

ISO 2022 MIGRATION FOR THE AUSTRALIAN PAYMENTS SYSTEM – ISSUES PAPER – RESPONSE TEMPLATE

Name/Organisation: Tyro Payments

Organisation Category: RITS Member

About these consultation questions:

Primarily the focus of these questions relate to direct participants in Australian payment systems and will not be applicable to all that wish to respond to this public consultation. Notwithstanding this focus, the RBA is open to receiving comments from all respondents and invites general comment in the last question.

2.4 Objectives of an ISO 2022 migration for payments in Australia

Q1. Does your organisation currently support ISO 2022 for payments and reporting messaging?

- Yes
 No

If yes, what payment systems and/or associated activities are currently supported? If no, what plans does your organisation have to support ISO 2022 by 2024?

[Click here to enter text.](#)

Q2. Does your organisation provide or use inbound and/or outbound correspondent banking services?

- Yes – cross-border inbound
 Yes – cross-border outbound
 Yes – both inbound and outbound cross-border
 No

Q3. Are there any other objectives that your organisation believes the Australian financial industry should look to achieve as part of an ISO 2022 payments migration?

- Yes
 No

If yes, please explain your views.

No, however if the other messaging that could be migrated (DE, LVSS) - that is included in the issues paper - were to be pursued, we would question the need given the broader industry focus on the NPP.

2.5 Risks and challenges

Q4 a) Do you have any comments on the high-level risks and challenges of payments messaging migration to ISO 2022 outlined in Section 2.5?

- Yes
 No

If yes, please provide your comments under the relevant risk/challenge: prioritisation against other initiatives, business case approval, project horizon and cross-border migration.

[Click here to enter text.](#)

Q4 b) Are there any other major risks and challenges that you believe need to be considered?

Yes

No

If yes, please explain your views.

As alluded to earlier, if this were to impact BECS/LVSS, then our organisation would be required to allocate additional resources to implement this standard. Given the broader industry's push towards the NPP, the timing of ISO 20022 could be seen as duplicating this work.

Q5. For your organisation, please consider each risk and challenge outlined in Section 2.5, and list any others you have identified in Q4 b). Please rate each risk/challenge for your organisation according to the scales for likelihood (rare, possible, likely, almost certain, certain) and consequence (insignificant, minor, moderate, major, catastrophic). Please rank each risk/challenge by the difficulty they pose to your organisation, with 1 being the most difficult.

Risk/Challenge Item	Likelihood	Consequence	Difficulty
Prioritisation against other initiatives	Likely	Moderate	1
Business case approval	Possible	Major	2
Project horizon	Choose an item.	Choose an item.	Enter ranking.
Cross-border migration	Choose an item.	Choose an item.	Enter ranking.
Click here to enter text.	Choose an item.	Choose an item.	Enter ranking.
Click here to enter text.	Choose an item.	Choose an item.	Enter ranking.
Click here to enter text.	Choose an item.	Choose an item.	Enter ranking.
Click here to enter text.	Choose an item.	Choose an item.	Enter ranking.

This is for the assumption that BECS/LVSS will be inscope - since we don't have any impact in current scope there is no impact for Tyro.

3.1 Australian payments, clearing and settlement systems

Q6. Which, if any, of the messages categorised as “Other messaging that could be migrated”, should be included as part of an ISO 20022 payments migration? Are there any that you think could potentially form part of a later stage of migration?

	Yes	No	No View	Later Phase
Direct credits and debits (direct entry (DE)) clearing messaging	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RITS Low Value Settlement Service (LVSS) settlement messaging	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer to financial institution/financial institution to customer messaging	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please explain your views.

It depends on what the long term vision is for the DE/LVSS in relation to the NPP. We would not recommend changing the DE/LVSS until it is clear what the longevity is of these payment systems. Otherwise we may be investing in changes to systems that may be disappearing in the coming years.

Q7. Do you have any other specific feedback you wish to provide on the overall ISO 20022 payments migration scope?

- Yes
 No

If yes, please explain your views.

Given the intention for the broader industry to move to the New Payments Platform then implementing ISO20022 messaging format changes to DE/LVSS at this point may be superfluous.

Q8. For organisations that use the RBA’s AIF reporting and enquiry service, what are your initial views on a replacement solution to modernise this service? For example:

- Develop ISO 20022 messaging
 Develop an RBA Application Programming Interface (API) service
 Other

Please explain your views.

Tyro does not use this service and therefore has no comment.

3.2 Possible message enhancements

Q9 a) Please provide your views on whether to include each of the enhanced content items proposed in this paper in Section 3.2.

Enhancement	Include	Views
Payment Purpose Codes	<input checked="" type="checkbox"/>	Will enable more refined compliance screening process whilst also providing ADIs with greater insight into how their customers interact with them.
Identity Information	<input checked="" type="checkbox"/>	Tracking payee information will help mitigate complex financial crime activities. The benefit of this will be seen in payments processed internationally through intermediaries. Unlikely that this solution will work well to mitigate financial crime domestically. Will require further clarity around the scope of this work.
Legal Entity Identifiers (LEIs)	<input type="checkbox"/>	Click here to enter text.
Remittance Information	<input checked="" type="checkbox"/>	Our SME base will see significant benefits of enabling remittance information in easily reconciling payments from vendors and suppliers.
International Bank Account Number (IBAN)	<input checked="" type="checkbox"/>	For IBAN to be successful it will need to be adopted universally. Without complete adoption, this will continue to be a hinderance to the processing of international payments.

Q9 b) What other enhanced content considerations would like to see included as part of the migration project? Please explain your views.

Tyro is not impacted by the current migration scope.
However we do see value in including these fields for benefits mentioned in the issues paper.

4.1 Long-run payment system design considerations

Q10. Do you agree with the view that it is appropriate to maintain a dedicated HVPS alongside other payment systems, including the NPP?

- Yes
 No

If no, please explain your views.

Tyro does not use RTGS, HVPS or NPP. Tyro being an emerging payments company does not have requirements from the businesses it serves currently to support RTGS or HVPS. If the NPP can perform the same functionality as RTGS and HVPS then it seems redundant to continue to support them all.

Q11 a) Does your organisation have any other views or preferences on how the long-term design of the Australian payments system should evolve?

- Yes
 No

Q11 b) If yes, how does choice of settlement method and system resiliency factor into this view?

Tyro's focus is the banking and payments needs of small and medium sized businesses based in Australia. Cash flow is an important part of any business and therefore ensuring funds are made available as fast as possible is crucial for many businesses. The choice of settlement method will depend on a combination of economic factors (price, speed of availability) and trust in the system like safety (fraud) and availability (resilience). We look forward to seeing the RBA's strategy on which payments systems will be made obsolete and which will be supported in terms of the NPP migration strategy.

Q11 c) From your organisation's perspective, what other long-term design considerations should be factored into this migration project? Please frame your response from a strategic standpoint rather than focus on any short-term challenges or required investment.

4.2 RTGS message exchange models

Q12. If a separate high value clearing system is maintained for the ISO 20022 payments migration, what is your organisation's preference on the RTGS messaging model (i.e. Y-Copy or V-Shape) that should be adopted?

Please explain your views.

Tyro doesn't use this service.

5.1 ISO 20022 migration approach

Q13. Does your organisation agree with the proposed high-level stages of the ISO 20022 payments migration project?

- Yes
 No

Please explain your views.

Tyro agrees with the consistency of ISO 20022 across payments systems and the benefits that come with the ISO 20022 messaging format. However careful consideration should be given to which existing payments systems are migrated if these systems may be replaced by others.

Q14. Taking into account the advantages and disadvantages of each migration option, which approach do you support?

- Option 1 – Like-for-like followed by adoption of enhanced content
 Option 2 – Direct migration to enhanced content
 Other

Please explain your views.

Not impacted, no view.

5.2 Managing the transition to new messages

Q15. What is your organisation's preferred approach for transitioning between existing message formats and ISO 20022?

- Big-bang
- Coexistence

Please explain your views.

Not impacted, no view.

5.3 Project timing

Q16. Does your organisation face any impediments or constraints that are evident at this stage that would limit your ability to migrate to ISO 20022 within the 2024 target timeframe set out in this paper?

- Yes
- No

If yes, please explain.

Once again, if the broader scope is pursued, this would significantly increase the impact of implementing ISO 20022 within our organisation.

Q17. Are there other international ISO 20022 initiatives that you consider the Australian ISO 20022 payments migration timeframe should be aligned to? E.g. large domestic implementations in other jurisdictions.

Please explain your views.

No

Q18 a) Is your organisation affected by the timing of SWIFT's ISO 20022 migration for cross-border payments?

- Yes
- No

Q18 b) If yes, are there benefits to aligning the migration of domestic AUD payments messaging to cross-border payments migration for your organisation?

[Click here to enter text.](#)

5.4 Message harmonisation

Q19. Do you support the HVPS+ developed message guidelines being used as the starting point for the development and implementation of new ISO 20022 standards for Australia's HVPS?

- Yes
- No

Please explain your views.

Not applicable to Tyro.

Q20. To what extent should other ISO 20022 standards for payments messaging (e.g. those used for the NPP) be considered?

Please explain your views.

No, Tyro is not connected to the NPP and does not have enough information to comment.

Q21. Are there any other areas of work that you believe are relevant in looking to achieve message harmonisation (to the extent possible)?

Please explain your views.

No, we don't have enough information to comment.

6.1 Governance

Q22. Does your organisation have a preferred governance structure?

Please explain your views and include your preference for the roles of different parties in that governance structure.

No preferred governance structure.

General feedback

Does your organisation have any general comments on an Australian ISO 20022 payments migration?

[Click here to enter text.](#)

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