

Industry and community

The new core principles recognise that part of APCA's role is to facilitate the development of industry positions and views on the evolution and regulation of payment systems, and to communicate those views to government, regulators and other stakeholders as needed. Fulfilling this role in the year of review required a wide range of activities aimed at raising awareness and promoting discussion of payments industry issues. This section summarises those activities.

ABA/APCA Joint Research Project

During the year, APCA and the Australian Bankers' Association (ABA) conducted joint research on a number of issues related to payments system architecture, governance and innovation. While in part driven by recent regulatory interest in the functioning of the payments system, the research programme is intended to promote informed industry debate about the future direction of the Australian payments system.

Reserve Bank (RBA) Forum

As one of the first steps in the programme of joint research, APCA and the ABA invited the RBA to present to a half-day industry forum, attended by more than 80 industry professionals in Sydney on 27 September 2006. Dr Philip Lowe, Assistant Governor, Financial System, provided a broad overview of the RBA's thinking on matters such as the role that technology can play in the evolution of payment systems.

ICPACE

The third annual meeting of the International Council of Payment Association Chief Executives (ICPACE) was held in South Africa in August 2006. The two and half day event was attended by payment association representatives from Australia, Canada, Ireland, South Africa and the United Kingdom. ICPACE provides an effective forum for members to exchange information and keep abreast of payment system developments from an international perspective.

*APCA has an expanded
role focused on policy
development and
advocacy for the
payments industry
as a whole*

Chip Forum

APCA held a Chip for Australia Implementation Forum on 22 May 2007 for the major stakeholders that will be direct participants in chip implementation. The Forum explored the industry-wide challenges of migrating Australia's highly successful ATM, EFTPOS and credit card systems from magnetic stripe to best practice chip card technology. With a common goal of achieving a trouble-free migration for consumers, the Forum's attendees agreed that a coordinated industry approach was needed to ensure interoperability between chip applications and devices. APCA is identifying other areas where industry collaboration could ensure chip adoption is a relatively seamless experience for providers and consumers alike.

Preventing fraud

APCA made public new industry-wide data on payments fraud as part of the industry's commitment to improve disclosure and help protect consumers and businesses in Australia. The data, which is for cheque, debit card, credit card and charge card fraud across all financial institutions, was collected for the first time over the previous financial year and released in November 2006. Subsequent collections are released every six months and published on APCA's website to help raise awareness of payments fraud risks. Financial institutions use the fraud data to target their prevention efforts and warn their customers about emerging trends.

APCA participates in industry-wide efforts to counter payments fraud including through membership of the Australian Bankers' Association Fraud Taskforce and close association with the Australasian Cards Risk Council.

Supporting Government initiatives

The industry is ready for the Government's introduction of Medicare e-claiming at doctors' surgeries through the EFTPOS system. Rule changes have been made so that financial institutions can use the existing EFTPOS "refund" function for paying medicare claims to accounts linked to plastic debit cards, on a transitional basis. Use of the "refund" function is due to cease when a new transaction for making deposits at EFTPOS terminals is introduced in 2008. Changes have also been made to ensure medicare benefits are appropriately identified on customers' statements.

Payments clearing resilience

APCA works closely with others participants in the financial community to ensure the payments system remains resilient in the event of a wide-scale disruption. It has representation on the banking and finance group operating in the "Government's Trusted Information Sharing Network for Critical Infrastructure Protection" and participates in the financial industry's AllFinance forum. Amongst other things, during the year these groups engaged in

exercises to determine potential weaknesses in the sector's business continuity planning and established a new forum to focus on cyber and IT security.

Business continuity

As part of its business continuity arrangements, APCA has a crisis communications plan in place to minimise adverse impacts if there is a major disruption to any of the five payments clearing systems. The plan, which is tested on a regular basis, provides a framework for facilitating 24x7 communications between affected members so as to expedite industry-level actions for recovery.

Representing the industry

APCA participates on a number of working groups and committees developing technical and security standards for financial transactions.

- Standards Australia Committee IT/5, developing standards for financial transactions systems.
- Standards Australia Committee IT/5/3, developing standards for message formats.
- Standards Australia working Group IT/5/4, developing standards for authentication and security.

- ISO/TC68/SC2/Working Group 11, developing international standards for banking and related financial services in particular triple data encryption algorithms.
- ISO/TC68/SC2/Working Group 13, developing standards for security in retail banking.
- SWIFT Australia: National Member Group; User Group; and National Member Group Standards Subcommittee.

Engaging the community

APCA's public communications strategy was reviewed during the year to assist the company in advancing the new core principles and meeting its three-year corporate goals. Initiatives to broaden the community's understanding of the payment industry's activities will be implemented progressively in the coming year. These will include new information sheets and a revamp of the website to make it easier for stakeholders and members of the public to find general and specific payments information.

Publications

In addition to its website, APCA keeps the community informed of payments industry developments through its annual reviews and quarterly publication *Payments Monitor*. Following a reassessment of APCA's publications during the year, the focus for the content has shifted from updates on specific APCA activities to providing a more encompassing industry perspective. This year's Annual Review has been produced in an interactive, on-line format to make it easily accessible to the broader community.