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## **APCA reaches key milestones in the evolution of Australia's low value payments**

The Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, today announced the completion of key milestones related to network connectivity and messaging standards in its Low Value Payments Roadmap.

### **Network connectivity: The Common Payments Network (CPN)**

The CPN was established by the payments industry in 2010 to provide next generation physical connectivity for Australia's payments. It comprises:

- APCA's Community of Interest Network (COIN) – a new IP cloud provided by Telstra;
- SWIFT's FileAct Service as an alternative to APCA's COIN; and
- the Reserve Bank's Clearing Interconnector, which enables payments traffic to pass between the COIN and SWIFT.

Payments participants execute more than 30 million transactions a day by sending payments messages and files to each other. The APCA COIN provides connectivity for domestic EFTPOS and ATM, direct debit and direct credit, cheque payments and the BPAY bill payments service. SWIFT's FileAct Service provides services for the exchange of direct debit and direct credit payments.

Migration of payments traffic from legacy network connectivity to the CPN has been a major industry undertaking coordinated by APCA and the Reserve Bank. The two-year project included migrating some 90 bilateral links between Australia's largest payments participants.

The CPN replaces multiple links between individual participants with a single physical connection to the payments network "cloud". This reduces the costs of establishing and maintaining physical connections, and enables significantly faster file transfers. COIN participants have reported that file transfer times have been cut by up to 90%, from one hour to 6 minutes.

APCA commends financial institutions, payments services providers and Telstra for their efforts in completing migration to the CPN. APCA CEO Chris Hamilton said, "The CPN provides the industry with an efficient and robust communications platform to support the payments networks of the future."

### **Messaging standards: ISO 20022 schema**

APCA today released a voluntary ISO 20022 schema for Australian payments to promote a standardised approach to future payment message development.

ISO 20022 is an international framework for financial messaging standards. It is gaining use and recognition around the world as a vehicle for data-rich payments messaging. Given the complexity and diversity of payments infrastructure globally, developments are evolutionary and long-term.

# MEDIA RELEASE



The ISO 20022 standard was identified in APCA's 2008 Low Value Payments Roadmap as a possible solution to the demands of Australian payment system users for additional reference data with payments and to facilitate globally interoperable straight-through-processing.

The schema incorporates business and technical details for the core Credit Transfer and Direct Debit messages sets that could be exchanged between Australian financial institutions. It also provides high level descriptions and examples of the flow of payment information from customers to financial institutions utilising the ISO20022 schema. This work has been carried out by a group of experts drawn from the payments industry and the Reserve Bank.

“This schema is a new tool for enhancing Australian payments services,” said Mr Hamilton. “Our expert group has learned a great deal from applying the international principles to Australian payments workflow. In line with our commitment to open standards, we now make the schema more widely available in order to improve and refine it. We also aim to provide value to the broader Australian payments community as it plans and develops its own future services.”

Further information about the schema is available on the [APCA website](#).

## ***About APCA's Low Value Payments (LVP) Roadmap***

APCA released its LVP Roadmap in December 2008. It sets out a strategic vision and solution path for the evolution of Australia's electronic payments system. In addition to migration to the CPN and publishing an ISO 20022 schema, the Roadmap has underpinned APCA's work on enhanced settlement arrangements and the future of cheques. APCA expects to make announcements about other developments shortly. A new LVP Roadmap will be developed in 2012.

[APCA's LVP Roadmap and LVP Roadmap Update \(2011\)](#) are available on the APCA website.

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## ***About the Australian Payments Clearing Association (APCA)***

APCA is Australia's payments industry association. Its role is to set, manage and develop regulations and standards governing payments clearing and settlement within Australia. APCA has around 80 members including banks, building societies, credit unions, the Reserve Bank and other participants across five clearing systems. Its clearing systems cover: cheques and other paper based payment instruments; direct entry (credit and debit payments); EFTPOS and ATM transactions; trading and distribution of bulk notes and coin between banks; and settlement of high value, real-time payments.