

Aligning Systems

Australian Payments Clearing Association
Annual Report 2003



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Glossary

ACC	The Australian Competition and Consumer Commission.	EFTPOS	Electronic Funds Transfer at Point of Sale.
ACDES	Australian Cash Distribution and Exchange System. A system for the exchange and settlement of 'wholesale' cash.	HVCS	High Value Clearing System. A system for the exchange and settlement of RTGS payments.
APCS	Australian Paper Clearing System. A system for the clearing and settlement of paper items.	MICR	Magnetic Ink Character Recognition. The form in which the codeline is produced on cheques and other paper instruments.
BECS	Bulk Electronic Clearing System. A system for the clearing and settlement of direct entry transactions.	RITS	Reserve Bank Information and Transfer System
BSB	A number used as a code to identify financial institutions in the clearing and exchange of items.	RTGS	Real Time Gross Settlement. Settlement arrangements in which each payment transaction is settled individually at the time of the transaction.
CECS	Consumer Electronic Clearing System. A system for the clearing and settlement of ATM and EFTPOS transactions.	SWIFT	Society for Worldwide Interbank Financial Telecommunications.
CLS	Continuous Linked Settlement.	SWIFT/PDS	SWIFT Payment Delivery System. The delivery system used to relay payments from one financial institution to another in the HVCS.

Note: Unless otherwise stated, reference in this report to a 'year' is the year ended 30 June.

'APCA's roles work in harmony'

Robert Challis – Chairman

The Australian Payments Clearing Association sets, manages and develops regulations, procedures and standards governing payments clearing and settlement within Australia.

APCA's members are banks, building societies, credit unions and other institutions and companies participating in APCA's five payments clearing systems. APCA's membership is open, inclusive and responsive to the dynamic payments environment.

APCA's rules and technical standards provide a framework for efficient and effective cooperative regulation of the payments system. By bringing members' payments clearing and settlement systems into alignment, efficiencies are produced which benefit the wider community.

Mission

APCA's mission is to achieve and maintain international best practice in the operation of the Australian payments clearing system.

Objectives

APCA's role is to manage and develop the Australian payments clearing system so as to:

- preserve the integrity of the system;
- identify and control settlement risk;
- improve the effectiveness and efficiency of the system;
- ensure principles of equity and competitive neutrality are applied in determining participation in the system;
- facilitate coordination of payments clearing arrangements among providers of payment services; and
- assist the community to understand the system and ensure that public debate is well informed.



APCA's new constitution came into effect on 17 August 2002. As I referred to in last year's annual report, the new constitution makes APCA's membership boundaries more flexible and inclusive and therefore more responsive and attuned to the dynamic nature of the payments marketplace.

A progressive review of each clearing system's regulations is underway to ensure that each clearing system is modeled on the constitution, particularly in respect of having open and inclusive membership. CECS, ACDES and HVCS are for the most part already in good shape. Amendments will need to be made to APCS and BECS. Most of the work on APCS has been done. BECS will follow.

APCA is an industry self-regulatory body operating within Australia's co-regulatory payments environment. In this role APCA has regard to a wide range of stakeholders and to the community in general in pursuing its objectives. At the same time, APCA is a vehicle used by its members to bring benefits to them in terms of efficiencies and cost savings in clearing processes. These roles work in harmony because APCA is outward looking and is guided by good corporate governance principles and practices. This would be less likely the case if APCA's boundaries were rigid and excluded relevant stakeholders.

The twin roles that APCA has were evident during the year in the range of projects completed, underway and begun.

For example, in the paper clearing system (APCS), we continued to consider and implement measures to reduce the number of cheques which have to be exchanged physically for value rather than electronically. Improvements here save costs for APCA's members but also allow the speedier clearing, which electronic presentment brings, to apply increasingly closer to 100% of cheque deposits.

Within the direct entry system (BECS), an investigation was conducted into the growing practice of financial institution customers providing authorities to directly debit their accounts via the internet and by telephone. Further work is scheduled to consider the worth of guidelines in this area.

A number of important projects are underway within the clearing system covering EFTPOS and ATM interchanges (CECS). Among them, we are continuing to make sound progress in upgrading the encryption standards for the EFTPOS and ATM networks to ensure their continuing integrity into the future as computer power grows. We have also begun to address the construction of standards and rules to facilitate access to the EFTPOS network.

Importantly across these projects and others, we have invaluable involvement and support from the APCS, BECS and CECS advisory councils. Because of the broad focus that they bring, advisory councils are a vital component

of ensuring that APCA fulfils its self-regulatory role as well as its more internally focused role of benefiting its members.

Payments clearing is at the core of the financial system and APCA sees that it has a responsibility to provide a level of education and information. We do this through liaison with other industry associations, through our associate members and through publications and the website. For the coming year we have allocated resources to see how we might extend the role APCA plays in education both inside and outside the payments industry.

This has been my fourth year as chairman and I was pleased to accept an invitation by the board to extend my term for a further two years when my current term expires in October 2003.

I would like to thank all directors who served on the board during the year, and all those representatives of APCA's members and all advisory council members who contributed their time, energy and skills to APCA. I would also like to acknowledge the effort and commitment of APCA's chief executive officer Peter Smith and his team.

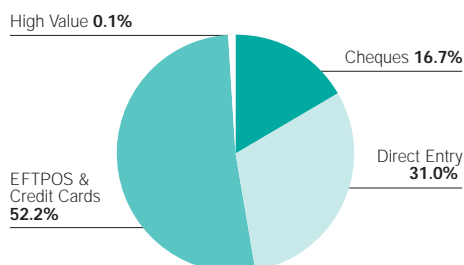
Robert N Challis
Chairman

Year in Review

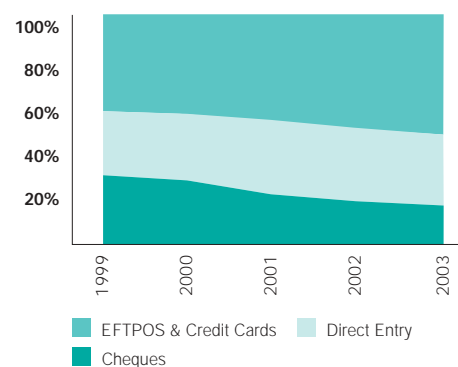
During the year, APCA:

- Put in place the new company constitution.
- Instigated a review of the APCS Regulations to ensure membership is open to all organisations that are engaged in paper clearing.
- Co-ordinated measures to reduce the number of cheques failing the electronic presentment process.
- Held workshops on cheque printer approval procedures.
- Reviewed the emerging practices in BECS with a view to ensuring the current rules adequately cover direct debit requests made over the internet.
- Applied for the re-authorisation of CECS and began separately to address the development of new rules to facilitate access to the EFTPOS network.
- Made further good progress in upgrading the encryption standards for the ATM and EFTPOS networks.
- Commenced a review of the standards for chips on debit cards.
- Developed industry testing strategy and plans to support SWIFTNet FIN migration in HVCS.
- Revamped the company's website and published user-friendly cheque printing guidelines.
- Completed a detailed preliminary investigation of payments system resilience to major disruptions.
- Broadened and deepened the company's role in assisting members to combat payments fraud.
- Extended membership to Pioneer Permanent Building Society (APCS), Australian National Credit Union (APCS & BECS), CLS Bank International, Fortis Bank S.A./N.V. (HVCS) and Suncorp-Metway Limited (ACDES).

Proportion of Payments by Number
(as at May 2003)



Trends in Type of Payments by Number
(as at May 2003)



APCA's Position in the Payments System



Peter Smith – Chief Executive Officer

APCA has a pivotal position in the operation of the Australian payments system. Its primary objective since establishment in 1992 has been to oversee and manage the development and operation of open, inclusive and competitively neutral payments clearing arrangements in Australia. While at the same time, preserving and enhancing the efficiency and integrity of these arrangements. APCA's objectives encompass the commercial objectives of its members and public policy objectives within Australia's co-regulatory payments landscape. APCA has a track record of achieving its objectives, of assisting its members in meeting commercial objectives and at the same time of meeting its responsibilities as an industry self-regulator.

The Australian payments system comprises the infrastructure and associated arrangements which support the initiation and delivery of payments messages and transfer of funds from one account to another. It is underpinned by effective and efficient payments clearing and settlement arrangements. APCA has specific responsibility for rules governing the following five key parts of payments clearing and settlement:

- Clearing and settlement of cheques and other paper items through the Australian Paper Clearing System (APCS);

- Clearing and settlement of direct entry payments through the Bulk Electronic Clearing System (BECS);
- Clearing and settlement of ATM and EFTPOS debit card transactions through the Consumer Electronic Clearing System (CECS);
- Clearing and settlement of high value payments through the High Value Clearing System (HVCS); and
- Exchange and settlement of wholesale cash through the Australian Cash Distribution and Exchange System (ACDES).

Open and Inclusive Membership

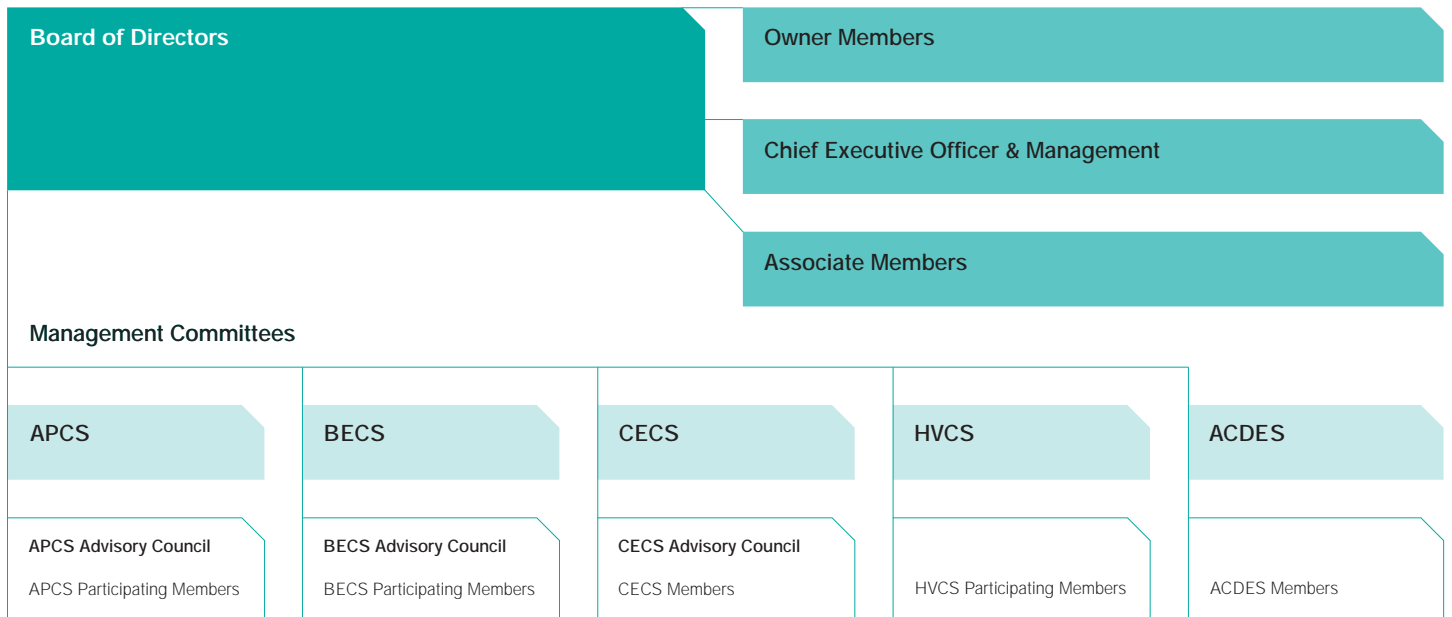
APCA is an industry owned association limited by guarantee. Owner and clearing system members of the company currently comprise 79 institutions and companies, which operate within Australia.

Owner members of the company appoint members of the board. The board currently comprises the chairman, ten non-executive directors and the chief executive officer.

In accordance with the company's constitution, the board is required to establish a management committee for each of APCA's clearing systems. Acting under delegated authority from the board, management committees are responsible for the efficient operation and management of each clearing system and the development, implementation and oversight of governance and procedural rules. Members of a management committee are appointed by participating members of the clearing system concerned.

Following the introduction of APCA's new constitution on 17 August 2002, rights to appoint directors and management committee members (and accompanying voting entitlements) are largely determined on the basis of clearing system volumes rather than institutional status. Rights of representation at the board have been separately retained by credit unions and building societies, as have their rights of representation on the management committees of APCS, BECS, CECS and HVCS provided they participate in these systems. Credit unions and building societies have these rights largely in recognition of their long standing role in providing payments services. The Reserve Bank has also retained rights of representation at the board and on all management committees, in recognition of its regulatory role in the payments system.

Corporate Structure



Categories of Membership

Owner Members

Owner members must be constitutional corporations within the meaning of the *Payment Systems and Netting Act 1998* and must be either a participant, or eligible to participate, in at least one of APCA's clearing systems or an industry association representative of such participants. (The existing owner member industry associations are Credit Union Services Corporation Limited and CreditLink Services Ltd, which together represent most credit unions, and Australian Settlements Limited which represents all building societies.)

Participating Members

Participating members (or clearing system members) are institutions that participate on a day-to-day operational basis in one or more of APCA's clearing systems. Participating members need not be owner members but are encouraged to join in that capacity.

Separate participating membership exists for each clearing system, so that membership is divided into five classes based on APCA's five clearing systems. Within each of these five classes there may be different categories of participating membership depending on whether a member clears and settles directly or indirectly. A participating member's rights and obligations on clearing and settling payment instructions are dependent on its particular category of membership. Each clearing system has rules in place setting out these rights and obligations, and detailing operating procedures required in the system.

Advisory Council Members

Advisory councils comprise organisations (appointed by the board for a one year term) that participate in, or have an interest in, payments instruments or transfers related to a particular clearing system (but are otherwise not entitled to join that system as a participating member).

Councils have been established for APCS, BECS and CECS. Advisory councils were not established for HVCS and ACDES as it was determined that there was an insufficient level of interest.

Associate Members

Associate members are individuals or organisations interested in payments system matters that wish to be kept informed of developments within APCA (and the Australian payments system more generally). No specific membership criteria exist, but an associate member may not be an owner member or a participating member.

Operations

Australian Paper Clearing System

APCS governs the exchange and settlement of cheques and other paper items.

Cheques have continued to gradually decline at a rate that reflects a partial correlation with the growth in direct entry transactions. This year, the number of cheque transactions fell by 8% while the number of direct entry transactions increased by 11%.

Review of APCS Regulations

APCA is reviewing the APCS regulations to bring them into alignment with the new constitution and to ensure membership of the system is open to all organisations that issue or collect cheques.

Reducing 'For-value' Exchanges

Measures have progressively been put in place to reduce the high number of cheques failing the electronic presentation process and which, as a result, have to be physically exchanged 'for-value'. For example, new procedures have been introduced to ensure financial institutions manually key in the MICR codeline details on damaged cheques, wherever possible, so that these cheques can then continue through the electronic presentation process.

All told the measures put in place since work began in 2001 have significantly reduced 'for-value' exchanges. When the project commenced in 2001 there were more than 70,000 paper items, mainly cheques, exchanged 'for-value' each day. This number has fallen by some 90% to 7,000, saving cost for members and allowing speedier clearing for the cheques involved.

Improving Cheque Printing

As part of a strategy to combat fraud and to improve processing efficiency, APCA considered introducing a scheme to improve cheque quality by accrediting cheque printers, along the line of a similar scheme in the United Kingdom. However a cost benefit analysis of the proposed scheme showed that it would be less effective than an alternative proposal to improve cheque quality directly by extending APCA's cheque standards. In part this was because cheque printing in Australia is less concentrated than in the UK. The focus now is on assessing the potential of introducing new standards applying, for example, to such things as toner adhesion and security features and on improving communication with the banking and printing community in relation to cheque standards.

Information Sharing

Before cheques are issued they need to undergo approval processes as set out in APCA Publications 11.5 and 3.3. To assist operations staff of APCS members and the printing industry in maintaining knowledge of these processes, workshops were held in Sydney, Melbourne, Brisbane and Perth during the third quarter of 2002.

A new set of cheque printing guidelines, offering a non-technical guide to cheque design and printing, were also developed and published on APCA's website. These guidelines are particularly designed to assist companies that print their own cheques rather than using the services of a printing company.

Countering Fraud

Standards for new cheque designs were changed during the year to include a 'warning band'. The warning band will list the security features of the cheque, for example, the incorporation of a watermark. This will allow the recipient of a cheque to verify that the feature described in the warning band is in fact present, which, in turn, offers increased assurance that the cheque is not counterfeit.

Financial institution cheques (including bank cheques) are not as good as cash but they are used in commerce with a high degree of confidence. To help preserve that confidence, and counter fraud, APCA has established a register on its website of contact points at financial institutions. Receivers of financial institution cheques can use these contact points to check with the issuing institution whether a particular cheque has been reported lost or stolen or whether it might be counterfeit.

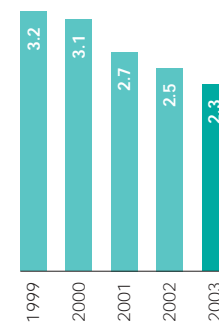
Countering fraud effectively means staying ahead of the fraudsters. Under the auspices of APCA's fraud committee, the APCS management committee has established a working group to look in detail at the life cycle of a cheque, to identify the scope for fraud, the measures currently in place to counter fraud and the feasibility and worth of enhancing or adding to those measures.

New Fallback Procedures

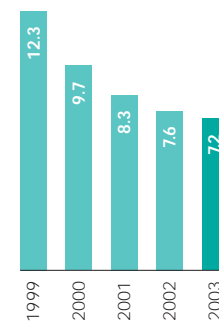
Fallback procedures assist members and add to the integrity of the system by ensuring so far as possible that clearing continues if for one reason or another the primary means of exchanging files becomes inoperable.

New fallback procedures were developed and agreed. Members are scheduled to implement the procedures later in 2003. The new procedures require members to upgrade their fallback arrangements from physical means (eg. magnetic tape) to an electronic communications method. The minimum fallback requirement will be the exchange of files by email. Members are required to conduct annual bilateral testing of their fallback arrangements.

Average Number of Cheque Transactions per Day (in millions)



Average Value of Cheques per Day (in \$ billions)



Operations

Bulk Electronic Clearing System



BECS governs the exchange and settlement of direct entry debit and credit payments.

For the most part these payments are low value and recurring. For example, direct credit includes wages and social security payments and direct debit premiums of various kinds. BECS members exchange payments in bulk. One of the features of direct entry is its relative low cost because volumes are high, payments are batched and the system has retained simplicity of structure.

Direct entry payments have shown consistently strong growth. This year, the number of organisations using the direct entry debit system increased by 15% and the number of direct debit transactions grew 13%. The number of direct entry credit system users grew by 10%, as did the number of direct credit transactions.

Reviewing Regulations

The review of BECS Regulations to bring them into alignment with the new constitution was put on hold pending the completion of the review of the APCS Regulations. The intention is to begin the review in the coming year.

Emerging Practices

APCA is reviewing emerging practices in the direct 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 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.

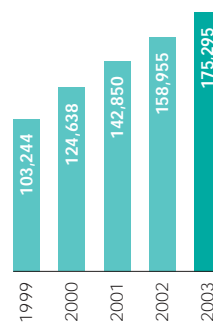
While there is no evidence of misuse at this stage, particularly identity fraud, consideration is being given to the development of customer identification guidelines. The objective is to ensure that the risk of fraudulent DDRs does not increase as electronic means of lodging DDRs becomes more prevalent.

New Fallback Procedures

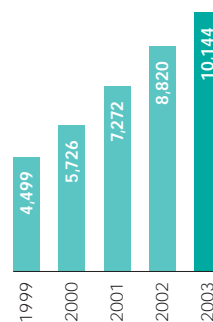
As in APCS, APCA developed new fallback procedures in BECS to enhance the integrity of the system and, at the same time, to assist members experiencing a processing disruption. The new procedures require members to upgrade their fallback arrangements, from physical medium (eg. magnetic tape) to an electronic communications method. This may, for example, be a leased line or it may as a minimum consist of the exchange of files by email.

Phased implementation of the fallback arrangements has continued during the year and is scheduled for completion by late 2003. Members are required to conduct annual bilateral testing of their fallback arrangements to ensure their continuing currency.

Number of Direct Entry Credit Users (as at 30 June 2003)



Number of Direct Entry Debit Users (as at 30 June 2003)



Operations

Consumer Electronic Clearing System

CECS is the system governing the exchange of ATM and EFTPOS transactions.

Growth in the number and value of EFTPOS transactions and ATM withdrawals has leveled off somewhat in the last year having experienced strong growth in recent years.

The number of EFTPOS terminals (433,640 as at end June 2003) increased over the year in line with recent trends. The figure reported for ATMs (21,603) includes all third party terminals for the first time and therefore depicts stronger growth than would have actually occurred.

Re-authorisation of the System

APCA lodged an application to the ACCC for re-authorisation of the system. The existing authorisation, determined in August 2000, is due to expire in September 2003. As the circumstances have not changed materially since the system was authorised, the re-authorisation process should proceed smoothly.

New EFTPOS Access Rules Investigated

APCA commenced investigating the potential for developing rules to facilitate access to the EFTPOS network by new members. A working group, drawn from CECS members together with representatives from the CECS Advisory Council held workshop meetings in April and May 2003. Already out of this investigation it has been decided to expand the CECS Manual to ensure that new entrants have a single body of technical standards to meet as against a multiplicity of standards. Alongside this work, APCA is giving priority in the coming year to developing practicable and equitable EFTPOS access rules. The precise nature of the outcome is uncertain at this stage. More clarity will come as the issues are worked through.

New Encryption Standards

Excellent progress was made on upgrading the encryption standards for the ATM and EFTPOS networks to ensure their integrity into the future. The new standard mandates the use of double length keys and the encryption of transaction data using triple DES encryption. When the project is complete, all ATM and EFTPOS terminals and all interchange communication links will conform to this new standard. The project has a progressive implementation date and is targeting the end of 2005 for completion.

Device Evaluation Facility

Currently acquirers evaluate and certify devices before deploying them. Centralised evaluation would avoid duplication and potentially bring efficiencies and cost-savings to acquirers and to device suppliers. APCA is assessing the feasibility of establishing centralised evaluation.

Chip (EMV) Cards Standards

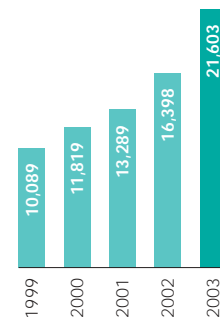
EMV (from Europay, MasterCard and Visa) is a specification for interaction between chip cards and the terminals. Assessment was made of the potential impact of introducing EMV chip based debit cards in the current ATM/EFTPOS environment. It was found that conversion to chip cards would best be progressed in two phases. In the first phase the objective is to ensure that chip cards provide the same functionality as do magnetic stripe cards in terms of message formats and content. In the second phase the impact on debit cards of the wider functionality of chip cards will be assessed.

New Program Management Approach

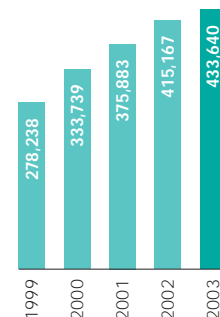
A number of the projects mentioned above, and others planned for the coming year, have interdependencies. To provide consistency and improve coordination across projects, a CECS Program Management Steering Committee was established in June 2003.

Growth in the number and value of EFTPOS transactions and ATM withdrawals has leveled off somewhat in the last year, having experienced strong growth in recent years.

Number of ATM Terminals
(as at 30 June 2003)



Number of EFTPOS Terminals
(as at 30 June 2003)



Operations

High Value Clearing System



HVCS encompasses and governs the exchange of SWIFT PDS payments.

Each payment is settled individually on a real time gross settlement (RTGS) basis using the Reserve Bank Information and Transfer System (RITS).

HVCS had another year of growth in both payment volumes and payment values. The total number of transactions within HVCS for the year increased by close to 10%, to just over 4.5 million and the total value of transactions by more than 7% to \$22,285 billion. The average value of a transaction was approximately \$5 million.

Continuous Linked Settlement (CLS)

CLS is a multi-currency arrangement within which both parts of a foreign exchange transaction are settled simultaneously across CLS Bank accounts. This eliminates foreign exchange settlement risk for such payments.

Last year's report explained the preparations made in HVCS to extend membership to CLS Bank. CLS Bank commenced operations in HVCS in September 2002. CLS transactions have been increasing steadily. In June 2003 they accounted for more than 3% of the value of transactions within HVCS.

SWIFTNet FIN Migration

During the year, SWIFT announced a program to migrate FIN messages from the current X.25 network to its new IP network SWIFTNet. SWIFTNet is SWIFT's IP-based messaging protocol for the communication of financial information and transaction data.

APCA established a joint working group with the Reserve Bank to ensure a coordinated approach to Australia's migration efforts. The working group has developed a testing strategy, covering both Australian and international based connections to SWIFT, to provide guidance to HVCS members. Migration for Australian based connections commenced in July 2003 and is scheduled to conclude by the end of October 2003. Overseas-based connections will have until October 2004 to complete migration.

The total number of transactions within HVCS for the year increased by close to 10%, to just over 4.5 million.

Operations

Australian Cash Distribution and Exchange System

ACDES – APCA's new clearing system – was established in December 2001 to govern the exchange and distribution of wholesale cash.

Focus has been on efficiency gains during the system's first full year of operation.

New Member

The system is open to all financial institutions and companies participating in cash distribution activities of the kind encompassed by ACDES rules. Suncorp-Metway became the first new member to join the system's initial members, when its membership application was approved in December 2002.

Reducing Cash Holdings

Physically moving cash once bought or sold takes time and is demanding logistically. Because of this, members hold precautionary buffer stocks of both notes and coin. A principle objective within ACDES is to minimise the overall quantity of cash held as a buffer – because of its carry cost – while at the same time ensuring that the right amounts and denominations of cash are in the right place at the right time.

During the year, APCA investigated possible ways that the overall holding of notes might be reduced while ensuring that cash demands are met. In addition to assessing the current model for managing cash holdings, based around separately owned cash pools, a number of possible alternative arrangements were assessed based around managing cash as one logical pool. It was found that while efficiencies could be achieved in a number of ways, the most practical and cost-effective was to fine-tune the current model. Members have established improved communication and information sharing processes. The outcome has been a better understanding of note usage trends, which has contributed to more effective note distribution and a reduction in overall note holdings.

Achieving similar efficiencies in relation to the distribution of coin will be a priority for ACDES in the coming year. This will be particularly challenging due to the different demands for coin in different geographic regions as well as the logistics of moving coin.

Improving Procedures

ACDES procedures cover a range of matters to do with the storage, handling, distribution and exchange of cash. Documentation requirements, hours of operation, the timing and process for settlement between members, the quality of notes, the packaging of notes and coin, allocating liability for late delivery, methods for dealing with cash discrepancies, audit requirements and cash movements are all covered.

Ongoing work is occurring to improve and streamline the procedures to ensure they provide a best practice framework. This also includes consideration of fallback arrangements to specifically deal with disruptions to trading, settling and moving cash.

Operations

Cross System



Payments Fraud Prevention

Identifying and preventing fraud in APCA's payment systems is the job of APCA's fraud committee. Currently, it is giving particular focus to cheque and debit card fraud. Two fraud risk assessment working groups have been established to carry forward the work.

Potential fraud risks and the effectiveness of existing mitigation measures at each stage in the 'life cycle' of a cheque and a debit card are being identified and assessed to determine the likelihood and impact of the fraud occurring.

This work will assist in ensuring that industry-based standards and procedures play their part in containing, countering and preventing fraud.

Resilience

APCA made some preliminary investigations into members' payments clearing preparedness in the event of a major disruption occurring through accident or deliberate act. The investigations found that there was a high degree of preparedness for an event causing a short-lived single point of failure of payments clearing operations. However, concentration risk and external dependencies make the situation more problematic for widespread and/or prolonged disruptions. This undoubtedly applies also to other industry sectors. Because of this, the Attorney General's Department has established

a cross industry 'Trusted Information Sharing Network for Critical Infrastructure Protection' forum. APCA is represented on the banking and finance group operating within this forum. The group's role is to consider generic threats to critical banking and finance infrastructure and to formulate preventative measures.

Failure To Settle (FTS)

APCA intended to construct new FTS rules this year but consultation and engagement with the Reserve Bank on the form of the rules took longer than anticipated. However, the outcome has provided a reasonable degree of confidence that the work can be brought to completion this coming year.

The important role of FTS rules is to ensure that settlement can occur following an instance of default and that the payments system can continue to operate fairly seamlessly.

The new FTS rules will be built around extracting the defaulter's position from the multilateral deferred net settlement figures and proceeding in a timely way with a revised settlement without the defaulter. Each survivor will settle bilaterally with the defaulter outside of the revised multilateral settlement. Deemed dishonour of cheques drawn on the defaulter and the ability to cross system net will assist in protecting survivors' positions and preventing contagion.

Once FTS rules for APCS, BECS, CECS and HVCS have been finalised they will be submitted to the Reserve Bank for approval under the Payment Systems and Netting Act.

Statistics

APCA has been collecting statistics on payments activities (see table on page 14) since 1994. These figures are compiled once a year and present a picture of payments activities during the month of May. Over the years, this has developed into a useful time-series that gives a general picture of changes in payments trend in Australia.

In July 2003, the Reserve Bank released its monthly collection of data on retail payments activities. Although there are some differences in coverage, the Reserve Bank data overlap to a large extent those collected by APCA. In addition, the Reserve Bank data is available monthly. In the coming year, APCA will review its statistical collection to ensure it complements rather than duplicates data collected by the Reserve Bank.



The advisory councils were established in late 1999 to widen consultation by taking into account the views of organisations with a significant role in each applicable clearing system, but which did not clear and settle payments in their own right.

The input of the different perspectives and expertise that advisory councils bring strengthens the deliberative and decision-making processes in APCA. Decision-making is better informed, more attuned to the interests of all clearing system stakeholders, and more attuned to the changing payments system environment.

Since their inception, advisory councils have progressively operated in a more integrated fashion with management committees. APCA has measured progress in this respect by conducting an assessment exercise over the past two years, the most recent of these being during the third quarter of 2002.

The latest assessment found that across the three clearing systems in which advisory councils had been established – (APCS, BECS & CECS), both the advisory councils' and management committees' satisfaction with the councils' overall performance had significantly increased compared with the year before. While this was a pleasing result, it raised the issue of what more could be done to raise the bar in the coming year.

APCA conducted an internal review to assess whether the current model continues to be the most appropriate and what improvements might be made.

The review found that the current model continues to add good value but that a number of refinements would be worthwhile. These included holding a joint session of the advisory councils and their management committees once each year to provide an opportunity to set clear objectives and priorities for the coming year.

Joint sessions were held during May and June 2003 to coincide with each clearing system's operational planning process. A key component of the joint sessions was identifying how the advisory councils could participate in projects that were planned for the coming financial year. The sessions, which proved to be a valuable exercise, will be held annually.

Participation and Advice

Council members continued to participate in, and add value to, a number of projects being conducted by the management committees, many of which had been commenced in part through the initiative of the councils.

The APCS Advisory Council proposed the development of a fraud 'map' that traces the lifecycle of a cheque. This will assist in assessing the likelihood of fraud at each stage of the process (cheque printing, personalisation of the cheque, delivery of cheque books, issuance and negotiation of cheques and so on) and developing mitigation strategies. The council is represented on the working group brought into play to focus on measures to counter cheque fraud.

The BECS Advisory Council supported the investigation of current and emerging practices in direct debit, including the review of the rules and practices concerning on-line direct debit requests over the internet and by telephone. The council is represented on the working group progressing the review.

The CECS Advisory Council highlighted the need for consistency and coordination across projects involving similar timeframes and deliverables. In part response, the management committee established a program steering committee to oversee all new CECS projects. The council has also had a close interest and involvement in the project within CECS to establish a central device evaluation facility.

In general, advisory council representatives will participate in working groups across a number of projects included in the APCS, BECS and CECS operational plans for the coming year.



01 Barbara Lindorff
 02 Christine Morris
 03 Michael Aaron

Council Members					
\ APCS Advisory Council		\ BECS Advisory Council		\ CECS Advisory Council	
Barbara Lindorff (Chair)	Prismac Systems	Christine Morris (Chair)	CITEC	Michael Aaron (Chair)	IBM
George Pantic	Australia Post	Keith Finkelde	ASFA	Tim Wildash	ATM Solutions
Harry Asquith	Australian Taxation Office	Harry Asquith	Australian Taxation Office	Daniel Vorster	Caltex Australia
Michael Israel	Carreker Corporation	Brian White	Cardlink Services	Richard Brooks	Council of Small Business Organisations of Australia
Glenn Tattersall	Certegy Australia	Rod Tweddle	Cashcard Australia	Brett Thompson	Eracom
Tony Kurtz	EDS	Lynette Seeto	Centrelink	Erik Andersen	First Data Resources
Robert Chesney	Lithographic Institute	Salil Narayanan	Global Technology	Warren Scheuber	Hypercom
Marlene Mills	Security Printers' Association	Keith Hallett	IFSA	Peter Wardrop	Intellect Australia
Ken Carville	TeleCheck Australia	John Finnin	MYOB Australia	Tem Elliott	Keycorp
Gregory King	Travelex	Bruce Quick	Pegasystems	Wayne Jorgensen	MasterCard
Alasdair Drummond	Unisys Australia	Gary Bigelow	Prismac Systems	Anne Henry	NCR
Mike Box	Unisys Payments Services	Tony Nguyen	Secure e-Solutions	Anne Ferris	Shell Australia
Arthur Frost	Xplor Asia Pacific	Mark Bezzina	Standards Australia	Brian Saville	Visa
				Penny Winn	Woolworths

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	10,089	11,819	13,289	16,398	21,603
EFTPOS (e)	APCA	278,238	333,739	375,883	415,167	433,640

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.



Industry Issues

Fraud is very much on the public agenda and on APCA's agenda. APCA participates in industry wide efforts to combat payments fraud by taking an active role in industry associations and other wider forums focussed on fraud prevention.

APCA is a member of the Australian Bankers' Association's (ABA's) Fraud Taskforce. This taskforce has identified skimming, stolen identity and internet fraud as particular risks facing financial institutions and work is being undertaken to mitigate these risks.

APCA took part in the ATMIA (ATM Industry Association Australasia) meeting to consider ATM related frauds. Participants agreed that there was a need for vigilant self-regulation of the ATM industry to maintain consumer confidence in ATMs.

APCA representatives (together with representatives from industry and government agencies) met with Senator Chris Ellison, Minister for Justice & Customs to consider initiatives to deal with card skimming and identity fraud. A national approach to the improved collection, analysis and dissemination of intelligence on skimming and associated frauds and the development of further intelligence links between industry and law enforcement was supported by the meeting. APCA agreed to share payments fraud data and expects more initiatives to flow out of this forum in the year ahead.

Industry Representation

APCA participates in a number of Standards Australia and ISO working groups and committees developing technical standards.

- Standards Australia Committee IT/5, developing standards for financial transaction systems.
- Standards Australia Working Group IT/5/4, developing standards for authentication and security.
- Standards Australia Committee IT/5/3, developing standards for message formats.
- ISO/TC68/SC6/Working Group 6, developing standards for security in retail banking.
- ISO/TC68/SC6/Working Group 11, developing international standards for banking and related financial services in particular triple data encryption algorithms.

Keeping our Community Informed

Interacting with stakeholders outside of APCA's members is part of APCA's role. Management meets regularly with industry bodies and associations and participates in external conferences and other forums both in Australia and overseas.

A key focus for APCA is ensuring that stakeholders are kept informed through communications and education initiatives. APCA holds information sessions and workshops on industry related matters. Associate member briefing sessions are held twice yearly to provide updates on current industry activities and projects.

The quarterly publication *Payments Monitor* and member newsletters are produced to inform members and interested parties of payments clearing developments. This year APCA published cheque printing guidelines offering a non-technical introduction to the design, printing and quality control standards associated with the production of cheques.

During the coming year, consideration will be given to how APCA's education activities might be extended both inside and outside the payments industry.

Website

The APCA website is often the first port of call for those wanting to know more. It provides comprehensive information on the payments system and features publications, regulations and procedures, press releases and cheque printing information.

During the year, the website was revamped to make it more informative and easier to use. This included an extensive review of the content and a new look for the site. A new search facility has been incorporated in the site to assist in accessing specific information quickly.

Management

Organisational Structure



Management at APCA is geared to establishing, amending and maintaining clearing system rules, to managing operations and projects, and to interacting with and informing a wide set of stakeholders and the community as a whole. As an association APCA works through committees of its members, supported by management. In addition to the board, five management committees and three advisory councils, more than thirty committees, sub-committees and working groups were active during the year. In the order of thirty projects of various kinds and sizes across all clearing systems were on foot during the year.

The objective of management is to retain its leanness and to contain costs by continual improvements to systems and ways of doing things while at the same time providing a high quality service and ensuring the company meets its corporate compliance obligations.

Enhancing Project Management

APCA has a strong track record in managing industry projects. One of the keys to this is continually reviewing the methodology employed to ensure it remains current and

appropriate. The interdependencies of a number of current projects suggested that a more formalised approach to accommodating this interdependence would be beneficial.

This new approach involves appointing a program steering committee to oversee the progress of projects, to address project risk and issues, and to ensure a level of coordination between projects, particularly where there are interdependencies. It was first put into effect in June 2003 with the establishment of a program management steering committee in CECS. Its applicability to other clearing systems will be assessed in the coming year.

Improving Risk Management

Integral to APCA's project management methodology is managing risk. Bringing it into closer accordance with Australian Standard AS/NZS 4360:1999, the framework applied to managing risk was further developed. This framework has been applied to the management of risks across projects and also to the analysis of fraud risks in each clearing system. It is, as well, being applied to the management of internal company risks.

A comprehensive review is underway of the company's internal risk management policies and procedures to ensure they are adequate and to put in place additional measures if appropriate. Already out of this review it has been decided to carry out an annual audit of APCA's IT procedures and systems and to put in place ongoing cover for the key positions of IT manager and financial controller.

Corporate Compliance

A committee comprising senior management from the company's legal, finance, and member services areas oversee compliance matters. Business practices are regularly reviewed to ensure compliance with legal obligations and company policies.

Corporate Governance

The Board of Directors

The board is responsible for setting the company's strategic direction and for corporate governance matters. The board comprises an independent chairman appointed by directors, the chief executive officer and non-executive directors appointed by APCA owner members.

The rights of APCA's owner members to appoint directors are set out in the company's constitution. The term of each of the non-executive directors expires every second year following their appointment. Each non-executive director, other than the chairman, is a nominee director.

Chairman of the Board

The chairman is a non-voting director and holds office for two years from the date of appointment. The current chairman, Mr R N Challis, has been appointed to office until 21 October 2005.

Chief Executive Officer (CEO)

The CEO is a board-appointed, non-voting, executive director. The CEO manages the company's affairs under the broad guidance of the board.

The board determines the CEO's responsibilities. The board, in consultation with the CEO, agrees the CEO's goals for each year. The CEO's performance against these goals is assessed on an annual basis by the board.

Board Committees

Management committees, which supervise the company's five clearing systems, are committees of the board. They exercise powers delegated by the board.

The board has also established two other permanent committees. These are the Finance and Audit Committee and the Remuneration Committee. The board is also empowered to establish other committees as it sees fit to assist in managing the company's affairs. At present it has established a fraud committee and a committee to deal with implementing new clearing system failure to settle rules.

Finance and Audit Committee

The Finance and Audit Committee comprises a number of non-executive directors and the CEO.

The Finance and Audit Committee's primary functions are to review the company's internal financial practices and audits' results, monitor the effectiveness of the company's financial practices and controls and administrative policies, monitor various risk exposures and statutory compliance matters, and review the company's budget and monitor expenditure against it.

Remuneration Committee

The Remuneration Committee's responsibilities are to establish remuneration policies and practices for the company generally and to recommend remuneration levels and contractual arrangements for the CEO. The Committee comprises the chairman and the members of the Finance and Audit Committee.

Strategy and Risk

The board approves annually the company's budget and operational plan, allowing it to monitor the strategic direction the company is taking and to evaluate operational risk and ensure such risk is identified and effectively managed. In addition to the annual financial audit, the company has an annual external extended audit to test adherence to accounting policies. The board reviews reports of both audits.

Codes of Conduct

All directors, management committee members and senior executive staff must comply with a Directors' and Officers' Code of Conduct. The Code was developed using a model from the Australian Institute of Company Directors.

Additionally, all APCA staff are required to adhere to a code of conduct which covers such matters as confidentiality, conflict of interest and standards of behaviour in business dealings.

Financial Statements

The company's financial statements are published separately from its annual report. Remuneration of the chairman, the chief executive officer and senior executives, is disclosed in the usual manner in the notes to the financial statements.

Board of Directors



The names of APCA directors in office at the date of this report are set out below, together with particulars of their qualifications, experience and special responsibilities.

Board Changes

All non-executive directors resigned and were reappointed, in accordance with the terms of the new constitution, when it came into effect on 17 August 2002.

There were a number of changes to the board of directors during the year. Mr Steve Bryant joined the board in November 2002, following the resignation of Mr Donald Gregg. Mr David Ingham became a director in January 2003 following the resignation of Mr Mark Genovese. Mr Chris Campbell joined the board in April 2003, replacing Mr Damian Banks.

Mr R N Challis *Dip Bank, FAIB, ABINZ* **Chairman (Non-executive director)**

Over forty years banking experience with the Australia and New Zealand Banking Group Limited. Retired in 1997, having occupied a number of general manager positions and directorships on several ANZ subsidiary companies. Chairman of Austraclear Limited 1990 – 1994. Appointed as a director and chairman of the company in October 1999. *Chairman of the Remuneration Committee.*

Mr G L Bebbington *BE(Hons)* **(Non-executive director)**

Head of Payments Policy, National Australia Bank. Over 20 years experience in financial services in business and technology related roles as both a senior executive and internal/external consultant. Currently a director and chairman of the Bankcard Association of Australia. He is also a director of BPAY Pty Ltd. Appointed by National Australia Bank as a director in May 2002. *Chairman, Management Committee of the Australian Cash Distribution and Exchange System.*

Mr S P Bryant **(Non-executive director)**

General Manager, Sales and Service Support, St. George Bank Limited. Over twenty years experience in the banking industry including branch banking, operations and strategy. Appointed by St. George Bank Limited as a director in November 2002. *Member of Finance and Audit Committee and the Remuneration Committee.*

Mr C G Campbell *BEC, MBus(Finance)* **(Non-executive director)**

Senior Manager, Industry, Westpac Banking Corporation. Over 10 years experience in banking and economics, including payments policy, product management and related areas. Currently alternate director of Cardlink Services Ltd and of BPAY Pty Ltd.

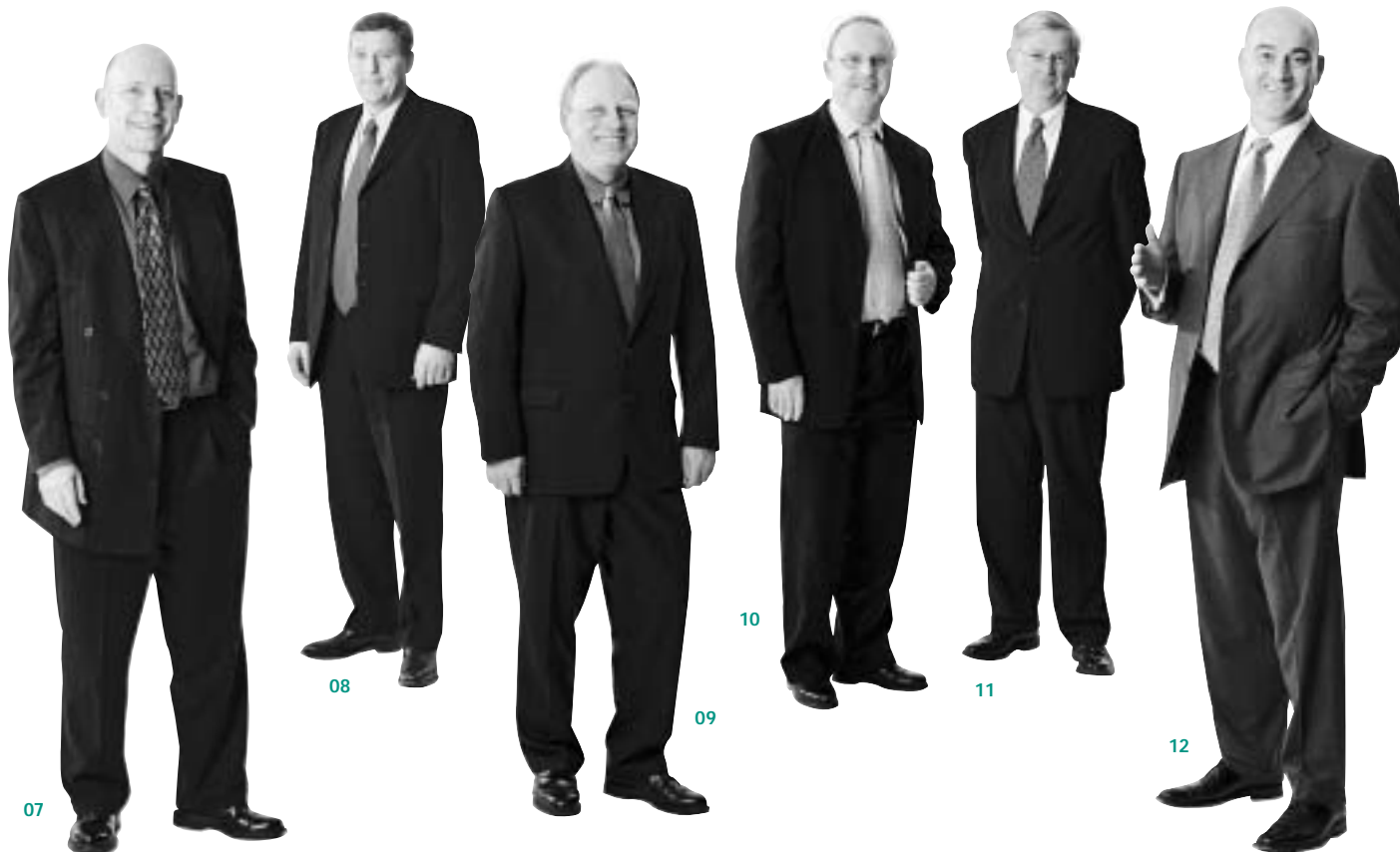
Appointed by Westpac Banking Corporation as a director in April 2003. *Chairman, Management Committee of the Australian Paper Clearing System. Member of the Management Committee of the Bulk Electronic Clearing System, the Management Committee of the Consumer Electronic Clearing System and the Management Committee of the High Value Clearing System.*

Ms L A Clarke **(Non-executive director)**

Vice President, Global Markets, State Street Bank and Trust Company. Over seventeen years experience in the banking industry in Australia. Appointed by the OB Owner Member Electoral Group (formerly known as 'B' class redeemable preference shareholders) as a director in November 2001. *Chairman, Management Committee of the High Value Clearing System. Member of the Finance and Audit Committee and the Remuneration Committee.*

Mr D A Ingham *BEC, MBA* **(Non-executive director)**

Head of Payment Services, Credit Union Services Corporation (Australia) Limited. Over ten years experience in the financial services industry across a number of organisations. With experience in consulting, service delivery, channel and product management and other related disciplines. Appointed by the Credit Unions Owner Member Electoral Group (formerly known as 'D' class redeemable preference shareholders) as a director in January 2003.



Mr P A Inglis *BEC(Hons)*
(Non-executive director)
 Head, Payments Industry Liaison, Operations, Technology & Shared Services, Australia and New Zealand Banking Group Limited. Over sixteen years experience in the banking industry in payments and economics; five years in government service, including Federal Treasury. Appointed by the Australia and New Zealand Banking Group Limited as a director in July 1998. *Chairman, Management Committee of the Consumer Electronic Clearing System.*

Mr B F Munro *BBus, FAIB, MFTA*
Deputy Chairman (Non-executive director)
 Executive General Manager, Working Capital Services, Institutional and Business Services, Commonwealth Bank of Australia. Over twenty years experience in banking, including financial and capital markets. Current position is focussed on providing working capital solutions, including payments and related services, to small, medium, and large businesses and financial institutions. Chairman, CBFC and CBFC Leasing Pty Limited. Director, Commonwealth Fleet Lease Pty Limited. Appointed by the Commonwealth Bank of Australia as a director in May 1998. *Chairman, Management Committee of the Bulk Electronic Clearing System, Chairman of the Finance and Audit Committee, and member of the Remuneration Committee.*

Dr P R Smith *BEC(Hons), PhD, FAICD*
Chief Executive Officer (Executive director)
 Thirteen years experience in the banking industry prior to joining APCA, two years in government service in Papua New Guinea, and academic appointments in the Universities of Western Australia and Adelaide. Chief Executive Officer since the company started in February 1992 and appointed as executive director in April 1992. *Member of the Finance and Audit Committee and the Remuneration Committee.*

Mr J N Toms *BComm*
(Non-executive director)
 Chief Executive Director, Australian Association of Permanent Building Societies Incorporated and Chief Executive Officer, Australian Settlements Limited. Over eighteen years experience in areas of industry policy, particularly payments systems. Director of National Custodian Limited. Appointed by the Building Societies Owner Member Electoral Group (formerly known as 'C' class redeemable preference shareholders) as a director in December 1992. *Chairman of the Fraud Committee.*

Dr J M Veale *DipEd, BA(Hons), MEd, PhD*
(Non-executive director)
 Head of Payments Policy Department, Reserve Bank of Australia. Ten years in academic positions in Australia and the United Kingdom, and over nineteen years experience in Australian central banking. Appointed as a director in January 1998. *Member of the Finance and Audit Committee and the Remuneration Committee.*

Mr T P Wasmund *MBA, FAIB*
(Non-executive director)
 Manager, Payments and Banking Services, Suncorp-Metway Limited. Over twenty years banking experience with Suncorp-Metway Limited, including payments, foreign exchange, lending/credit and banking operations management. Appointed by the RB Owner Member Electoral Group (formerly known as 'A' class redeemable preference shareholders) as a director in August 2002.

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- 01 Mr R N Challis
 - 02 Mr G L Bebbington
 - 03 Ms L A Clarke
 - 04 Mr C G Campbell
 - 05 Mr J N Toms
 - 06 Mr D A Ingham
 - 07 Dr P R Smith
 - 08 Mr T P Wasmund
 - 09 Mr P A Inglis
 - 10 Mr S P Bryant
 - 11 Dr J M Veale
 - 12 Mr B F Munro

Owner Members and Clearing System Members

APCA Members (as at 30 June 2003)	Clearing System Member					APCA Members (as at 30 June 2003)	Clearing System Member				
	APCS	BECS	CECS	HVCS	ACDES		APCS	BECS	CECS	HVCS	ACDES
ABN AMRO Bank, NV*				•		Cashcard Australia Limited			•		
Adelaide Bank Limited*	•	•	•	•		CLS Bank International				•	
AMP Bank Limited*	•	•		•		Coles Myer Ltd			•		
Arab Bank Australia Limited*	•	•		•		Credit Suisse First Boston				•	
Australia and New Zealand Banking Group Limited*	•	•	•	•	•	Dresdner BankAG				•	
Australian Settlements Limited (ASL)*	•	•	•	•		First Australian Building Society Limited	•	•			
Bank of America National Association*	•	•		•		Fortis Bank S.A./N.V.				•	
Bank of China*	•	•		•		GIO Building Society Limited		•			
Bank of Queensland Limited*	•	•	•	•		Greater Building Society Limited	•	•			
Bank of Tokyo-Mitsubishi (Australia) Limited*	•	•		•		Heritage Building Society Limited	•	•			
Bank of Western Australia Limited*	•	•	•	•	•	Home Building Society Ltd			•		
Bank One National Association*	•	•		•		HSBC Building Society (Australia) Limited	•	•			
Barclays Bank PLC*				•		Hume Building Society Limited	•	•			
Bendigo Bank Limited*	•	•	•	•		Hunter United Employees' Credit Union Limited	•				
Citibank Pty Limited*	•	•	•	•		IMB Limited	•	•			
Commonwealth Bank of Australia*	•	•	•	•	•	ING Bank N.V. (Sydney Branch)	•	•		•	
Credit Union Services Corporation (Australia) Limited (CUSCAL)*	•	•	•	•		IOOF Building Society Limited	•	•			
CreditLink Services Ltd*	•	•				Laiki Bank (Australia) Limited	•	•		•	
Deutsche Bank AG*	•	•		•		Lifeplan Australia Building Society Limited	•				
HSBC Bank Australia Limited*	•	•		•		Mackay Permanent Building Society Limited	•	•			
HSBC Bank plc*	•	•		•		Maitland Mutual Building Society Limited	•	•			
ING Bank (Australia) Limited*	•	•		•		Members Equity Pty Limited	•	•			
JP Morgan Chase Bank*	•	•		•		Newcastle Permanent Building Society Limited	•	•			
Macquarie Bank Limited*	•	•		•		Pioneer Permanent Building Society Limited	•	•			
Mizuho Corporate Bank Limited*	•	•		•		Police Association Credit Co-Operative Limited	•				
N.M. Rothschild & Sons (Australia) Limited*				•		Queensland Police Credit Union Limited	•				
National Australia Bank Limited*	•	•	•	•	•	Queensland Professional Credit Union Limited	•				
Oversea-Chinese Banking Corporation Limited*	•	•		•		Queenslanders Credit Union Limited	•				
Reserve Bank of Australia*	•	•		•		Rabobank Australia Limited	•	•		•	
Royal Bank of Canada*				•		Rabobank, Australian Branch (Co-Operative Centrale Raiffeisen-Boerenleenbank B.A.)				•	
St. George Bank Limited*	•	•	•	•		Taiwan Business Bank, Sydney Branch	•	•			
Standard Chartered Bank*				•		The International Commercial Bank of China	•	•		•	
State Street Bank & Trust Company*	•	•		•		The Rock Building Society Limited			•		
Suncorp-Metway Limited*	•	•	•	•	•	The Toronto-Dominion Bank				•	
United Overseas Bank Limited*	•	•		•		Victoria Teachers Credit Union Limited	•				
Westpac Banking Corporation*	•	•	•	•	•	WestLB AG				•	
* Denotes owner members						Wide Bay Capricorn Building Society Limited	•	•			
ABS Building Society Ltd		•									
Australian National Credit Union Limited	•	•									
B & E Ltd	•	•									
Bananacoast Community Credit Union Limited	•										
Bank of Cyprus Australia Pty Limited	•	•									
BNP Paribas				•							

Corporate Information

Company Officers

Peter Smith	Chief Executive Officer
Oksana Dlougatch	Financial Controller
Michael Forey	Director Project Management & Operations
Stephen Halliday	Director Member Services, Secretary to the Board
Stephen Hills	General Counsel, Company Secretary
Phil Timms	Director Corporate Affairs

Solicitors

Mallesons Stephen Jaques, Sydney

Auditors

PricewaterhouseCoopers, Sydney

Registered Office

Level 24
25 Blich Street
Sydney NSW 2000
Tel +61 2 9221 8944
Fax +61 2 9221 8057
www.apca.com.au

Company Meetings

- The Annual General Meeting will be held on Thursday, 16 October 2003 at 9.30am.
- The Annual Meeting of APCS will be held on Wednesday, 19 November 2003 at 9.30am.
- The Annual Meeting of BECS will be held on Tuesday, 11 November 2003 at 9.30am.
- The Annual Meeting of CECS will be held on Thursday, 20 November 2003 at 9.30am.
- The Annual Meeting of HVCS will be held on Thursday, 27 November 2003 at 9.30am.
- The Annual Meeting of ACDES will be held on Wednesday, 26 November 2003 at 9.30am.

APCA Publications

- BSB Numbers in Australia
Issued quarterly and available in either book form or on computer diskette. Can be purchased directly from Craftsman Publishing Pty Ltd (prices on application).

Craftsman Publishing Pty Ltd
125 Highbury Road
Burwood Vic 3125
Tel +61 3 9926 1200
Fax +61 3 9926 1291

Available from APCA

- Design Specifications for Cheques and Deposit Forms (Publication 11.5)
- Guidelines for Personalising Cheques
- Guidelines for MICR Encoding Cheques
- Guidelines for Paper Used for MICR Encoding
- MICR Magnetic Ink Character Recognition (Publication 3.3)
- Payments Monitor
A quarterly publication for members and interested parties that provides an update on payments clearing developments.

Also available:

- APCA Position & Layout Gauge (hand held device for verifying positioning of MICR encoding)

Registers

APCA maintains registers relating to cheque printing standards to help printers, APCS members and their customers comply with the standards in publications 11.5 & 3.3.

- *Printer Registration Database*. This database contains organisations that print, design and MICR-encode cheques and deposit forms.
- *Register of Paper for MICR Encoded Documents*. Manufacturers or suppliers of paper may submit results of tests of their paper against the 'APCA paper standard' for review by APCA. Where review of test results shows compliance with the standard, the paper is included on the register.
- *Register of MICR Printing Systems*. APCA evaluates MICR encoding equipment to determine whether it produces encoding of an acceptable standard. This standard and the processes for evaluation are set out in the *MICR Magnetic Ink Character Recognition* publication.

