

New Payments Platform	NPP Australia Limited Level 9 420 George Street Sydney NSW 2000	
		www.nppa.com.au

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By email: ePaymentsCode@asic.gov.au

Submission in Response to ASIC Consultation Paper 310: Review of the ePayments Code

We are pleased to provide this submission in response to *ASIC Consultation Paper 310: Review of the ePayments Code (Code)* on behalf of NPP Australia Limited (**NPPA**). We note that the consultation paper represents ASIC's initial view of the potential scope of revision of the Code, and in this submission, propose to set out our observations about the role the New Payments Platform (**NPP**) may have in addressing some of the key matters in review.

NPPA is responsible for the operation and management of the NPP. Launched in February 2018 after a comprehensive industry design and development program, the NPP is new payments infrastructure for Australia's digital economy, built to meet the current and future digital payment needs of all users of the payments system. The NPP enables near real time clearing and settlement of credit transfers between accounts with participating financial institutions. It also facilitates the remittance of structured and unstructured data with the payment message. Finally, NPP transfers may be addressed by payer customers using either the payee customer's BSB and account number *or* their registered PayID. Participating financial institutions have implemented NPP functionality for their customers in a manner which leverages existing security protections.

A PayID is a customer-controlled unique identifier or proxy for a BSB and account number, designed to be used for addressing NPP payments. Customers may choose to register PayIDs through their participating financial institution. Since launch of the NPP, approximately 2.8 million customers have registered a PayID. The use of a recipient's PayID provides an element of certainty to a payer customer that their payment is to be exchanged via NPP rather than BECS.

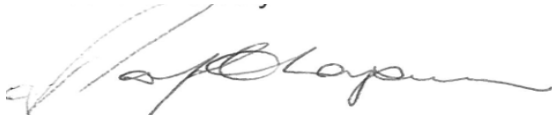
Payee Name Confirmation is one of the key functional benefits of PayID. Where a PayID is used to address a payment, the name of the payee customer is displayed to the payer customer before the payment is finally authorised for exchange. The payer customer has the opportunity to cancel where the name displayed is not that of the intended payee. This feature offers significant benefits in terms of potentially reducing mistaken payments and payments procured by deception, and is one that the UK payments regulators, as one example, consider to be critically important for reducing losses from unauthorised payments.

The Consultation Paper correctly observes that the Code's mistaken payments provisions are defined by reference to BECS, and do not specifically apply to NPP payments [at paragraph 30]. However, the industry determined during the NPP program that customer protections should apply equally to NPP, particularly given the likely volumes of NPP payments initiated using BSB and account numbers, and so voluntarily incorporated rules to support the investigation and recovery of mistaken NPP payments between institutions, reflecting the existing *ePayments Code* and BECS mistaken payments arrangements. These provisions are detailed in Part 6 of the NPP Regulations which are published to NPPA's website (www.nppa.com.au).

We consider that the challenges of mitigating and controlling for mistaken payments and scam losses could be addressed by NPP's PayID functionality. NPPA further considers that the existing benefits of PayID are yet to be fully realised and that promotion of PayID as a means of providing safety and assurance in digital payments by industry and regulators in the first instance may be preferable to resource intensive upgrades to legacy systems.

We are happy to provide further feedback on this submission if required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vanessa Chapman', written in a cursive style.

Vanessa Chapman
General Counsel