

Australian
Payments Network
Connect Inspire Thrive

Consultation Paper: TrustID Framework Governance

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Introduction

Background

The Australian Payments Network Limited (ABN 12 055 136 519) (“**AusPayNet**”) is undertaking consultation with interested parties with respect to the governance structure of the TrustID Framework (referred to as the “**TrustID Framework**”).

The TrustID Framework is an open, contestable framework that can be used by different organisations to offer a range of interoperable identity services to individuals and private sector entities. The TrustID Framework is designed to allow individuals and private sector entities to establish their credentials online with an accredited preferred service provider, and then to use those credentials to verify who they are when interacting online. Continued accreditation of a participant in the TrustID Framework will signify that the participant has met or exceeded the applicable criteria and requirements for accreditation under the TrustID Framework

It is anticipated that the competing services offered through the TrustID Framework will improve the convenience and security of many online interactions, enhance privacy and data security, and reduce costs related to identifying customers. The TrustID Framework was created by members of the Australian Payments Council (APC)¹. As secretariat of the APC, AusPayNet has taken on an interim role as the administrator of the Framework, one aspect of which is to develop a governance structure for the TrustID Framework.

AusPayNet has established a working group to progress this.² A copy of the TrustID Framework can be accessed via the following link: <https://www.auspaynet.com.au/insights/Trust-ID>

Consultation Process

The purpose of this consultation is to facilitate the development of a governance structure for the TrustID Framework which promotes confidence amongst users to access digital identity solutions, sustains the growth of digital identity solutions, and minimises risks in connection with such solutions and the TrustID Framework. In order to do so, it will be important that the governance structure is consistent with key identified governance principles and includes key identified features in its design. Please note that this consultation relates only to the governance structure of the TrustID Framework, and not to any other issues in respect of the TrustID Framework.

AusPayNet invites interested parties to make submissions on any or all issues raised in this consultation paper by **09 September 2020** by email to trustid@auspaynet.com.au. Information contained in written submissions will be made available to the public on AusPayNet’s website, unless you specifically indicate to us in writing that you would like all or part of your submission to remain confidential. Automatically generated confidentiality statements in emails will not suffice for this purpose. Legal requirements could affect the confidentiality of your submissions should AusPayNet be required to disclose them.

AusPayNet intends to consult broadly in relation to the governance structure for the TrustID Framework with representatives from industry, consumer advocates, fintech and regtech industry groups and other interested parties that may be affected by the TrustID Framework or have an impact on it. This may involve conducting targeted roundtables (including by way of video- conference) with interested parties.

AusPayNet will consider submissions and feedback received through this consultation in developing a set of rules, procedures and policies that will support the governance of the TrustID Framework.

¹ See <https://australianpaymentscouncil.com.au/>

² A list of the members of the working group is in the Appendix of this document.

Key Governance Principles

Key principles that AusPayNet is intending to consider in designing the governance structure of the TrustID Framework include the following:

- **Data economy context** - The TrustID Framework has a potentially fundamental role in the emergence of the data economy in Australia, through developments such as the Consumer Data Right and new payment and e-commerce systems. The ability of a person to prove their claim as to who they are in a digital context is a critical component in efficient use of these systems. It is important that the TrustID Framework facilitates connections and interoperability with these systems.
- **Staged development process** - As a result of the emerging nature of this context, and the need for the TrustID Framework to be flexible as it evolves to meet the needs as required, it is likely that the governance structure will need to follow a staged development path, rather than being created in its final form at once. Each stage is likely to be triggered by specific events, such as the emergence of a certain number of particular participants, rather than by specific dates.
- **Broad stakeholder participation** - It follows from this that it is important that the stakeholders included in the development of the TrustID Framework are sufficiently broad to include not only those initially included directly, but also those who could be affected or need to participate in the longer term.

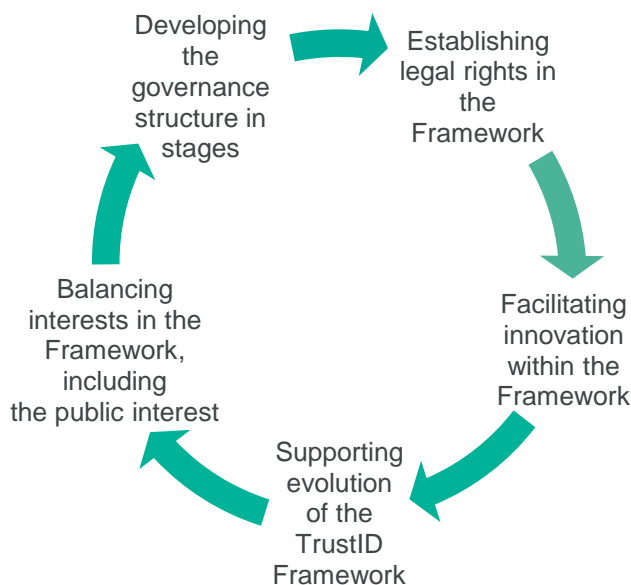
Certain issues in relation to the staged development process and broad stakeholder participation are considered further below.

AusPayNet invites feedback on these principles.

Key Governance Features

Key features that AusPayNet is intending to consider in designing the governance structure of the TrustID Framework include the following:

Diagram 1



Specific choices related to these issues are in the table below.

AusPayNet invites submissions on these choices, including on the specific issues referred to below.

<p>Establishing legal rights in the TrustID Framework</p>	<ul style="list-style-type: none"> ▪ The core requirements applicable to the participants under the TrustID Framework (referred to as “standards”) should be contractually binding on participants, through a multilateral contract which is enforceable by each participant and incorporates the liability framework. ▪ An entity will be appointed as the governing body (“Governing Body”) of the TrustID Framework, whose primary functions will be to: <ul style="list-style-type: none"> – accredit the identity solutions which participate in the Framework (referred to as the “participants”); and – maintain the standards. <p><i>AusPayNet is keen to receive submissions regarding entities which could be considered for the role of the Governing Body, and the scope of this role.</i></p>
<p>Facilitating innovation within the TrustID Framework</p>	<ul style="list-style-type: none"> ▪ Changes to the standards should facilitate innovation and interoperability with other systems, whilst not adversely affecting the stability of the TrustID Framework. ▪ The standards should be: <ul style="list-style-type: none"> – layered, for example, comprising: <ul style="list-style-type: none"> ○ core standards which would specify requirements necessary to ensure interoperability (i.e. standards that ‘must’ or ‘should’ be complied with); and ○ supplemental non-binding standards which would be interoperable with the core standards, and enable innovation without requiring the full change management process (i.e. standards that ‘could’ be complied with); and – modular and tiered, for example, with different sets of obligations applying to different types of participants
<p>Supporting evolution of the TrustID Framework</p>	<ul style="list-style-type: none"> ▪ The following principles which will guide the development of the TrustID Framework have already been identified by the Australian Payments Council, namely (and not in any order of priority): <ul style="list-style-type: none"> – customer centricity; – value for both participants and users; trustworthiness; – level playing field; – scalable; – future proof; – cost efficiency; – minimum set of requirements under the TrustID Framework; – privacy by design. ▪ Also, the following should continue to be considered: <ul style="list-style-type: none"> – the safety, efficiency and stability of the TrustID Framework, including

	<p>in the context of the broader digital economy; and</p> <ul style="list-style-type: none"> – international standards and principles. <ul style="list-style-type: none"> ▪ The Governing Body should periodically publish a roadmap of potential developments of the TrustID Framework that will be considered. <p><i>AusPayNet is keen to receive submissions regarding the process that should be undertaken to identify potential developments of the TrustID Framework.</i></p>
<p>Balancing different interests in the TrustID Framework</p>	<ul style="list-style-type: none"> ▪ The standards should themselves allow for the following going forward: <ul style="list-style-type: none"> – an advisory committee which must generally be consulted with respect to changes in the standards or governance structure going forward; and – the direct or indirect involvement of stakeholders in such changes (including consumer advocates and fintech/regtech and industry associations and regulators including the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission, the Reserve Bank of Australia, and the Treasury). ▪ The composition of the advisory committee and stakeholders may change based on the issues being considered. ▪ The standards should include a detailed and transparent process for changes in the standards or governance structure. <p><i>AusPayNet is keen to receive submissions as to the composition of the advisory committee and the involvement of stakeholders.</i></p>
<p>Developing the governance structure in stages</p>	<ul style="list-style-type: none"> ▪ The governance structure may follow a staged development path, rather than being created in its final form at once. ▪ Each stage is likely to be triggered by specific events, such as the emergence of a certain number of particular participants, rather than by specific dates. <p><i>AusPayNet is keen to receive submissions regarding the development of the governance structure in stages, and the events that should trigger the different stages.</i></p> <p><i>AusPayNet is also seeking views as to how the operational costs of governing the TrustID Framework could be met, including in connection with the staged development of the governance structure.</i></p>

Key Accreditation Choices

One of the primary functions of the Governing Body in the TrustID Framework is to accredit the identity solutions which participate in the TrustID Framework.

In designing the accreditation function and criteria, a balance will need to be struck between safeguards needed to:

Diagram 2



Specific choices related to these issues are in the table below.

AusPayNet invites submissions on these choices, including on the specific issues referred to below.

<p>Tiered accreditation model</p>	<ul style="list-style-type: none"> ▪ A tiered accreditation model should apply, whereby the requirements for accreditation would depend on: <ul style="list-style-type: none"> – the proposed role of the applicant (e.g. identity solution or broker); and – potentially, the nature of the data to be held by the applicant. ▪ Accreditation under a regulatory framework or other system may be recognised for the purposes of accreditation under the TrustID Framework. <p><i>AusPayNet is keen to receive submissions regarding whether a tiered accreditation model should apply, and whether accreditation under a regulatory framework or other system should be recognised for the purposes of accreditation under the TrustID Framework.</i></p>
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<p>Periodic self-certification and verification</p>	<ul style="list-style-type: none"> ▪ Accreditation may involve annual self-certification by a participant and periodic verification by the Governing Body that the applicant meets criteria at that time. The Governing Body may rely on accrediting entities, as noted below. <p><i>AusPayNet is keen to receive submissions regarding self-certification and verification.</i></p>
<p>Discretion to waive accreditation criteria</p>	<ul style="list-style-type: none"> ▪ The Governing Body should be able to exercise discretion to waive accreditation criteria in respect of an applicant on instruction from the majority of participants (or certain classes of them). <p><i>AusPayNet is keen to receive submissions as to whether an instruction from a simple majority of all participants, or certain classes of them, should be required to waive accreditation criteria.</i></p>
<p>Transparency with respect to accreditation</p>	<ul style="list-style-type: none"> ▪ The Governing Body should periodically publish information with respect to the number of applications for accreditation that it has received, the outcomes of those applications, and a summary of key reasons in cases where applications were not supported.
<p>Compliance with standards</p>	<ul style="list-style-type: none"> ▪ The Governing Body will monitor compliance with the standards on an ongoing basis, relying on self-certification and audits by participants. The Governing Body may rely on third-party service providers.
<p>Failure to meet accreditation criteria</p>	<ul style="list-style-type: none"> ▪ A transparent and orderly process should apply if the Governing Body determines that an applicant does not meet the accreditation criteria, or a participant ceases to meet the accreditation criteria. ▪ That process should include the right for the relevant applicant or participant to request a review of the determination by an evaluation panel. <p><i>AusPayNet is keen to receive submissions regarding the composition of the Evaluation Panel.</i></p>
<p>Safeguards to protect privacy</p>	<ul style="list-style-type: none"> ▪ All participants should be required to comply with the Privacy Act 1988 (Privacy Act) and the additional requirements in the TrustID Framework related to privacy and confidentiality. ▪ Small business customers should have access to dispute resolution services for confidentiality disputes similar to those that exist for individuals under the Privacy Act. <p><i>AusPayNet is keen to receive submissions regarding whether features of existing dispute resolution services, including requirements under regulatory frameworks, should be drawn upon and, if so, which frameworks and aspects of them should be focussed on.</i></p>

<p>Sanctions tribunal</p>	<ul style="list-style-type: none"> ▪ A good governance structure should encourage and facilitate compliance by participants with the TrustID Framework. ▪ However, a principles-based, comprehensive sanctions framework should be established, including a sanctions tribunal. ▪ The sanctions tribunal should have an independent chair and powers to impose enforceable sanctions (including possible financial penalties) on participants that breach the standards. <p><i>AusPayNet is keen to receive submissions regarding whether features of existing sanctions frameworks should be drawn upon and, if so, which frameworks and aspects of them should be focussed on.</i></p>
<p>Accrediting entities and service providers</p>	<ul style="list-style-type: none"> ▪ One or more entities may be appointed to verify to the Governing Body that applicants or participants meet certain accreditation criteria, including in relation to functional and technical requirements, or that their self-certification and audits do not disclose breaches of the standards.

Appendix

As noted in paragraph 4 of this document, AusPayNet has established a working group to progress collaborative action required to prepare the market for the introduction of the TrustID Framework, including the design of the governance structure for the TrustID Framework.

The current members involved in designing the governance structure are listed below:

- Australia and New Zealand Banking Group Limited
- Bendigo and Adelaide Bank Limited
- BPAY Pty Ltd
- Coles Group Limited
- Cuscal Limited
- Digital Transformation Agency
- EFTPOS Payments Australia Limited
- Mastercard Asia/Pacific (Australia) Pty Ltd
- NPP Australia Limited
- National Australia Bank Limited
- Reserve Bank of Australia
- Visa Inc.
- Westpac Banking Corporation
- Woolworths Group Limited

About AusPayNet

Australian Payments Network is the self-regulatory body and industry association for Australian payments. We have more than 130 members and participants, including Australia's leading financial institutions, major retailers, payments system operators and other payments service providers. Our role is to enable competition and innovation, promote efficiency, and control and manage risk to deliver convenient and secure payments for all.