS Bank International (CLS) remain the only systemically important payment systems operating in Australia
- the New Payments Platform (NPP), eftpos, Mastercard and Visa continue to be prominent payment systems (these have also been declared as critical infrastructure by the government)
- the Bulk Electronic Clearing System (BECS) is a prominent payment system (BECS is Australia's primary system for account-to-account payments, facilitating most salary, welfare and pension payments; a significant disruption could cause serious economic harm to end users).

The Australian payments system functions as a network. As such, disruptions at single points can affect other participants in the system and undermine confidence in the payments system and economy more broadly. Measures to increase systemic resilience enhance the safety and security of payments. The RBA has engaged with payments industry participants and regulatory agencies on the development of industry-wide responses to support the continuity of payments under a range of hypothetical disruptions.

## Reserve Bank Information and Transfer System

RITS – Australia’s high-value payments system – is used by banks and other approved institutions to settle their payment obligations on a real-time gross settlement basis. In May 2024, the Payments System Board endorsed the most recent assessment of RITS against the relevant Principles for Financial Market Infrastructures (PFMI). The assessment concluded that RITS observed all PFMI except for:

- Principle 2 (Governance), which it broadly observed
- Principle 3 (Framework for the comprehensive management of risks), which it partly observed
- Principle 17 (Operational risk), which it partly observed.

To fully observe all PFMI, the assessment recommended the program of work established following the RBA’s 2022 technology outage be progressed and intended outcomes delivered.

The Board received an update on progress against the recommendations in June 2025. The Board acknowledged that, while meaningful progress has been made, it is unlikely that these improvements will take full effect by the next assessment of RITS, scheduled for March 2026.

## New Payments Platform assessment

The NPP is Australia’s fast payments system, developed to enable households, businesses and government agencies to make simply addressed payments, with near real-time funds availability to the recipient, on a 24/7 basis. In 2024, the RBA conducted its inaugural assessment of the NPP under the MOU established between Australian Payments Plus (AP+), NPP Australia Limited and the RBA.<sup>1</sup> As set out in the MOU, in 2024 the RBA assessed observance of principles for governance, the risk management framework and operational risk management in respect of the NPP.<sup>2</sup> At the November 2024 meeting, the Board reviewed the assessment and discussed the importance of continued focus on high levels of operational resilience and effective stakeholder engagement. Under the MOU, the NPP’s observance of a subset of principles will be assessed each year such that, by the end of the 2027, the observance of all PFMIs relevant to a payment system will have been assessed.

## Bulk Electronic Clearing System oversight

The RBA undertook a risk assessment of the industry’s proposal to decommission BECS, which was published in March 2025.<sup>3</sup> The objective of the assessment was to evaluate whether the industry had adequately identified, and was effectively managing, the risks associated with industry’s proposal to decommission BECS by June 2030. The assessment concluded that there are substantial challenges that must be addressed to ensure a safe and orderly migration that serves the public interest (see below).

Following the publication of the risk assessment, the RBA put in place a program of oversight of the intended decommissioning of BECS. This program will assess the risk profile of the intended decommissioning. It will also monitor how risks are being managed and how they evolve as industry responds to the recommendations of the risk assessment.

## International payments infrastructure

The RBA participates in cooperative oversight arrangements for two international payments infrastructures – CLS and Swift – to promote the stability of the Australian financial system.

## CLS Bank International

CLS operates a payment-versus-payment settlement system (CLS Settlement) for foreign exchange transactions in 18 currencies, including the Australian dollar. CLS is chartered in the United States and is regulated and supervised by the Federal Reserve and the Federal Reserve Bank of New York (FRBNY). The RBA participates in a cooperative oversight arrangement for CLS, facilitated by the FRBNY.

## Swift

Swift provides critical messaging and connectivity services to both RITS and CLS, as well as other market infrastructures and participants in Australia and overseas. The G10 central banks oversee Swift through the Swift Oversight Group (OG). The RBA is a member of the Swift Oversight Forum, which affords a broader set of central banks the opportunity to discuss oversight matters and provide input into the OG's priorities and policies.

Oversight of Swift is based on the expectations applicable to critical service providers set out in the PFMI. Given Swift's critical role as a financial messaging provider, the OG decided to anchor the oversight of Swift in a statutory framework. This framework was adopted by the Belgian Parliament in April 2025.

## Policy issues in the payment cards market

The share of payments made electronically continues to rise as cash and cheques are used less frequently. New technologies and new participants in the payments system are also providing more payment options to consumers and businesses. This gives rise to new and emerging policy issues in the payment cards market.

### Review of Merchant Card Payment Costs and Surcharging

The RBA commenced a review of merchant card payment costs and surcharging with the publication of an Issues Paper in October 2024.<sup>4</sup> The RBA conducts these reviews periodically to ensure its regulations remain fit for purpose in light of changes to the payments landscape in Australia. The previous review concluded in 2021.<sup>5</sup>

The RBA published a Consultation Paper in July 2025 which sets out the Board's preliminary conclusions and proposed policy actions, together with draft variations to the RBA's standards for card payment systems.<sup>6</sup> The Consultation Paper sought feedback on the Board's preliminary policy view that competition and efficiency in the payments system would be enhanced by:

- removing surcharging on all designated debit, prepaid and credit card systems
- lowering wholesale card payment costs, particularly for small merchants, by reducing caps on domestic interchange fees and capping the interchange on foreign-issued card transactions
- increasing the transparency of card payment costs to help payment service providers and merchants compare fees across the market and shop around for better-value payment deals.

At the time of publication, the RBA was considering stakeholder feedback from submissions in response to the Consultation Paper and conducting follow-up meetings with stakeholders. The RBA will draw on this feedback to determine the conclusions that are in the public interest. The RBA intends to publish the Board's final conclusions and an implementation timeline for any regulatory action by the end of the year.

### Competition in the debit card market and least-cost routing

To promote competition in the debit card market, the RBA continues to encourage widespread issuance of dual-network debit cards (DNDCs) and greater availability and adoption of least-cost routing (LCR). This includes the extension of LCR availability to mobile wallet and online transactions, as adoption by consumers of these payment methods for debit card transactions continues to grow.

Large issuers made significant progress over the year in meeting the RBA's expectation to issue DNDCs and enable dual-network provisioning in mobile wallets. Temporary exemptions for single-network debit card issuance expired at the end of 2024.

The RBA published six-monthly updates on LCR availability and adoption by merchants across the major acquirers to provide greater transparency on the progress of individual institutions in meeting the RBA's expectations. As at June 2025, large providers had enabled LCR for 80 per cent of their merchant customers for in-person transactions. For online transactions, 95 per cent of merchants with large providers have LCR available.

The RBA has continued to monitor the industry's plans for meeting the RBA's expectation for delivering LCR functionality for mobile wallet transactions. Two mobile wallet providers have largely met the RBA's expectations, while a third provider continues to make progress.

As part of the current Review of Retail Payments Regulation, the RBA is seeking stakeholder views on the effectiveness of LCR and whether further regulatory intervention is appropriate.

## Security of card transactions online

Over 2024/25, the RBA continued to promote the standardisation of some industry practices on card tokenisation and the storage of sensitive card information, in line with the Payments System Board's expectations.<sup>7</sup> Tokenisation replaces sensitive card details with a unique token that contains less critical information. This helps to lower fraud and improve the security of online card transactions by reducing the amount of sensitive card details that can be stolen from merchants and payment service providers.

In June 2025, in collaboration with the payments industry, the Australian Payments Network (AusPayNet) published a standard for payment service provider porting of merchant payment-related data. The Board welcomed the standard, which details a common set of requirements for the transfer of customer payment data between providers, to support merchants switching providers, including to access better payment plans. The Board expects industry participants to comply with the standard by 1 July 2026.

Industry work on the use of a unique account identifier to aid token synchronisation as well as facilitating the portability of scheme tokens continues.

## Compliance with card payments regulation

There was a high level of compliance with the RBA's card payments regulations. Card schemes, issuers and acquirers certified their compliance with various aspects of the regulations, while the card schemes also continued to comply with the RBA's interchange fee regulations and access regimes. The net compensation provisions also continued to work as intended, with no issues reported in this period. Ongoing monitoring of the surcharging framework suggests that issuers, acquirers, payment facilitators and card schemes are

adequately discharging their obligations to provide relevant disclosures to help merchants surcharge appropriately, with only minor instances of non-compliant disclosure by acquirers to merchants identified.

## Policy issues in account-to-account payments

### Risk assessment of the proposed decommissioning of the Bulk Electronic Clearing System

BECS is Australia's primary system for account-to-account payments. It is used to facilitate a wide range of critical payments including welfare, pension, salary and bill payments. In late 2023, the payments industry announced its intention to decommission BECS by June 2030, contingent on the successful migration of all BECS payments to safe and reliable alternatives. The majority of BECS transactions are expected to migrate to Australia's fast payment system – the NPP. NPP payments are currently processed individually rather than in batches, as is the case for BECS payments.

As noted above, the RBA published a comprehensive risk assessment of the industry's proposal to decommission BECS in March 2025.<sup>8</sup> The risk assessment acknowledged the potential benefits of moving BECS payments to the NPP but concluded there are substantial challenges that must be addressed to ensure a safe and orderly migration that serves the public interest. The key challenges were grouped into four thematic areas:

- vision and strategic objectives
- improved governance, coordination and decision-making, including mechanisms to integrate the perspectives of end users
- capabilities, including improvements to operational resilience, solutions for processing large volumes of batched transactions and limitations in NPP account reach
- oversight and regulation.

In March 2025, the Payments System Board endorsed a set of 20 recommendations aimed at addressing these challenges. Several of these recommendations were ‘foundational’, to be addressed with urgency by industry. These included:

- defining a vision for the target future state and strategic objectives for account-to-account payments in Australia that are consistent with the public interest (i.e. benefit society as a whole), in collaboration with the government and the RBA
- comprehensively considering options for achieving that target future state
- establishing appropriate mechanisms for coordination and stakeholder engagement.

The RBA will provide an update to the Payments System Board on industry progress in implementing these recommendations at its March 2026 meeting.

## End-user costs

The RBA conducted a study into the pricing of account-to-account payment services in Australia, examining wholesale, intermediary and end-user fees across BECS, BPAY and the NPP. The study identified potential cost-related barriers to migration from BECS, particularly for end users. In response, the Payments System Board agreed in March 2025 that greater pricing transparency was required from providers of these

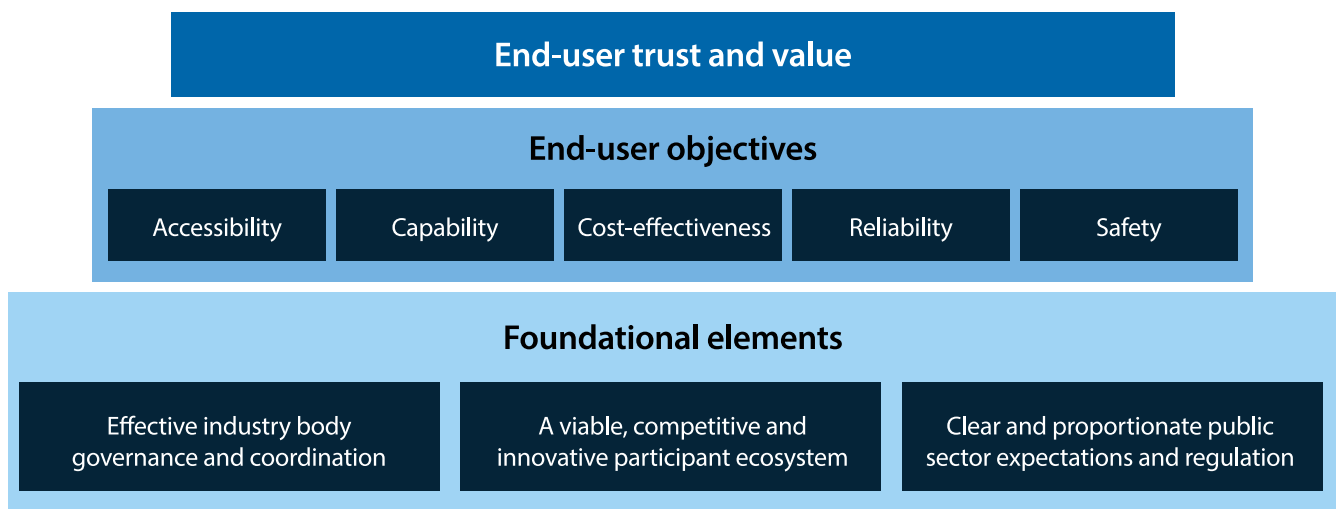
services to end users, and supported the establishment of a robust pricing data collection to inform future policy deliberations.<sup>9</sup>

## Developing a vision for the future account-to-account payments system

In July 2025, the RBA and Treasury welcomed the release of a public consultation by Australian Payments Network (AusPayNet) and Australian Payments Plus (AP+) on the future of the account-to-account payments system.<sup>10</sup> To support the development of a vision, the RBA published a paper outlining its public interest framework for the account-to-account payments system.<sup>11</sup> Central to the success of the future system is its ability to provide all end users with access to payments options that are capable of meeting their needs, and that are cost-effective, reliable and safe (Figure 2.1). Achievement of these objectives will require effective industry governance arrangements, resilient infrastructure, and competition and innovation among participants.

The findings from the industry consultation will be discussed at a series of strategic roundtables involving AusPayNet, AP+, the RBA and Treasury in the second half of 2025.<sup>12</sup> These roundtables are intended to develop a shared vision for the future account-to-account payments system and a plan for achieving that vision.

**Figure 2.1: Public Interest Framework for the Account-to-Account Payments System**



## Development of New Payment Platform capabilities

Since its launch in 2018, usage of the NPP has increased significantly, supported by increased account reach, user awareness and the addition of new payment capabilities. The Payments System Board has continued to monitor the industry's progress in rolling out NPP payment capabilities such as PayTo and the International Payments Service. Progress has generally been slower and more uneven than anticipated; a range of issues inhibiting the uptake of these services has been identified, and AP+ and industry are working through these issues.

In July 2025, AP+ launched the industry-wide Confirmation of Payee service for NPP and BECS payments addressed to a BSB and account number. This service verifies the entered account details against those held by the recipient's bank, displaying a match outcome to help prevent mistaken payments and combat scams. Banks will be progressively introducing the service, with a target of over 95 per cent of personal accounts being covered by December 2025.

The RBA continues to engage with industry participants such as banks and fintech firms to understand the opportunities for, and barriers to, the further development and adoption of NPP functionality.

## Policy issues in cash

Cash continues to play an important role in the community. While the use of cash for everyday transactions has declined over recent decades, more timely indicators of cash use, such as the value of cash withdrawals, suggest that cash use may have stabilised in recent years. A significant number of Australians rely on cash to make their payments, and it remains an important store of value and backup to electronic payment methods. The RBA is committed to supporting the Australian Government's objective to ensure cash remains a viable means of payment for those who need or want to use it.<sup>13</sup>

## Wholesale banknote distribution

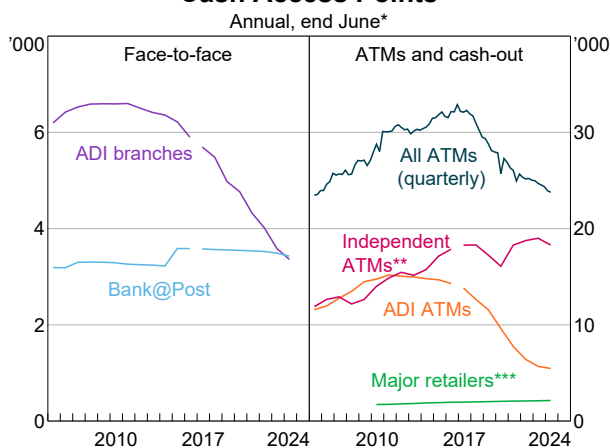
The RBA is the sole issuer of banknotes but is only one participant in the wholesale banknote distribution system. The system involves the bulk movement of banknotes by cash-in-transit companies and is critical to facilitating the flow of cash around Australia, ensuring people have access to cash when they need it. The decline in the use of cash for transactions over recent decades has contributed to financial pressures in the wholesale cash distribution system. In mid-2023, the two largest cash-in-transit companies in Australia – Linfox Armaguard (Armaguard) and Prosegur Australia – merged. The merger was approved by the ACCC, subject to a three-year undertaking regarding pricing and service levels. To ensure the ongoing provision of services, the merged entity, Armaguard, received financial support in 2024/25 from its major banking and retail customers. In July 2025, the parties extended their financial contributions for a further six months to December 2025.

Over the past year, Armaguard and its major customers have worked together to improve the efficiency of cash-in-transit operations and have initiated discussions regarding a pricing mechanism to support the sustainability of the industry. The major banks, the broader cash distribution industry and government have been discussing how to evolve the operating model to support the future viability of cash. In July 2025, the Council of Financial Regulators and the ACCC issued a consultation paper regarding potential regulation to better manage risks in the cash distribution system.<sup>14</sup> In addition, the RBA has continued working closely with government agencies and key participants in the cash distribution system on business continuity arrangements in the event of a disruption to the supply of cash services.

## Cash access

The decline in the use of cash for everyday payments has also affected the economics of providing cash services to households and businesses (retail distribution). Given the important role of cash in the payments system, the RBA monitors and evaluates how easily people can withdraw or deposit cash in Australia. The decline in transactional cash usage has been associated with a significant reduction in the number of cash access points – primarily bank-owned ATMs and branches. As a result, independently owned ATMs, which typically charge fees, have gained a larger share of the ATM market (Graph 2.1). Despite the decline in the total number of cash access points, the distance that most Australians have to travel to withdraw cash has changed little in recent years, reflecting the strong geographic coverage of Bank@Post outlets.<sup>15</sup> However, some communities, particularly in non-metropolitan areas with few nearby alternatives, are vulnerable to a further removal of cash access points. In particular, there is an increasing number of communities without face-to-face banking services, which disproportionately affects consumers and businesses who rely on in-person support. The RBA will continue to closely monitor these trends.

**Graph 2.1**  
**Cash Access Points**



\* Series break in annual data in June 2017 due to APRA data collection change.

\*\* The decrease in the number of active ATMs in June 2020 was largely due to temporary COVID-19-related venue closures.

\*\*\* Includes select major retailers with a national presence.

Sources: APRA; AusPayNet; Major retailer annual reports; RBA.

## Cash acceptance

In Australia, cash is legal tender but there is no legal requirement for merchants to accept cash for retail payments.<sup>16</sup> The available survey data on cash acceptance suggest that, although most merchants report they still accept cash, an increasing share of consumers are observing merchants that refuse cash as a payment method. In November 2024, the Australian Government announced an intention to mandate businesses supplying essential goods and services to accept cash, with exemptions for small business.<sup>17</sup> Maintaining cash acceptance is part of a broader suite of policies and initiatives that is likely to be required to support the ongoing availability of cash in the community.

## ATM Access Regime

The RBA regulates aspects of the ATM industry via an Access Regime, which was introduced in 2009 to promote competition and efficiency in the ATM market.<sup>18</sup> The Access Regime operates alongside an industry-administered ATM Access Code that deals with the rules, rights and obligations of parties in relation to the non-price elements of establishing connections and operating ATMs and ATM infrastructure. In June 2025, the Payments System Board approved minor amendments to the ATM Access Regime to accommodate a change in the way the associated ATM Access Code is administered by industry.

## Enhancing cross-border payments

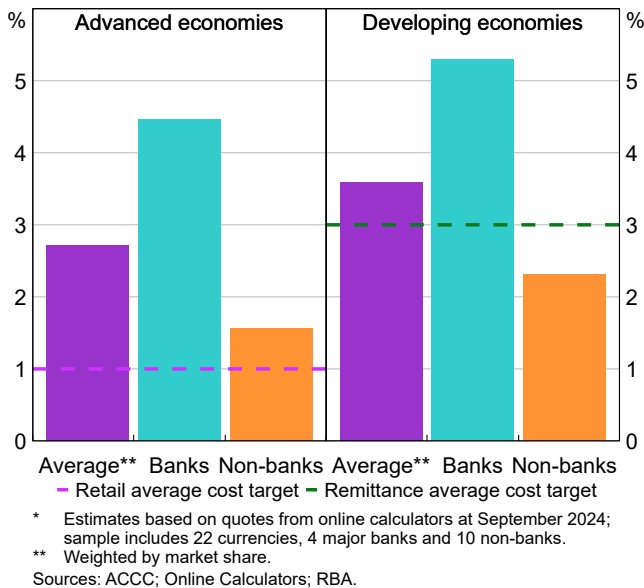
Having efficient, competitive and safe cross-border payments is important for economic activity and financial inclusion. However, globally, the user experience for cross-border payment services often falls short of that for domestic payment services.

In response, the G20 countries – including Australia – endorsed a comprehensive roadmap to enhance cross-border payments. As part of this global effort, the RBA has been tracking Australia's progress against the roadmap's quantitative targets for cost, speed, transparency and accessibility outcomes in cross-border payments.<sup>19</sup> The available data suggest that although significant improvements have been made over recent years, the average cost of sending money from Australia

to other countries still exceeds the G20 cost targets and there is variation across provider types (Graph 2.2). The RBA's assessment is that there is also considerable scope to improve the speed of bank-intermediated cross-border payments for Australian customers.

**Graph 2.2**

**International Money Transfer Costs\***  
As a proportion of a A\$1000 transfer from Australian accounts



Making use of the NPP International Payments Service (IPS) for incoming cross-border payments should also help Australia to make progress against its G20 commitments. The IPS allows participants to process the Australian dollar leg of inbound cross-border payments on a near real-time, 24/7 basis, via the NPP, and provides more complete payer information for financial crime screening purposes. Using the IPS can therefore help make incoming cross-border payments faster and safer. The volume and average value of IPS payments increased sharply over the year, although many payments continue to be sent within standard business hours. The RBA will continue to monitor the use of the IPS by NPP participants in the period ahead.

## Exploring technical innovations

The RBA participated in Project Mandala, a collaboration with the Bank for International Settlements (BIS) Innovation Hub and the central banks of South Korea, Malaysia and Singapore. This project demonstrated a common technical model for automating regulatory compliance processes in cross-border payments, including sanctions and anti-money laundering and counter-terrorism financing requirements, with a view to increasing the speed of compliance procedures and minimising failed transactions. The final report for this phase of the project was released in October 2024.<sup>20</sup>

## Uplifting payments messaging and infrastructure

To help Australia make progress in these areas, the RBA is encouraging the industry to adopt new messaging capabilities and functionality for cross-border payments.

A key initiative in this area is adopting the Committee on Payments and Market Infrastructures' (CPMI) internationally harmonised messaging requirements based on the richer ISO 2022 messaging standard. Consistent global use of these messaging requirements should reduce the need for manual intervention in cross-border payments by intermediaries, in turn lowering costs and speeding up payments for end users. The RBA is expecting Australia's High Value Clearing System and the NPP to adopt the harmonised messaging requirements by the end-2027 global timeframe. The Payments System Board is receiving regular reporting on these systems' adoption plans and progress against them.

## Research on central bank digital currency and innovations in digital money

There continues to be significant innovation in payments systems globally, driven by the emergence of new technologies and the broader digitalisation of the economy. The RBA has continued to expand its work to understand these developments and their potential implications for the efficiency, competition and safety of the Australian payments system. Research on central bank digital currencies (CBDCs) and other innovations in digital money continues to be an area of focus.

A CBDC refers to a digital form of money that would be issued by a central bank and could be used by households and/or businesses as a medium of exchange. It would function as a complement to existing forms of money such as physical cash and deposits in commercial bank accounts. Consideration of CBDC has generally distinguished between two broad use cases:

- a CBDC for retail (or general purpose) use, which would be like a digital version of cash that is essentially universally accessible
- a CBDC for wholesale use, which would be accessible only to certain wholesale market participants – such as banks, institutional investors and large corporates – for use in wholesale payment and settlement systems.

In 2024, the RBA and the Digital Finance Cooperative Research Centre commenced a collaborative research project, called Project Acacia. The project is investigating how innovations in wholesale digital money, such as wholesale CBDC, and associated infrastructure could support the settlement of transactions in tokenised asset markets in Australia. Phase 1 involved desktop research to identify and evaluate different models for settlement of tokenised asset transactions. A consultation paper setting out findings and inviting expressions of interest from industry to participate in phase 2 was published in November 2024.<sup>21</sup>

Phase 2, which is currently underway, involves experimentation of use cases involving wholesale asset tokenisation. There were more than 50 expressions of interest to explore tokenisation use cases either through pilots (involving real transactions) or proof-of-concepts (involving simulated transactions). Of these, 22 proposals – led by 14 entities – have proceeded to development and execution in the second half of 2025. The selected use cases span a range of settlement assets and infrastructure, including wholesale CBDC, existing RBA settlement infrastructure, deposit tokens and stablecoins. The findings from these experiments will provide important learnings on how innovation in wholesale digital money could support the development of tokenised asset markets in Australia.

An Industry Advisory Group has also been formed to support Project Acacia. The group brings together subject matter experts from across the banking, financial markets, technology and legal sectors to advise on the project's direction, findings and future research opportunities.

The RBA is also continuing research into the policy case for a retail CBDC in Australia. In September 2024, the RBA and Treasury published a joint paper examining the policy case for a retail CBDC in Australia.<sup>22</sup> The paper reviewed domestic and international work on CBDC to date and set out a roadmap of CBDC research initiatives that will be undertaken over the next few years. One of the initiatives currently being planned is public engagement to understand the public's needs, preferences and concerns regarding retail CBDC. This engagement will help inform whether there are unmet payment needs that could be met with a retail CBDC. It is an important step in ensuring that future policy decisions are informed by meaningful and representative public input. The RBA is also continuing to undertake research into a range of other issues relating to CBDC, including the rationale for different forms of policy intervention with respect to digital currencies, and the potential resilience benefits of CBDC, particularly in offline payment scenarios.

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## Endnotes

- 1 RBA (2024), Memorandum of Understanding – Cooperation Arrangements between Australian Payments Plus Limited, NPP Australia Limited and the Reserve Bank of Australia regarding Observance of the Principles for Financial Market Infrastructures over 2024-2027.
- 2 The *Principles for Financial Market Infrastructures* (PFMI) are the international standards on which the RBA's assessment of risk management practices for financial market infrastructures, including payment systems, is based.
- 3 RBA (2025), 'Decommissioning of the Bulk Electronic Clearing System: RBA Risk Assessment', March.
- 4 RBA (2024), 'Merchant Card Payment Costs and Surcharging', Issues Paper, October.
- 5 RBA (2021), 'Review of Retail Payments Regulation', Conclusions Paper, October.
- 6 RBA (2025), 'Merchant Card Payment Costs and Surcharging', Consultation Paper, July.
- 7 RBA (2024), 'Expectations for Tokenisation of Payment Cards and Storage of PANs', May.
- 8 RBA (2025), 'Decommissioning of the Bulk Electronic Clearing System: RBA Risk Assessment', March.
- 9 RBA (2025), 'Payments System Board Update: March 2025 Meeting', Media Release No 2025-05, 6 March.
- 10 RBA (2025), 'Industry Consultation on the Future of the Account-to-Account Payments System', Media Release No 2025-16, 2 July.
- 11 RBA (2025), 'Public Interest Framework for a Successful Account-to-Account Payments System', July.
- 12 On 1 August 2025, AusPayNet and AP+ received authorisation from the Australian Competition and Consumer Commission to conduct these roundtables.
- 13 RBA (2025), '2025/26 Corporate Plan', August.
- 14 CFR (2025), 'Regulating Cash Distribution', Consultation Paper, July.
- 15 RBA (2025), 'Access to Cash in Australia', RBA *Bulletin*, January.
- 16 RBA (2025), 'Legal Tender', RBA Banknotes.
- 17 Treasury (2024), 'Mandating Cash Acceptance', Consultation Paper, December.
- 18 RBA (undated), 'ATMs: Regulatory Framework'.
- 19 For details about the global cross-border payments targets, see the 'G20 Targets for Enhancing Cross-border Payments' webpage on the Financial Stability Board website.
- 20 BIS (2024), 'Project Mandala: Streamlining Cross-border Transaction Compliance', October.
- 21 RBA (2024), 'Project Acacia – Exploring the Role of Digital Money in Wholesale Tokenised Asset Markets', Consultation Paper, November.
- 22 RBA and Treasury (2024), 'Central Bank Digital Currency and the Future of Digital Money in Australia', September.

## Chapter 3

# Developments in the Clearing and Settlement Industry

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The RBA supervises and oversees licensed clearing and settlement facilities to ensure they conduct their affairs in a way that is consistent with financial system stability. Over the past year, the RBA completed and published assessments of certain facilities, including an out-of-cycle assessment of ASX Clear and ASX Settlement following the CHES batch settlement failure in December 2024. The RBA also worked with Council of Financial Regulators agencies to reassess the costs and benefits of central clearing of bonds and repurchase agreements, and commenced public consultation on guidance for the use of its crisis resolution powers over domestic clearing and settlement facilities.

## Clearing and settlement facilities operating in Australia

Clearing and settlement facilities (CS facilities) play a critical role in making financial transactions more efficient and in managing risk within the financial system. These facilities support the processing of transactions in securities such as bonds and equities, and in derivative instruments such as options and futures. There are two types of CS facility that operate in Australia:

- Central counterparties (CCPs) act as the buyer to every seller, and the seller to every buyer. This process centralises the counterparty credit risk exposure of all parties to the CCP, rather than between the counterparties to the original trade.
- Securities settlement facilities (SSFs) provide for the final settlement of securities transactions and the maintenance of records of transfer of title. Settlement typically involves the transfer of the title to a security and transfer of cash between counterparties.

The Payments System Board has determined policies for the supervision and oversight of CS facilities in accordance with its powers under the *Reserve Bank Act 1959*. The RBA holds powers related to the supervision and oversight of CS facilities. This includes the power to determine financial stability standards for CS facility licensees. The RBA may also assess how well licensees have complied with the standards as well as their obligation to do all other things necessary to reduce systemic risk. The RBA has determined two sets of Financial Stability Standards – one for CCPs and one for SSFs. The Financial Stability Standards are based on the Principles for Financial Market Infrastructure developed by the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions. Day-to-day oversight and supervision are undertaken by the RBA's Payments Policy Department. In carrying out these activities, the RBA works closely with the Australian Securities and Investments Commission (ASIC), which has separate, but complementary, responsibilities for the supervision of CS facilities.

Table 3.1 provides an overview of the CS facilities most relevant to the Australian market, the products they clear or settle, and their home regulator.

**Table 3.1: Clearing and Settlement Facilities Most Relevant to the Australian Market**

Facility	Products relevant to the Australian market <sup>(a)</sup>	Home jurisdiction (regulator)
<b>Central counterparties</b>		
ASX Clear <sup>(b)</sup>	Cash equities, debt products, warrants and equity-related derivatives traded on Australian exchanges or over-the-counter (OTC).	Australia (RBA/ASIC)
ASX Clear (Futures) <sup>(b)</sup>	Futures and options on interest rate, equity, energy and commodity products traded on the ASX 24 market, as well as AUD and New Zealand dollar-denominated OTC interest rate derivatives (IRDs).	Australia (RBA/ASIC)
LCH Ltd	SwapClear service: OTC IRDs and inflation rate derivatives.	United Kingdom (Bank of England)
Chicago Mercantile Exchange Inc. (CME)	Interest Rate Swaps service: OTC IRDs, and non-AUD IRDs traded on the CME market or the Chicago Board of Trade.	United States (Commodity Futures Trading Commission)
<b>Securities settlement facilities</b>		
Austraclear <sup>(b)</sup>	Debt securities, including government bonds, and repurchase agreements.	Australia (RBA/ASIC)
ASX Settlement <sup>(b)</sup>	Cash equities, debt products and warrants traded on Australian exchanges.	Australia (RBA/ASIC)
FinClear Pty Ltd (FCX)	Cash equities and trust vehicles traded on the FCX market.	Australia (RBA/ASIC)
Euroclear Bank SA/NV <sup>(c)</sup>	Debt and equity securities, including government bonds, and repurchase agreements.	Belgium (National Bank of Belgium)
Clearstream Banking S.A.	Debt and equity securities, including government bonds, and repurchase agreements.	Luxembourg (Banque Centrale du Luxembourg and Commission de Surveillance du Secteur Financier)

(a) Including service name if applicable (e.g. for overseas facilities that only provide some services relevant to the Australian market).

(b) ASX Group entities.

(c) Not licensed nor exempted in Australia as at 30 June 2025.

Source: RBA.

## Oversight of clearing and settlement facilities

All CS facilities licensed to operate in Australia must meet the Financial Stability Standards unless otherwise exempt. They also must do all other things necessary to reduce systemic risk in Australia, to the extent that it is reasonably practicable to do so. The RBA seeks to calibrate the intensity and scope of its oversight and assessment of CS facility licensees to the degree of the licensee's systemic importance to the Australian financial system.<sup>1</sup> Where a CS facility is based overseas, the RBA seeks to rely on supervision and assessments undertaken by the home regulator, where appropriate. The key developments from the past year are summarised below.

### Out-of-cycle assessment of ASX Clear and ASX Settlement

In March 2025, the RBA carried out an out-of-cycle assessment of ASX Clear and ASX Settlement against the RBA's Financial Stability Standard for Operational Risk. The assessment was conducted following a technology issue in CHESS, the system used by ASX to facilitate clearing and settlement for the cash equity market. The incident resulted in the failure of batch settlement of equity market transactions on Friday 20 December 2024. It also revealed serious issues of concern regarding ASX's resourcing and contingency arrangements for CHESS. The Payments System Board endorsed a downgrade of both entities from 'partly observed' to 'not observed' in relation to the Operational Risk standard. This is the first time the RBA has revised its assessment against the Financial Stability Standards outside the usual annual cycle, and the first time the RBA has issued a rating of 'not observed'. The assessment was published on the RBA website.<sup>2</sup>

### Annual assessment of the ASX clearing and settlement facilities

The RBA's annual assessment of the ASX CS facilities to 30 June 2025 concluded that the ASX should strengthen its overall risk management approach across all its CS facilities, particularly in light of the CHESS batch settlement incident in December 2024. This will likely require an uplift to ASX's governance and risk frameworks, alongside steps to manage risk in areas such as vendor management, legacy technology systems and cyber resilience. In addition, the assessment concluded that the ASX should improve its model validation and control frameworks supporting its financial risk management. The full assessment was published on the RBA website.<sup>3</sup>

### Assessment of LCH Ltd's SwapClear service

LCH's SwapClear service is considered to be systemically important in Australia. It is used by banks and corporations to manage interest rate risk and to take speculative positions. The SwapClear service clears around 90 per cent of the cleared Australian dollar over-the-counter (OTC) interest rate derivative (IRD) market. It has six Australian direct participants, including the four major banks.

The RBA conducted its annual assessment of the SwapClear service. As at 30 June 2025, the RBA had not identified any significant non-compliance with the Financial Stability Standards. This assessment is based on the RBA's bilateral engagement with LCH, information from the Bank of England (LCH's home regulator), and developments in relation to the RBA's areas of supervisory focus. Table 3.2 provides a summary of the RBA's areas of supervisory focus, with further detail discussed below.

**Table 3.2: Areas of Supervisory Focus for LCH Ltd's SwapClear Service**

Area of supervisory focus	Description	Status	Relevant Financial Stability Standard(s)
Operational resilience and operational risk management	The RBA will monitor LCH's work to embed the lessons from operational outages experienced in January 2024 to strengthen its operational resilience and operational risk management. This includes its oversight of third-party providers and service support arrangements. The RBA will actively engage with the Bank of England and LCH on the progress of this work.	ongoing	Framework for the Comprehensive Management of Risks (CCP Standard 3)  Operational Risk (CCP Standard 16)
Cyber risk management	The RBA will continue to monitor LCH's work to enhance its cyber risk management.	ongoing	Operational Risk (CCP Standard 16)

### Operational resilience and operational risk management

In January 2024, the SwapClear service experienced two serious operational incidents that affected the registration of new trades. Following an independent review into these incidents, LCH commenced a program of work to enhance its operational resilience and incident response practices. This has included improvements to its major incident handling processes, strengthening the oversight of its third-party providers, and work to tighten its access management controls for critical systems.

The SwapClear service experienced another operational incident in November 2024. This incident affected its ability to open on Monday morning in time for the start of the Australian week. LCH's incident response processes functioned more smoothly during this incident. Recognising the systemic importance of the SwapClear service to the Australian financial system, the RBA will continue to engage with LCH on the appropriateness of its support arrangements for the Australian market and participants. The RBA will also engage with the Bank of England, including through the LCH Global College, on LCH's work to enhance the operational resilience of the SwapClear service.

### Cyber risk management

LCH continues to strengthen its control frameworks and capabilities for managing cyber risk and remains attentive to changes in the cyber threat landscape. LCH regularly assesses the effectiveness of its cyber controls through independent reviews. The RBA will continue to engage with LCH on developments in this area.

### Oversight of Chicago Mercantile Exchange Inc.

Chicago Mercantile Exchange Inc. (CME) does not currently have any direct Australian-based participants, and the scope and nature of its Australian activities are limited. The RBA seeks to rely on reports and engagement with CME's home regulator to the extent possible.

In June 2025, CME ceased providing clearing services for the FEX Global Limited (FEX) commodity, energy and environmental derivatives market. As a result, the regulatory priorities set by the RBA are no longer applicable and have been closed. Table 3.3 provides a summary of the RBA's regulatory priorities for CME.

**Table 3.3: Regulatory Priorities for the Chicago Mercantile Exchange Inc.**

Regulatory priority	Description	Status	Relevant Financial Stability Standard(s)
Australian dollar liquidity arrangements	CME must establish adequate liquidity arrangements for Australian dollar collateral during Australian hours before introducing any type of eligible collateral for Australian dollar-settled FEX products other than Australian dollar cash.	closed	Collateral (CCP Standard 5)  Liquidity (CCP Standard 7)
Australian dollar settlement bank arrangements	Should the FEX service grow, CME must ensure the settlement arrangements in place to support money settlements for the FEX clearing service remain appropriate, including adequate backup arrangements. CME must share its assessments of these arrangements with the RBA for review.	closed	Settlement finality (CCP Standard 8)  Money settlements (CCP Standard 9)

## Licensing of Clearstream Banking S.A.

In June 2025, Clearstream was granted an overseas CS facility licence to operate a securities settlement facility. Clearstream serves an important function in Australian financial markets, providing a channel through which overseas investors can access Australian dollar-denominated securities. Clearstream provides access for its participants to the Australian securities markets through links that it operates to ASX Settlement and Austraclear and has 14 Australian participants. It has a 5–10 per cent market share in the custody and settlement of Australian dollar-denominated debt securities and a smaller share of the equity securities market.

The RBA has identified two regulatory priorities and one area of supervisory focus for Clearstream. The first regulatory priority requires Clearstream to explore ways to enhance the safety and efficiency of its arrangements for the settlement of Australian dollar-denominated securities should this part of its service grow. The second regulatory priority requires Clearstream to include Australian participants in its stakeholder engagement processes. In addition, the RBA has identified cyber risk management as an area of supervisory focus for its engagements with Clearstream. Table 3.4 provides a summary of the RBA's regulatory priorities and areas of supervisory focus for Clearstream.

**Table 3.4: Regulatory Priorities and Areas of Supervisory Focus for Clearstream**

Regulatory priority or supervisory area	Description	Status	Relevant Financial Stability Standard(s)
<b>Regulatory priorities</b>			
AUD-denominated securities settlement	Clearstream should improve the safety and efficiency of its settlement arrangements for AUD-denominated debt securities as its settlement service for AUD-denominated securities and Australian participation grow.	opened	Money settlements (SSF Standard 8)  Central securities depositories (SSF Standard 9)  Exchange-of-value settlement systems (SSF Standard 10)  FMI links (SSF Standard 17)
Stakeholder engagement	Clearstream should ensure that Australian participants are appropriately considered in governance arrangements.	opened	Governance (SSF Standard 2)  FMI links (SSF Standard 17)
<b>Areas of supervisory focus</b>			
Cyber risk management	The RBA will monitor Clearstream's ongoing work to enhance its cyber risk management.	opened	Operational risk (SSF Standard 14)

## Central clearing of Australian bond and repurchase agreement markets

In March 2025, the Council of Financial Regulators (CFR) published a response to its consultation on the case for central clearing of bonds and repurchase agreements (repos) in Australia.<sup>4</sup> The consultation sought views from respondents on a range of related issues including:

- the costs and benefits of central clearing in these markets
- market functioning and financial stability considerations
- issues related to a prospective service being provided from overseas.

The CFR agreed with respondent feedback that the introduction of central clearing could enhance the efficiency and stability of the Australian bond and repo markets. The CFR was supportive of the industry exploring the introduction of central clearing when implemented in a safe manner, and where the benefits are likely to outweigh the costs. The CFR did not consider there to be a compelling case for regulatory intervention to introduce central clearing in these markets at this time.

## Financial market infrastructure regulatory reforms

The RBA welcomed the passing of legislative reforms to modernise the regulatory framework of financial market infrastructures in Australia. The reforms provided the RBA with additional powers to safeguard financial stability, including powers to resolve a distressed CS facility that is critical to the function of the Australian financial system. Work to operationalise the reforms is underway, including planning for resolution of critical CS facilities and development of resolution guidance to provide additional transparency to stakeholders including CS facilities and their participants.

## Consultation on guidance for the RBA's use of resolution powers

In June 2025, the RBA released a consultation paper on proposed guidance for the Australian Clearing and Settlement Facility Resolution Regime. The guidance will provide stakeholders with information about when and how the RBA would generally expect to exercise its crisis resolution powers over clearing and settlement facilities and is planned to be released by the end of 2025. The draft guidance was published on the RBA website.<sup>5</sup>

## Endnotes

- 1 RBA (2025), 'The Reserve Bank's Approach to Supervising and Assessing Clearing and Settlement Facility Licensees', September.
- 2 RBA (2025), 'Out-of-cycle Assessment of ASX Clear Pty Ltd and ASX Settlement Pty Ltd: Operational Risk Standard', Report, March.
- 3 RBA (2025), 'Assessment of ASX Clearing and Settlement Facilities', Report, September.
- 4 CFR (2025), 'Reassessing the Case for Central Clearing of Banks and Repos in Australia', Response to Consultation, March.
- 5 RBA (2025), 'Guidance for the Australian Clearing and Settlement Facility Resolution Regime', June.

# Abbreviations

ACCC	Australian Competition and Consumer Commission
ADI	authorised deposit-taking institution
AP+	Australian Payments Plus
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Clear	ASX Clear Pty Limited
ASX Clear (Futures)	ASX Clear (Futures) Pty Limited
ASX Settlement	ASX Settlement Pty Limited
ATM	automated teller machine
AUD	Australian dollar
AusPayNet	Australian Payments Network
AUSTRAC	Australian Transaction Reports and Analysis Centre
Austraclear	Austraclear Limited
BECS	Bulk Electronic Clearing System
BIS	Bank for International Settlements
CBDC	central bank digital currency
CCP	central counterparty
CFR	Council of Financial Regulators
CHES	ASX's Clearing House Electronic Subregister System
CLS	CLS Bank International
CLS Settlement	payment-versus-payment settlement system
CME	Chicago Mercantile Exchange Inc.
CPMI	Committee on Payments and Market Infrastructures
CS facility	clearing and settlement facility
DNDC	dual-network debit card
eftpos	electronic funds transfer at point of sale
EMEAP	Executives' Meeting of East Asia-Pacific Central Banks
FEX	FEX Global Pty Ltd
FMI	financial market infrastructure
FSB	Financial Stability Board
IOSCO	International Organization of Securities Commissions

IPS	International Payments Service
IRD	interest rate derivative
LCH	LCH Limited
LCR	least-cost routing
MOU	Memorandum of Understanding
NPP	New Payments Platform
OG	Oversight Group
OTC	over-the-counter
PFMI	Principles for Financial Market Infrastructures
RBA	Reserve Bank of Australia
repo	repurchase agreement
RITS	Reserve Bank Information and Transfer System
SSF	securities settlement facility