



BPAY Pty Ltd

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Dr Tony Richards

Head of Payments Policy Department
Reserve Bank of Australia
65 Martin Place
Sydney NSW 2000

31 August 2012

Dear Tony,

BPAY welcomes the opportunity to provide comments to the Reserve Bank of Australia in relation to the June 2012 "Strategic Review of Innovation in the Payments System: Conclusions" paper.

BPAY believes the Strategic Objectives set out in that paper are timely to further stimulate the development of new payments system capabilities by Australian industry participants. The development by industry participants of next generation payments services can help unlock productivity gains in the broader economy and deliver improved customer experiences.

BPAY is a leading example of successful collaboration and innovation in the Australian financial sector, built upon sound commercial principles of open and inclusive access, with competitive delivery of the BPAY services to customers of member institutions participating in the BPAY Scheme.

By adhering to these principles, BPAY has been successful in building its business in a competitive market. These principles, coupled with a proven set of Scheme structures, governance and management, provide a solid foundation for BPAY's continued role in the development of competitive next generation payments services.

RBA Strategic Objectives for the Payments System

BPAY supports the Strategic Objectives as articulated in the Conclusions paper, while noting that the desired consumer benefit outcomes are likely to be achievable with alternative sequencing of the Objectives.

The development of a capability to concurrently receive information and payments is desirable to unlock the potential productivity dividend to the Australian community. Examples of valuable applications include remittance advice, and e-invoicing/reconciliation in the B2B sector.

BPAY's strategic intent to enable valuable, innovative payment services to the benefit of participants in the payments system is strongly aligned to the Strategic Objectives.

The approach to provision of real time payments

The strategic intent of BPAY includes the provision of real time payments infrastructure. In itself, however, this technical infrastructure is not sufficient. Ensuring its adoption and use by network participants requires a sound set of commercial and operational arrangements.

In BPAY's view, the industry is best placed to build, own and operate the required infrastructure because it is the industry that can position such infrastructure within a commercial framework,

deliver required attributes of efficiency, safety and reliability, and have appropriate regard to customer outcomes.

In conclusion

BPAY submits that the BPAY Scheme together with participatory industry forums such as APCA, are proven industry governance models that provide a solid foundation upon which the implementation, operation and ongoing management of required payments system developments can be based.

We will provide you a confidential update on the development plans in place to deliver our strategic intent and look forward to discussing these with you in due course.

Please note that the Bank is welcome to make this submission public and we note that it is made by BPAY Pty Ltd on its own behalf as the operator of the BPAY Scheme and may not necessarily reflect the views of any individual Members of the Scheme.

Please do not hesitate to contact me directly should you have any questions.

Kind regards,



Andrew Arnott
Group Chief Executive Officer
BPAY Pty Ltd

About BPAY

BPAY Pty Ltd is a wholly-owned subsidiary of Cardlink Services Limited, which is in turn owned in equal share by the four major Australian banks. BPAY Pty Ltd is the operator of the BPAY Scheme, which currently facilitates payments by Australians to Australian businesses. The BPAY Scheme was established in 1997 to provide an innovative mechanism for bill payment in Australia. BPAY services are provided by BPAY Scheme Members - that is the 159 financial institutions participating in the BPAY Scheme.