



CORPORATE STRATEGY AND PLAN

JULY 2017

Australian
Payments
Network



STRATEGIC CONTEXT

- **Technology** has created a digital-first mindset in which online channels are the primary focus for many industries.
- **Customer expectation** remains consistently ahead of what technology delivers, creating pull for new applications and services.
- **Regulation** is evolving to create an environment where new entrants, both large and small, can flourish.

STRATEGIC OBJECTIVES

Today's dynamic landscape requires AusPayNet to carefully balance stability and agility, in meeting the corporate objects articulated in the constitution:

- a) to enable competition and innovation, promote efficiency, and control and manage risk in the Australian payments system, and to generate and collate ideas and information to support that objective
- a) to facilitate industry collaboration, self-regulation and system-wide standards, and to coordinate the operation of effective payment systems

STRATEGIC FOCUS - 1

Effective Self-Regulation

Self-regulation is a defining characteristic of payments in Australia and dominates our business as usual. The development and administration of rules, standards and guidelines underpin the trusted role we play in maintaining a co-regulatory environment with the Reserve Bank of Australia.

We will achieve effective self-regulation by:

- managing the existing portfolio of core systems
- bringing about timely changes to the existing core systems, and adapting to new technology and new business models
- introducing new guidelines and establishing new governance structures to embrace and enable safe innovation for emerging payment products and services
- shaping policy through building and maintaining strong relationships with regulators

STRATEGIC FOCUS - 2

Promote Innovation

Innovation in payments is vital to achieving industry efficiency and modernisation goals. AusPayNet will continue to develop a proactive role with respect to interpreting the implications of global technology innovations and evolving customer demands.

We will promote innovation by:

- analysing the implications of new technology, global trends and developments
- contributing to the development of global standards that support payments innovation and enable local implementation
- leading industry-wide initiatives that maintain a robust and secure payments system
- building a bridge between technology innovators and the established payments community

STRATEGIC FOCUS - 3

Leadership in Collaboration

Collaboration has always been a core component of effective self-regulation. It is acknowledged as an objective under our constitution and is enabled by our robust governance structure.

As the payments landscape becomes more diverse, the range of organisations that AusPayNet must bring together will continue to expand.

We will show leadership in collaboration by:

- consulting regularly with members and other industry bodies to understand their strategic priorities and identify where collaborative action is required
- widening our network reach to include technology organisations, government bodies, academic institutions, and overseas jurisdictions
- hosting member education sessions and running working groups on emerging technology and policy to anticipate opportunities for collaboration
- strengthening the skills of staff members to support a more dynamic environment

LONG-TERM LANDSCAPE DRIVERS

The Board has identified three environmental drivers likely to impact the payments landscape:

- ***New entrants*** to the payments landscape take various forms, from global technology companies and social media platforms to home-grown fintech ventures and startups. We will work closely with existing members and new entrants to understand the collective need and to identify and solve system-wide challenges, which are best addressed through collaboration.
- ***Data sharing*** is a significant focus for the Australian Government in the wake of the Productivity Commission's Inquiry into Data Availability and Use. AusPayNet will position itself to assist with the development of an appropriately secure and commercially viable approach to the sharing of payments data.
- ***Digital identity*** plays an important role in the future of payments innovation because it is the gateway to a seamless customer experience. AusPayNet will work alongside members and other stakeholders to identify a collaboration role, as appropriate.

KEY STAKEHOLDERS

In planning the achievement of strategic objectives for the period 2017 - 2019, we identify the following key relationships (in alphabetical order):

- Australian Bankers Association
- Australian Payments Council
- Digital Transformation Agency
- FinTech Australia
- Media
- New Payments Platform Australia Limited
- Reserve Bank of Australia
- Federal Treasury

WORK PACKAGES

Project/Activity	Brief Description and Target Outcome
Future Proofing the Australian Payments Network	AusPayNet's membership value proposition, criteria and processes are reviewed to ensure AusPayNet is – and is seen to be – open to new members, including fintech and large technology companies. Such companies are targeted for member engagement.
Ongoing delivery of improvements to existing payments infrastructure, their compliance and security	The following initiatives are delivered in FY17-18: <ul style="list-style-type: none">• Remote Image Capture (RIC) of cheques;• A security review of HVCS;• SWIFT Release 2017;• A device approval process for unattended PIN-less terminals;• A transition plan for the end of life of Magnetic Stripe.
Incident Management	AusPayNet's Incident Management and Crisis Communications Plans are reviewed in FY17-18 to reflect post-incident reviews of relevant industry events.
CNP Fraud	Successful implementation of best practice by issuers and acquirers and of a communications plan targeted at merchants.
Transport	An Australian framework for contactless transport payments is developed in collaboration with state transport authorities in FY17-18.

WORK PACKAGES

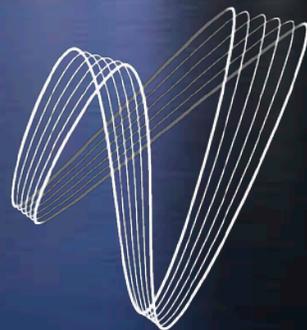
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Project/Activity	Brief Description and Target Outcome
Policy Development	<p>We will continue to anticipate and shape future payments regulation through dialogue with members, regulatory bodies and other stakeholders.</p> <p>The recently established Policy Experts Group will ensure that we adopt a more proactive approach to this important function.</p> <p>We anticipate playing an active role in development of policy and governance for:</p> <ul style="list-style-type: none"> • ATM access • Digital identity • Data sharing • Cyber security
R+D on emerging technology & standards	<p>We will ensure a best practice approach to the adoption of new technologies (such as distributed ledger technology) and the application of existing technologies in new channels (such as virtual reality and mixed reality).</p> <p>The recently established Emerging Technology Expert Group will assist with this.</p> <p>We will play an active role in shaping and responding to new technology by:</p> <ul style="list-style-type: none"> • Participating in global standards bodies for current and emerging technology • Developing new standards as required, through the appropriate Management Committee • Conducting research on new technology, emerging business models, and regulation and publishing this to members

WORK PACKAGES

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Project/Activity	Brief Description and Target Outcome
Marketing & Communications	<p>The Marketing Plan defines the strategy and mechanisms for positioning AusPayNet as the central hub for the Australian payments industry.</p> <p>In 2017/18 will embed our new brand through:</p> <ul style="list-style-type: none">• Increased media engagement• Digital marketing that leads to greater visibility for AusPayNet activity• Stakeholder education
Australian Payments Council (APC) support	<p>As Administrator to the APC, as defined in the Australian Payments Council Participation Agreement, AusPayNet will support the APC in the delivery of its strategic agenda.</p> <p>A paper will be created that outlines considerations relating to the co-existence of AusPayNet and APC.</p>



Australian
Payments Network

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