



Australian Payments
Clearing Association

SUMMARY OF CORPORATE STRATEGY 2012-2014

Revised June 2012



Purpose and Role

APCA exists to advance the common interest of our members and the interests of the Australian public in improving the Australian payments system.

APCA does this through:

- enabling competition and innovation;
- promoting efficiency; and
- controlling risk.

Our roles include providing:

- thought leadership and advocacy;
- industry collaboration;
- self-regulation; and
- system-wide standards.

We work with government and public regulators and undertake our activities with transparency, fairness, rigour and integrity.

Opportunities

Australian's financial institutions are making major investments in their payments capabilities – from modernising their core banking systems, renovating their payments systems, upgrading internet banking capability, and rolling out contactless and chip cards and readers. As well, new payments infrastructure is being invested in by financial institutions, such as the Common Payments Network and the Reserve Bank of Australia's Low Value Settlement Service, providing the potential to inject new flexibility and functionality into the way our payments system operates.

Over time, our payments system has become more complex and diverse to keep pace with customer demands. In recent years we have seen non-competing payments schemes such as EFTPOS become commercial with the creation of the new Australian payments services provider – EFTPOS Payments Australia Limited – to compete with the other card schemes.

Challenges

APCA, the payments industry self-regulatory body, recognises that these changes have brought an increasingly complex market and regulatory environment that challenges existing forms of domestic industry collaboration.

The economic importance to Australia of the ongoing stability and robustness of payments environment means that our public regulators share with industry participants a commitment that this increasing complex system remains strong, stable, efficient and innovative.

Along these lines, the Conclusions to the RBA Strategic Review of Payments Innovation, announced in June 2012, provide both a unique challenge and opportunity. Enhanced regulator / industry interaction offers a promise of better coordination of system governance. At the same time, a challenging agenda of high level objectives for systemic reform has been laid out.

Meeting the Future

To meet the challenges of a new, changing and complex payments system, APCA must renew itself, industry self-regulation and the underlying payment platform.

APCA is unique. It provides a forum for payment service providers to come together to develop and advance the payments system.

Over the coming years at APCA, we will enhance the value we provide to our members and the broader community through a renewal of our own governance and our self-regulation function to further promote competition, innovation, efficiency and security.

Strategic Initiatives

Reform APCA Governance

APCA will continue the work of reforming its governance arrangements, with a view of bringing these proposed changes for approval in 2012-13.

Respond to the Conclusions of the Innovation Review and Develop a New Payments Roadmap

APCA will respond to the Conclusions of the RBA Innovation Review, seeking to advance APCA's agenda of promoting payments competition supported by collaborative systemic development, including the development of a new Payments Roadmap.

Respond to RBA's proposal for enhanced industry self-governance and strong engagement with the PSB

In the Innovation Review Conclusions, the Payments System Board signaled a desire for an industry-wide coordination body, building on APCA's arrangements, to engage directly with it on cooperative issues. APCA's intent is that it is the best available venue to address this requirement in consultation with RBA.

Build Effective Self-Regulation of Consumer Payments

A renewed and expanded self-regulatory role for APCA in consumer payments, supported by appropriate regulatory reforms, remains a strategic response to the marketisation of card schemes and the commercial and regulatory risk associated with this development.

Enhanced Stakeholder Engagement

Engagement with a wide range of stakeholders remains important. The Australian Payments Forum and APCA Stakeholder Forum will be key elements of this engagement, as will bilateral engagement with the RBA and other key stakeholders. Stakeholder engagement will be supported through APCA's redeveloped web presence.

Define Low Value Settlement Evolution

APCA will work with its members and the RBA to develop a way forward for low value payments settlement in Australia and continue to assist with the development of the RBA's Low Value Settlement Service.

Define Future of Messaging

APCA will use its new non-binding Australian Schema for ISO 20022 to develop an industry policy response to the future of messaging.

Implement Future of Cheques and Digital Economy Commitments

APCA will implement the Recommendations and Commitments contained in the Role of Cheques / Digital Economy Final Report. The Recommendations and Commitments are aimed at managing the decline of cheques as well as realising the full benefits of the digital economy.

Provide Fraud Prevention Leadership

APCA will explore its fraud prevention community education capacity, as well as enhancements to fraud statistics and related data collection to assist the industry in the fight against fraud.

Implement Banking Services Switching and Explore Future Enhancements

APCA will work with members, Government and stakeholder to assist in the smooth implementation of banking services switching arrangements to commence in July 2012 and to explore future enhancements to the arrangements.