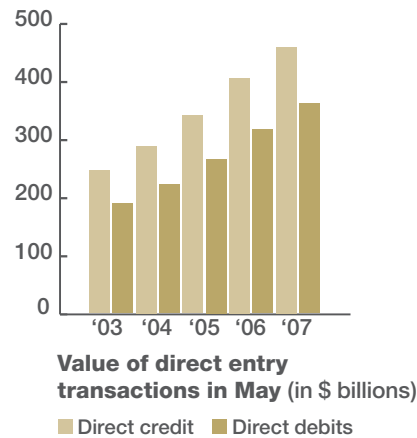
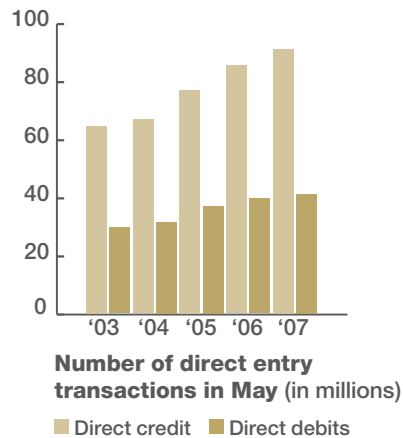


## Bulk Electronic Clearing System (BECS) for direct entry (credit and debit payments)



Direct entry is a cost-effective and convenient mechanism for handling high volumes of usually low value electronic payments. Direct debit is used for bulk, routine payments like superannuation contributions and insurance premiums as well as by individuals for paying regular bills. Bulk direct credit payments are used for salary and government payments as well as large corporate payments such as share dividends; however, with the introduction of internet and telephone banking

“pay-anyone” functionality, direct credit has also become a primary means for making person-to-person payments. Direct entry payments have shown consistently strong growth. As at 30 June 2007, more than 14,000 billing companies (direct debits) and 200,000 paying companies (direct credits) had facilities in place to receive and make direct entry payments.

*Direct entry payments have continued the strong growth seen in recent years*

**Developments**

- Changes were made to BECS membership criteria to remove some of the practical and commercial difficulties associated with BECS's bilateral architecture. As a result, effective 30 June 2007, new entrants are no longer required to establish bilateral agreements with each existing member in order to qualify for membership. Other criteria, such as disclosing their intended activities, now apply.
- At the request of the Federal Treasurer and the Australian Bankers' Association, APCA is reviewing the processes for switching direct entry arrangements from one financial institution account to another with a focus on ensuring that processes for customers are easy and straightforward.
- The Anti-Money Laundering & Counter-Terrorism Financing Act's new "tracing" information requirements for electronic funds transfer instructions came into effect on 12 December 2006.
- Following a detailed risk assessment of the electronic data exchanged in BECS, members have undertaken to upgrade to tripleDES line encryption by June 2008 to further strengthen data security within the system.
- The Exchange Summary Data File Transfer Facility introduced by the Reserve Bank in 2005 became the mandatory method for members to exchange settlement data with the National Collator effective July 2007.
- Work commenced on developing industry guidelines for dealing with mistaken payments. These typically occur when customers make an error providing payment instructions using internet-based facilities, such as "pay anyone".