

## EFTPOS Access

APCA is giving priority to developing practicable and equitable EFTPOS access rules. A working group comprising representatives of banks, building societies, credit unions, the Reserve Bank, retailers and oil companies has been progressing this work since April.

Progress has been made. A decision was made to reconstruct the CECS Manual so that it will, so far as possible, provide new entrants with a single contractual technical document rather than a multiple of bilateral contractual documents. Work has started. Broad parameters of an access model are under consideration. From here best endeavours will be used to complete the work within twelve months but, as APCA has informed the ACCC, the different views of stakeholders and the complexity of the issues might lengthen the time required.

The architecture of the EFTPOS system is a number of bilaterally linked proprietary networks. A new entrant, to operate within EFTPOS as an issuer must link either directly or indirectly with all acquirers or as an acquirer with all issuers.

APCA's objective is to develop access rules that will facilitate new entry and potentially produce a better outcome for some existing participants. Though unclear in their detail at this stage, the access rules will go to transparency, to connectivity rights, to the costs of access, to the timing of connectivity, and, as already noted, to producing more uniformity in the technical standards required of new members.

**"APCA's objective is to develop access rules that will facilitate new entry and potentially produce a better outcome for some existing participants"**

## CECS Interim Authorisation

Pending the issue of a draft determination, the ACCC granted interim authorisation for CECS on 27 August. The authorisation for CECS would otherwise have expired on 7 September. APCA's response to the ACCC in respect of submissions made on APCA's application for the reauthorisation of CECS can be found on APCA's web site ([www.apca.com.au](http://www.apca.com.au)).

## APCA Chairman Reappointed

Mr Bob Challis has accepted the Board's invitation to extend his term as chairman for a further two years, with effect from 21 October 2003. He was first appointed as a non-voting director and chairman on 21 October 1999.

In extending its invitation, the Board recognised Mr Challis' valuable contribution to the Company over the past four years.

Mr Challis' experience and skills were gained during a long career with the ANZ Bank, where he occupied a number of general manager positions and directorships on several ANZ subsidiary companies. He retired from the Bank in 1997.

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**Australian Payments  
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ABN 12 055 136 519  
Level 24  
25 Bligh St Sydney  
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Phone 02 9221 8944  
Fax 02 9221 8057

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## CECS Manual Update

**“Expanding the Manual to include the standards and procedures that are commonly agreed between members would simplify future bilateral negotiations”**

As with all APCA's clearing systems, secure and efficient interchange within the Consumer Electronic System (CECS) largely depends on members adopting leading practice common standards. The minimum technical and security standards for participation in the ATM and EFTPOS networks are set out in the CECS Manual.

The CECS Manual was first drafted in 2000, when CECS was established, with an understanding that it would need regular updating to take account of technological change. APCA has decided to review the CECS Manual for this purpose and to consider how its general content and structure might be further improved.

As part of this process, APCA will look at extending the standards covered by the CECS Manual. Effectively, the Manual is a contract under seal between APCA and each CECS member and between

CECS members. At the same time, the ATM and EFTPOS networks are essentially bilateral in nature and a number of technical standards and operating procedures are exclusively covered by members' bilateral agreements. Expanding the Manual to include the standards and procedures that are commonly agreed between members would simplify future bilateral negotiations. In addition, new entrants would have a single body of technical standards to meet as against a multiplicity of standards.

A small working group, drawn from members of CECS, the CECS Advisory Council, Standards Sub-Committee, Technical Message Formats Working Group and Technical Security Working Group, has been established to take part in the process of reviewing and updating the Manual.

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## Direct Debit Requests Online

Use of the direct entry debit system continues to grow strongly. Since 1998 the number of organisations using the system has grown by 194%. The number of user organisations offering financial services over the Internet has been increasing progressively over recent years.

APCA has been reviewing emerging practices in the direct entry debit system. Of particular focus is the practice of lodging direct debit request (DDR) forms over the Internet and the need to ensure this is done securely.

Generally, organisations using the system obtain their customers' direct debit authorities in written form as a paper DDR.

The review has found that some are also offering the Internet and telephone as alternative means for their customers to lodge DDRs. As this is often convenient, it is likely to grow and become more widespread.

While there is no evidence of misuse at this stage, particularly identity fraud, consideration is being given to the development of customer identification guidelines. The objective is to ensure that the risk of fraudulent DDRs does not increase as electronic means of lodging DDRs becomes more prevalent.

## ATM Direct Charging

An ATM industry group, external to APCA, is currently considering the introduction of direct charging at ATMs to replace interchange pricing.

Under the proposal, the interchange fees that are currently paid to ATM owners/operators by card issuers for foreign ATM transactions (a cardholder using another institution's/operator's ATM) would be reduced to zero. ATM owners/operators would then have the option of charging a fee, which would be disclosed on the screen, directly to the cardholder.

If direct charging were to be introduced, APCA would oversee the implementation of that part of the proposal that falls within the scope of the Consumer Electronic Clearing System (CECS).

Among other things, APCA would ensure that all card issuers are in a position to settle for direct charging messages. ATM owners/operators that opt to directly charge the cardholder would need to do so in accordance with certain rules, including rules in relation to the level of information given to cardholders. APCA would look at developing standards for ATM owner/operator fee disclosure, and message standards and procedures for non-value transactions such as "declined" transactions.

Matters that are proprietary would not form part of APCA's remit. For example, it would not be an APCA requirement that all ATM owners/operators direct charge by a due date. This would be left to each owner/operator to determine.

**"APCA would look at developing standards for ATM owner/operator fee disclosure and message standards..."**

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## Using Images for Lost Cheques

When a cheque is deposited, the collecting institution captures an image of the cheque, as part of the clearance process, before forwarding the cheque on to the paying institution (that is, the institution where the cheque account is held).

Occasionally, cheques are lost in transit between the collecting institution and the paying institution. Until recently, in such cases, the paying institution would need to obtain a replacement cheque from the cheque account holder to effect presentment and proceed with clearance.

Recently, the APCS Procedures were amended to allow presentment using an imaged copy of the cheque, to ensure speedier clearing. The changes allow the collecting institution to request presentment based on an image of the cheque that it provides to the paying institution. However, the paying institution still has the option of requesting a replacement cheque from the cheque account holder, if for one reason or another, it does not wish to authorise payment based on an imaged copy of the cheque.

# Payments Statistics

	Source	1999	2000	2001	2002	2003
Number of payment transactions and ATM withdrawals						
Business day average for month of May - millions of items						
Cheques	APCA	3.2	3.1	2.7	2.5	2.3
Direct entry credits	APCA	2.1	2.3	2.7	2.7(b)	2.9
Direct entry debits	APCA	0.8	0.9	1.1	1.2(b)	1.3
Monthly total for May - millions of items						
ATM withdrawals	APCA	41.9	48.4	64.0	65.4	62.9
EFTPOS(a)	RBA	48.6	52.0	57.5	69.4(b)	72.5
Credit cards(a)	RBA	42.9	61.9(b)	67.8(b)	84.1(b)	85.6
Value of payment transactions and ATM withdrawals						
Business day average for month of May - \$ billions						
Cheques	APCA	12.3	9.7	8.3	7.6(b)	7.2
Direct entry credits	APCA	4.9(b)	6.5(b)	9.1(b)	10.3(b)	11.2
Direct entry debits	APCA	3.7(b)	5.0(b)	7.0(b)	8.1(b)	8.6
HVCS transactions(c)	RBA	65.5(d)	72.6(d)	83.2(d)	80.9(d)	85.7(d)
Monthly total for May - \$ billions						
ATM withdrawals	APCA	6.8	7.3	9.4	11.0	11.1
EFTPOS(a)	RBA	2.8	3.1	3.5	4.3(b)	3.9
Credit cards(a)	RBA	4.3	7.0(b)	8.0(b)	11.2(b)	11.7
Number of accounts / cards						
Monthly total as at end of May in millions						
Customer payment accounts	APCA	26.9	27.1	32.7	28.1	29.4
Debit cards	APCA	15.7	17.8	19.4	19.7	20.6
Credit & multifunction cards	APCA	12.1	13.2	15.6	16.7	18.5
Number of ATM and EFTPOS terminals						
As at end of June						
ATMs (e)	APCA	10089	11819	13289	16398	21603
EFTPOS(e)	APCA	278238	333739	375883	415167	433640

- Notes
- (a) Figures for 2003 and those indicated as "revised" were taken from figures published in the July 2003 issue of the Reserve Bank of Australia Bulletin Table C1 and Table C2 (EFTPOS purchases). Other figures are from earlier issues of the Bulletin but may not be comparable with those published in July 2003. See Explanatory Notes in Reserve Bank Bulletin for definitions and coverage.
  - (b) These figures have been revised.
  - (c) HVCS figures are values exchanged and do not include 'own items' (ie intra-bank items). Note also that a full picture of RTGS transactions would require HVCS transactions to be supplemented by Austraclear and RITS transactions that are not captured in these figures
  - (d) From Reserve Bank figures showing Real-time Gross Settlement Statistics each month, (Table C.4 of the Reserve Bank of Australia Bulletin). APCA HVCS transactions figures are taken from the SWIFT PDS column of Table C.4.
  - (e) Figures for 2003 include limited service terminals and white label terminals. EFTPOS terminals prior to 2003 have been adjusted to include limited service terminals and white label terminals. ATM terminals prior to 2003 have been adjusted to include limited service terminals only, so there is a break in the ATM figures between 2002 and 2003.