

Paym inno

New Payments Platform Roadmap October 2020

Enhancing the platform's capabilities

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30 October 2020





NPP AUSTRALIA LIMITED

ABN: 68 601 428 737

**New
Payments
Platform**

The New Payments Platform

The New Payments Platform (NPP) is designed to support a 24/7 modern, digital economy. It provides a fast, flexible and data-rich payments system that enables Australian consumers, businesses and government agencies to make real-time account to account payments.

 Speed	 Always on	 Data enriched	 Simpler addressing
<p>Real-time movement of funds and immediate funds availability.</p>	<p>Always available, processing payments 24 hours a day, seven days a week, 365 days a year with no cut off times.</p>	<p>Extensive data capabilities with the ability to carry additional data with the payment using ISO 20022 message structure.</p>	<p>An easy-to-remember identifier (a PayID) which is linked to an underlying bank account. Also provides confirmation of payee.</p>

Australia has arguably the most advanced real-time payments system in the world. That is the digital infrastructure through our new payments platform that enables people to get paid instantaneously. Not seven days, not two days, within seconds.

The Hon Scott Morrison MP, Prime Minister of Australia

Announcing the Government's Digital Business Plan to drive Australia's economic recovery, 29 September 2020

NPP Australia is committed to ongoing investment to extend and enhance the capability of the platform to meet the needs of the wider payments ecosystem.

This document outlines the future capability development planned for the platform from 2020 through to 2023.



NPP snapshot – October 2020

Take up and usage of the platform continues to grow.

Platform Reach



72 million accounts

Almost all retail transaction bank accounts (with a few exceptions) are now enabled for NPP payment services with 72 million accountholders able to make and/or receive NPP payments.

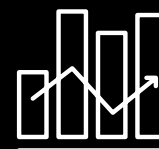
This number continues to grow as existing financial institutions continue to rollout capability to their customers and new institutions come on board.

In the last 12 months, approximately 6 million accounts have been enabled for NPP payments and over 1.5 - 2 million more accounts are scheduled to be enabled in 2021.

The platform is now processing an average of 1.7 million NPP payments worth an average of more than \$5 billion each day. Transaction volume has grown 99% YOY in terms of number of transactions and 142% in the value of transactions (since last August).

The platform has processed over \$1 trillion¹ in payments since going live and the largest single transaction settled on the platform so far is \$19.8 billion.

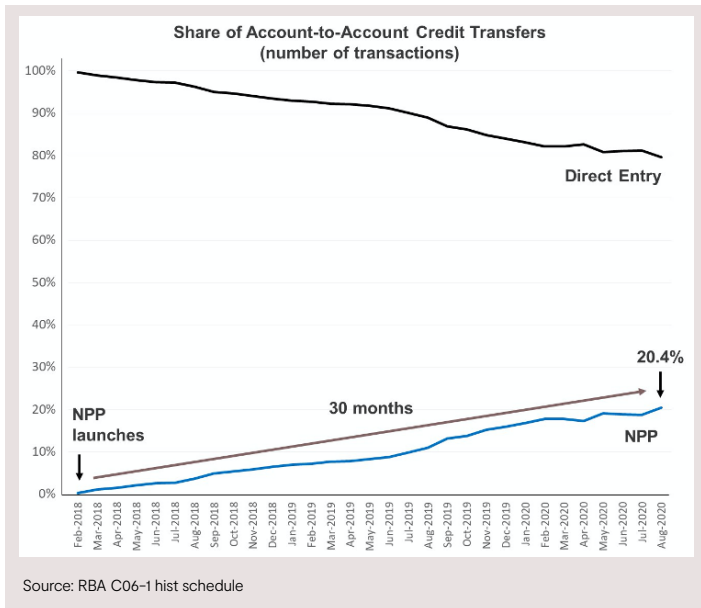
Transaction Volumes



1.7 m payments/day

1. This includes payments between different government agencies which are not reported in the RBA's C06-1 hist schedule.

More than 20% of account-to-account credit payments are now done via the NPP.



Most single payments (“pay anyone” payments) made by individuals, businesses or government, previously sent via the bulk electronic clearing system (BECS Direct Entry) are being automatically routed by financial institutions over the NPP.

NPP payment services are now widely available to Australian retail customers and the number of businesses and corporates using the platform is growing. Businesses are replacing their RTGS payments with NPP payments and some individual business payments are now occurring via the NPP.

1 in 3 NPP transactions involves a payment to or from a business.

An increasing number of organisations are using the NPP, ranging from new neobanks, payment service providers, cross-border remittance companies and cryptocurrency exchanges, fintechs, corporates and government agencies. The NPP has also helped the Australian Government respond to the COVID-19 pandemic by supporting real-time payments to government agencies charged with delivering policies and programs related to the crisis.

Increasing real-time payment adoption rates and continual development and evolution of real-time infrastructures around the globe speak to the staying power of real-time and indicate the true potential that is just beginning to emerge. Australia’s New Payments Platform is one example.

Raja Gopalakrishnan, Executive Vice President, Global Real-time Payments, FIS

<p>Bringing down transaction costs</p>	<p>NPP Australia operates as an economically self-sustaining entity, recovering its operating costs via wholesale unit transaction costs levied on its shareholders. A key strategic imperative is to make the NPP a low cost digital payment option for consumers, businesses and corporates.</p> <p>As transaction volumes grow, the NPP wholesale transaction cost continues to decline – and is now below 10 cents (as of September 2020).</p>
<p>Access to the NPP</p> <p>100+ participating organisations</p>	<p>NPP’s access framework has a range of access options, both direct and indirect, suitable for ADIs and non ADIs².</p> <p>Over 100 banks, credit unions, building societies and fintechs³ are connected to the NPP, 11 directly and over 90 indirectly. This includes five non-bank organisations who have chosen to connect indirectly to offer NPP payment services to their customer base. More organisations are expected to come on board in the next 12 months.</p> <p>The NPP has been intentionally designed to be pro-access, encouraging broad participation across the payments ecosystem, while maintaining safeguards needed for a real-time payments system and ensuring the ongoing protection of consumers.</p>

NPP is probably the greatest change to the Australia landscape in payments for 30 or 40 years.

Institutional Banking employee, Major Australian Bank

2. For more information, see <https://nppa.com.au/the-platform/accessing-the-platform/> For information on which organisations are offering connectivity services to the NPP see <https://nppa.com.au/connectivity-services/> 3. See <https://www.nppa.com.au/find-an-institution/> for information on who is participating in the NPP.



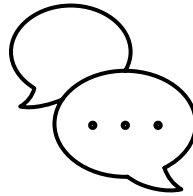
Growing use of PayID

The use of PayID is growing, with customer adoption driven by convenience and small businesses choosing to offer it as a low-cost digital option for receiving payments from their customers.

5m+

PayIDs registered

There are now over 5.4 million registered PayIDs. This number has increased by 36% since the start of this year, with an average of 150,000 PayID registrations added every month.



For users, PayID offers speed and convenience and has brought a whole new level of convenience to online banking and has made transferring money easier, faster and more straightforward⁴.

“It takes away the stress of splitting bills”

“I don’t have to chase someone to pay me!”

“It’s a game changer”

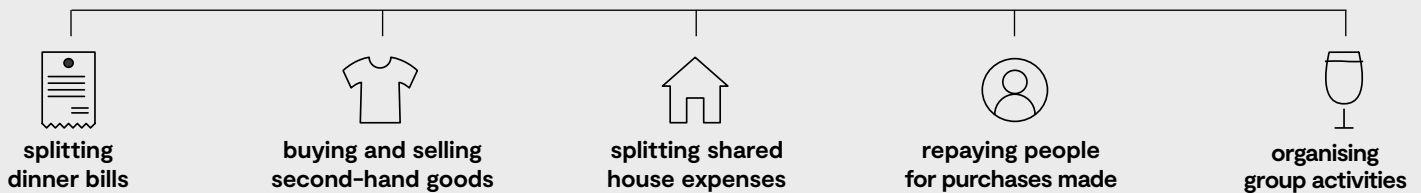


PayID users are highly engaged:

45%

of users use PayID at least once a week to send and/or receive payments.

PayID is commonly used for a range of scenarios:



PayID is also increasingly being used by small businesses as a low cost digital payments option.



PayID is a simple and cost-effective way for small businesses to receive payments from customers in real-time. A diverse range of small businesses such as restaurants and cafes, hairdressers, charities and services like mobile dog washing are increasingly offering PayID as a payment option to customers.

During the COVID-19 crisis, small businesses have had to pivot quickly to use remote, contactless forms of payment and a number have turned to PayID as an option.

Benefits for businesses:



There is no faster way for a customer to pay than via the NPP – and PayID makes that process even simpler. All that’s needed is an email or phone number to get started.

Christian Westerlind Wigstrom, CEO of Monoova

⁴NPP Australia PayID research May-July 2020



Making a difference to people's lives every day

The NPP is being used in a variety of ways to deliver real benefits to consumers.

Urgent financial assistance

The NPP is enabling instant financial assistance to people every day of the year. For example, **Services Australia** is using the NPP to distribute real-time emergency assistance, during and outside of normal business hours, during times of need such as last summer's bushfires. Between September 2019 and February 2020, Services Australia distributed millions of payments to people affected by the fires. Using the NPP, many of these payments were in people's bank accounts within minutes⁵.

Services Australia



Earnd is providing employees with access to their pay immediately when they need it. With the intention of promoting employees financial wellbeing, Earnd enables employees to access their pay in real-time without a charge to the employee. Employers have also benefited in the form of increased employee engagement, retention and overall wellbeing, reduced absenteeism and other pain points associated with financial stress.

Promoting financial wellbeing



We started this business with the core mission of supporting employees' financial wellbeing in a measurable way. We fundamentally believe that people have a right to access their pay as soon as they finish a day's work and at no cost to them. Without the NPP this would not be possible.

Brad Joffe, General Manager of Earnd Australia

Making share trading accessible

Superhero is an online share trading platform, making investing in shares more affordable and accessible to a broader segment of the population. Customers can invest with as little as \$100 and pay a flat fee of just \$5 on all share trades. Customers can set up their account in just minutes transferring funds into their Superhero Wallet from their bank account by making a payment to Superhero's registered PayID.



With the NPP having launched to the public a few months before we did, Up was in the fortunate position of having a fast and modern platform to deliver our next-generation payment experience on top of. Using the NPP, new customers were able to instantly fund their Up account and be spending within just a few minutes of downloading the app. Fast forward a couple of years and Upsider's simply take it as a given that paying their mates or moving money to other accounts happens in the blink of an eye!

Anson Parker, Head of Product, Up



Supporting Australia's drive to digital

The NPP delivers benefits beyond just speed of payment. By enabling digital processes, which can deliver back-office efficiencies and cost savings to Australian businesses and government agencies, the NPP is well positioned to support the Government's drive to digital for the Australian business community.

In addition to the real-time movement of funds, the platform provides real-time confirmation of a payment – so businesses and corporates know immediately whether or not a payment has been successful. Organisations can also get real-time access to enhanced data and reporting via APIs which can be used for automated reconciliation.

A number of payment service providers are offering API driven payment solutions for businesses, including real-time account payables and receivables functionality.

5. See [Services Australia Annual Report 2019-20](#)

Automating workflows and payment processes

Assembly Payments has partnered with organisations in a variety of sectors to help them manage complex administrative tasks and payment flows by combining the features of the NPP with their ability to maximise workflow customisation.



Their use of flexible API technology to access the benefits of the NPP has resulted in customisable automated solutions that deliver valuable efficiency gains and proposition enhancements in sectors including proptech, remittance, cryptocurrency exchange, fintech and other types of B2B platform.

Online property platform Managed App has for instance been able to customise and automate endless payment workflows for rental payments and bills between landlords, tenants and tradespeople, making the most of process efficiencies by automating collections and reconciliation.

Automating things in real time is a financial technologies company's dream. From anti-fraud, identity management, reconciling to accounts, matching payments – it all needs to be done in real-time. For us, that's what makes the NPP cool. It's about way more than moving the money.

Tim Dickinson. Co-CEO, Assembly Payments



Australian fintech **Azupay** launched its 'AzupayID' service in May this year when the NSW Government commenced offering it as a payment option for registrations through the Department of Planning, National Parks, Ministry of Health, Liquor and Gaming, with further plans to offer it for Roads and Maritime Services (Transport for NSW).

Enabling C2B payments

Complete payment with PayID

PayID Details	
PayID:	9ll.gpd@service.nsw.gov.au
Amount:	\$122.05
PayID payments brought to you by Azupay.	

AzupayID works by creating a unique, single-use PayID at the time of payment, which automatically includes merchant information such as the amount and a description. Whether manually entering the PayID or scanning a QR Code, the payment is made using funds directly from the customer's account, without the need to input additional information for real-time reconciliation.

Organisations such as government agencies, utilities and retailers are drawn to the security, speed and reconciliation benefits, as well as the low cost and ease of implementation. Easy-to-use APIs means they can optimise payment processes in just a matter of days.

John Murphy, CEO of Azupay

Matching real-time payments with fast reconciliation

Monoova uses the NPP to offer businesses real-time account payables and receivables functionality including immediate payment notifications and automatic reconciliation via a single API integration.



For many businesses, without a way of reconciling transactions as fast as they come in, the value of real-time receivables is drastically reduced. So Monoova developed Automatcher, a solution which issues large numbers of unique, repeat-use PayIDs in the form of emails (e.g. John.Smith@utility.com.au). The business then assigns these PayIDs to each of their customers as a payment option at the bottom of bills and in their apps. When a payment is made, Monoova sends a detailed notification to the business informing them that funds have been received from that customer.

Monoova is seeing interest in this solution from a range of different businesses from utilities, business-financing companies, online marketplaces and personal finance apps.



In addition to receiving the funds in real-time, businesses benefit from automated real-time reporting of fully reconciled transactions straight into their back-office systems. That generates real process efficiencies and savings.

Christian Westerlind Wigstrom, CEO of Monoova



Payments provider **Split Payments** has combined the NPP's speed and data capabilities with Split's enterprise 'payout tool' to enable businesses to disburse payments in real time.

Enabling real-time disbursements

Split Payments has partnered with A2B Australia Limited, industry leaders in personal transport to enable real time payments to more than 40,000 taxi drivers across Australia.

Rather than waiting until the next business day to receive fares into their bank account, taxi drivers can now be paid any day of the year, including weekends and public holidays. This is a significant benefit to drivers who are essentially running their own micro business and incur expenses, such as petrol, during each shift, and often operate over weekends and public holidays. A2B also benefits by accessing real-time data to reconcile these payouts as they occur.



This is a game changer for the personal transport industry. Not only is this a ground-breaking solution that provides drivers greater control and faster access to their earnings, it also delivers A2B significant efficiencies for their organisation."

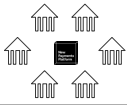
Matthew Cheers, Co-Founder, Split Payments

Taxi drivers work on weekends and public holidays. For the first time, they will receive their earnings into their bank accounts on weekends as well as public holidays, leveraging the New Payments Platform, powered by Split Payments and A2B Australia,



Ali Yaseen, National Business Manager - New Payments, A2B Australia Limited

As participating financial institutions and third-party payment providers roll out NPP payment services, more and more businesses are benefiting from real-time payments from their customers, real-time payment validation and automated reconciliation.



NPP Roadmap October 2020

NPP Australia is enhancing the capability of the platform to meet the needs of participating financial institutions, payment providers and payment system users, whether for P2P payments or more complex B2B payments.

The inaugural NPP Roadmap in October 2019 set out a range of plans by NPP Australia to develop business services that can be used by all parties in the payments ecosystem.

In extending the NPP Roadmap for 2020, NPP Australia has taken into consideration broader industry changes underway, including the migration of the High Value Clearing Stream (HVCS) to ISO 20022 (sponsored by the RBA) and SWIFT's MT migration to ISO20022. Many NPP participating financial institutions have their own roadmaps and priorities in terms of capability that they are planning on making available to their customers, such as APIs or the ability to process bulk payment files via the NPP. Further, as a result of COVID-19, financial institutions, like most organisations, have had to redeploy resources and funds to focus on specific activities in response to the pandemic.

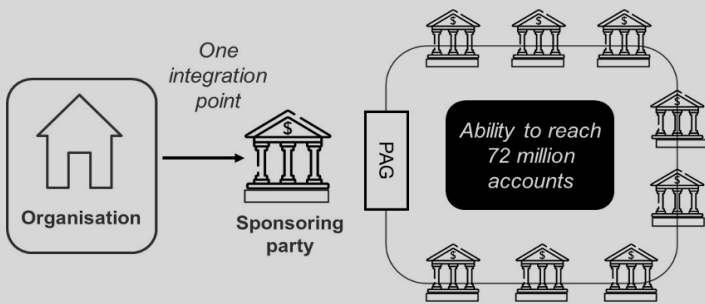
The NPP Roadmap October 2020 continues the capability commitments contained in the 2019 roadmap and incorporates some additional activity which is primarily focused on reducing regulatory risk and helping address financial crime in relation to international payments. These capabilities will be delivered as NPP business services.

NPP Roadmap October 2020:



The capability development contained in the NPP Roadmap will meet the needs of many third parties, including fintechs, businesses, corporates, service providers and government. It will drive competition and innovation ‘at the edges’.

Business Services



NPP business services have their own set of rules that define how the different payment messages are processed between participating financial institutions.

Third parties can use these business services in a variety of ways and incorporate them into their own product and service offerings outside of the platform. This requires just one commercial relationship with an NPP participating financial institution. Payment messages sent via that one financial institution can reach all of the 72 million available accounts on the NPP.



BPAY Group continues to develop the Osko overlay services on NPP. Anyone interested in obtaining further details should contact BPAY Group directly.



Data-rich message standards

The NPP uses the ISO 2022 messaging format which carries richer data than the 18 characters currently available for Direct Entry payments. With more than 1,400 structured data fields available, additional data can be carried end-to-end together with the payment or potentially with embedded references to documents hosted elsewhere.

The ability to carry additional data delivers considerable utility for the broader Australian economy (including corporates, small and medium sized businesses and government). Payments on the NPP today typically carry a small amount of unstructured data. To support the structured data capabilities of the platform, NPP Australia has developed message usage guidelines for specific payment types, namely payroll, tax, superannuation and e-Invoicing payments.

These message guidelines define the use of category purpose codes to identify these payment types and specify certain data elements that should be included in the payment message. This ensures a consistent and standardised approach to the treatment of data for these payments and end-to-end transmission from Payer through to Payee. This development is intended to support the growth of business use and commercial payment volumes on the platform.

Further information on the NPP message guidelines can be found on the NPP Australia website⁶.

Benefits of NPP data capabilities:

- More business automation
- Improved reconciliation
- Enriched reporting
- Prevention of financial crime

6. See <https://www.nppa.com.au/the-platform/iso-2022-message-usage/>

Implementation by April 2021

Mandatory for all NPP participating financial institutions

All NPP participating financial institutions are obliged to receive NPP payment messages formatted with additional defined data elements for payroll, tax, superannuation and e-Invoicing, guaranteeing the required network effect for those wanting to send these messages.

The initial timeframe for implementation of these payment messages was December 2020. However, due to the resource impacts of COVID-19 upon financial institutions, NPP Australia has extended the implementation date to **April 2021**.

Financial institutions can choose whether or not to support **sending** these payment message types according to the needs of their customer base and their individual commercial offerings.



Bravura Solutions is excited to be working with NPP Australia and industry participants on opportunities to use the NPP for superannuation payments. We see real benefits for members from NPP capabilities such as real-time payments for pension payments and claims, verification of bank accounts using PayID, and the use of PayID and the Mandated Payments Service to facilitate member personal contributions. As a leading provider of software solutions for the wealth management industry, Bravura is committed to bringing these benefits to life for our customers.

Michelle Lusty, Head of Sonata Product APAC, Bravura Solutions

Various market participants, such as technology solution providers, payroll providers and superannuation gateways, are looking to incorporate the use of the NPP into their future offerings:

Oban Enterprise Solutions has developed a Banking Gateway that is intended to enable near real-time matching of money and data for SuperStream superannuation payments leveraging the NPP⁷. The Gateway aims to eliminate the lag that currently exists between matching money and data and automates what is a highly manual process. Oban's Banking Gateway links accounting and ledger systems directly to the Banking system using ISO 20022 messages, enabling bank statements and payments to move from overnight batch files to event driven near real-time processing.



Enabling e-Invoicing

The adoption of e-Invoicing in Australia is an area of focus for the Australian Government. The Prime Minister recently announced as part of his Digital Business Plan that e-Invoicing will be mandated by 1 July 2022 for all Commonwealth government agencies to encourage adoption by businesses who deal with government.



NPP Australia has been working with industry on how the NPP can support e-Invoicing and ensure interoperability with PEPPOL, the framework adopted for e-Invoicing by the ATO, to deliver an integrated payments experience⁸.



Enabling third party payment initiation

In October 2019, NPP Australia announced the Mandated Payments Service⁹ (**MPS**) capability which will enable customers to authorise third parties to initiate payments from their bank accounts using the NPP. This capability is the most frequently requested capability that NPP Australia hears from the market.



The MPS is an essential piece of the Australian fintech puzzle. The ability to have rules-based authorisation for third parties to access your funds – in real time – will underpin financial services innovation for years to come.









Samuel Brooks, Chief Technology Officer, Block8

7. https://www.obansolutions.com.au/banking_gateway

8. See <https://nppa.com.au/einvoicing-and-the-npp/>

9. Mandated Payments Service is an industry working title. Work is currently underway to determine a market facing name and identity for the service

The MPS has been intentionally designed to support a broad range of use cases and different payment initiation scenarios:

	Scheduled, recurring payments		Ecommerce payments
	Subscription services		In-app payments
	Service providers e.g. payroll, accounting		In-store payments
	Event or trigger based e.g. invoicing or smart contracts		One-off payments

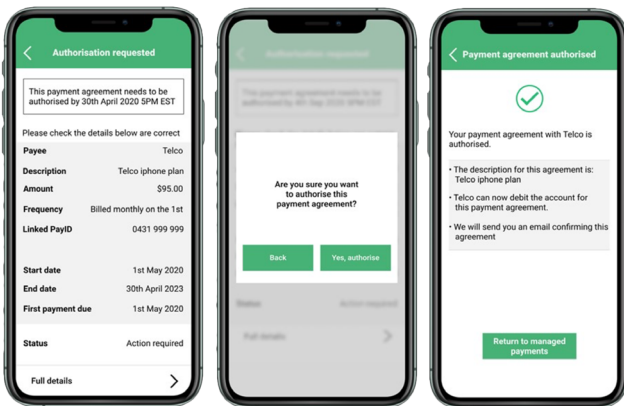
Supported use cases range from a better alternative to current direct debit payments to merchant initiated ecommerce and in app payments, 'on behalf of' payment services offered by third parties, e.g. a cloud accounting software provider authorised by a corporate banking customer to manage their finance functions such as payroll, and various fintech applications.

Customers will be able to use their bank account to fund other payment options, such digital wallets and BNPL services, by providing their authorisation to set up their bank account 'on file' for frequent or recurring payments.



The Mandated Payments Service capability will open up new payment services for in-store retail. It will create the opportunity for retailers and fintechs alike to create new, exciting and more efficient customer experiences. Retailers are likely to be interested in using the MPS to support their omnichannel offerings such as Click & Collect, particularly in the new COVID19 world we now live in. Other benefits for retailers include potential cost savings, improvements to cashflow, decreased risks with real-time settlement and more seamless payments processes.

Luke Fuller, Head of SME & Alternative Payments, Quest Payment Systems



Customer authorisation is at the core of the MPS capability. Customers provide their explicit authorisation for payments to be initiated from their account by a specified third party, in advance of any payments being processed.






Customer authorisation is likely to occur within a customer's banking channel which benefits from the bank's secure authentication practices, which are in place today.

This authorisation is recorded with the creation of a digital payment arrangement or 'mandate' and stored centrally in a secure database managed by NPP Australia.



Straight away, I love the idea of how simple it is to change and stop, that can be a real pain with direct debits.

Customer feedback, NPP Australia Research, July 2020

-  Visibility of arrangements
-  Control over accounts
-  Move between accounts and banks
-  More digital, user friendly experience
-  Use PayID to setup instead of BSB/ account numbers

The MPS enables a digital and seamless customer experience. Customers can digitally view, modify and manage the authorisations that they have established on their account. Customers will be able to more easily move their payment arrangements from one bank account to an account at a different financial institution. This increases the visibility and control that customers have over these various payment arrangements, resolving significant pain points seen today.

Customer feedback has been very positive¹⁰



“So much easier, and there’s no need to give [the merchant] bank details when you use PayID”

“Seeing them all lined up, that’s great”

“It’s like a direct debit but with no fuss”

“Direct debits have stopped me moving banks before – this makes it feel like it could be a lot easier”

“It would give me peace of mind to know when [payments] are coming out, because I can keep track of everything”

“Anything like this that makes banking easier is a positive in my view”



We are really excited about the possibilities that MPS offers. We think that the MPS will usher in the changes that ‘direct debits’ desperately needed for so long. We are most excited about using the MPS to bring ‘bank-native’ functions to our existing product to benefit both businesses and their payers.

Simone Joyce, Managing Director, Paypa Plane, Fintech

The MPS will deliver other tangible benefits to users of the capability such as real-time confirmation of funds availability and confirmation that payment has been made, which enables third parties to deliver services immediately (for example dispatching goods in an ecommerce scenario or delivering services subject to an ongoing subscription).

Quotes from potential MPS Users



“People will be surprised by the capability, what a great customer experience.”

“Thinking of the day we can turn direct debit off.”

“[MPS] minimises the risk of unauthorised claims by giving the payer bank visibility of the customer authorisation and mandate.”

“For direct debits now, we have 2 full time staff working on it because of the manual entry process, scanning, storage etc.”

“Receiving the notification is very important (to us).”

“[NPP MPS] will make a number of pain points disappear.”



Real-time customer account validation



Real-time funds availability check



Real-time payment outcomes and confirmation



Notification of changes to arrangements



Centralised storage of payment arrangements



Data-rich with multiple data fields available



Use of APIs supporting more digitised and efficient processes



Real-time payments and the Mandated Payments Service are likely to be a significant part of our business in future given our focus on recurring payments.

Mike O’Halloran, Head of Product, Bambora

10. NPP Australia research May-July 2020

Initiating payments from 100+ financial institutions



via 1
access point

Third parties that want to use the NPP to initiate payments using the MPS will have a range of access options¹¹. Options include the ability to connect directly without the need for an ADI licence (see Connected Institution below).

A key feature of the MPS is that third parties wanting to initiate payments only require **one** access point to the NPP infrastructure. This one access point will enable payments to be initiated, with the customer's authorisation, from any one of the 72 million NPP enabled accounts.

This is an important difference from other markets, such as the UK, which have introduced third party payment initiation requiring third parties to integrate with each financial institution where their customers hold accounts.

The approach adopted by the MPS removes the need for additional intermediaries to sit between third parties and accounts held at multiple financial institutions, which has positive commercial implications.

Non ADI access option: Connected Institution

A Connected Institution connects to the NPP infrastructure directly by installing an NPP payment gateway in their own environment to send payment initiation and other non-value messages. A Connected Institution is also able to offer MPS services to their clients.

Given a Connected Institution is directly connected to the NPP, there are certain technical requirements in becoming a Connected Institution including resilience, availability, and security related¹².

As Connected Institutions are not involved in the clearing and settlement of NPP payment messages and they do not themselves hold funding accounts, they do not need to be an ADI.

- **Connects directly to the NPP**
- **Do not need to be an ADI**
- **Is the party authorised to initiate payments from the customer's account**
- **Can offer MPS services to third parties**
- **Sends payment initiation requests directly to the customer's bank**
- **Charged wholesale transaction costs**



The promise of MPS is to bring the power and utility of direct debit payments into the 21st century, as well as enabling new payments innovation in the Australian ecosystem. Global Payments Australia is looking forward to enhancing our comprehensive suite of payment options with new NPP and MPS options, as we believe the power of combining technology with the customer at its heart is the key to our economy's success.

Mark Healy, Managing Director, Global Payments

MPS will deliver customer authorised, third party payment initiation – similar to 'write access' under the Consumer Data Right – for real-time, account-to-account payments¹³, without requiring any additional build or investment by the 100+ financial institutions participating in the NPP today.

With a comprehensive rules framework, liability model and robust governance, the MPS supports third party payment initiation in a safe and secure manner via one access point. Processes and controls ensure ongoing consumer protection including data protection and privacy.

The MPS also leverages existing features and protections operating within the NPP today, specifically fraud prevention, liability allocation and risk management processes.

With a broad, comprehensive and scalable solution for third party payment initiation, MPS will play an important role in enabling further competition and innovation in the market.



Enabling write access under CDR

¹¹. For more information on access options see <https://nppa.com.au/the-platform/accessing-the-platform/>

¹². For more information see [Connected Institution eligibility criteria and admissions process](#).

¹³. As distinct from payments which may be initiated using card rails which are also attached to accounts



We know that when the bank account is presented as a way to pay, a high percentage of people prefer it across a range of industries and use cases, and that's in its current form. With the NPP's MPS, especially when used in conjunction with Open Banking data, it completely opens up the Australian payments landscape. With a slick payer experience, real time verification of credentials, and real time funds capture, everything for a business collecting B2C or B2B payments improves. Cost, acquisition conversion, churn risk, fraud, and the effectiveness of how the business runs its operations. We're excited about the launch of MPS, and we believe that there will be a strong use case for merchants and payers to prioritise real time payments via a Bank Account.

Luke Fossett, Head of Sales, Australia and New Zealand, GoCardless

Implementation by December 2021

Mandatory for all NPP participating financial institutions

The MPS is a multi-year programme of work requiring central capability build as well as significant change to financial institutions' existing back office processes, systems and channels. The programme is now in Build phase and progressing well towards implementation.

All NPP participating financial institutions are required to implement elements of this capability by **December 2021** that will enable their customers to authorise new payment arrangements and for the financial institutions to be able to process the associated payments.

With this in place, it is anticipated that financial institutions will begin to rollout payment initiation services, including to third parties via API's, in early 2022.



We are pleased to see the new opportunities that the MPS will bring for our members. One of the key areas our payments-focused members have identified for growth is interacting with the NPP – we are looking forward to seeing those opportunities develop.

Simone Joyce, Chair, FinTech Australia

Further information on the MPS is available on the [NPP Australia website](#) and more detail will be available as the programme progresses.



Supporting international payments

In 2019, NPP Australia created a scheme agnostic business service to support international payments via enhanced infrastructure and an associated rules framework. This enables Australian banks and international payment service providers to send these payments to the ultimate beneficiary or customer over the NPP as the final leg of an international payment coming into Australia.

The data richness of the NPP payment message enables the inclusion of additional data when processing an international payment which is not possible today using the Direct Entry system. Data such as the full legal account name of the sender and additional identifiers such as date of birth can be carried from the country of origination all the way through to the receiving bank in Australia. This allows the receiving bank (as the bank of the ultimate payment beneficiary) to perform necessary due diligence and screening of the payment to meet their regulatory obligations.

However, with this opportunity comes additional risk for financial crime given the payments are processed in real-time. Therefore, the NPP international payments business service has certain additional requirements to how NPP payments are processed today¹⁴:

- a. NPP payments to a domestic recipient need to be separately identified as an international payment; and
- b. Specific data fields – like the full legal account name of the sender, date of birth, and other details – need to be transmitted from end to end to allow the receiving bank (as the ultimate beneficiary's bank) to conduct any necessary screening.

¹⁴. NPP Regulations, v7.0_20 May 2020

Currently the NPP international payments business service is an optional service that NPP participating financial institutions can opt into. This is likely to occur when financial institutions have completed the additional work required to enable the necessary screening of these payments. We anticipate some financial institutions will join the international payments business service over the next 12 months.



NPP Australia is also exploring with participating financial institutions how PayID can be used in the processing of an international payment to an Australian customer rather than having to use BSB and account numbers. This is similar to developments occurring in other overseas markets.



The International Payments Business Service can't come soon enough. Today all Australians and businesses have to wait hours, or even days to receive money transfers from overseas. The ability to receive money instantly over the NPP will remove the stress of delayed payments.

Tim Cameron, Country Manager, Australia and New Zealand, TransferWise

Implementation by December 2022

Mandatory for all NPP participating financial institutions

In order to create the network effect required for the capability to be useful, all NPP participating financial institutions are obliged to join the international payments business service and receive inbound international payments via the NPP by **December 2022** as part of the platform's annual infrastructure release. This requirement has been designated as a mandatory compliance requirement coming into effect in **April 2023**.

This timing has been chosen to allow time for NPP participating financial institutions to complete the technical and back office work required for them to meet their regulatory obligations and ensure they have the right capabilities and processes in place to support real-time international payments. Part of the rationale for selecting this date was also the timing of the planned HVCS ISO20022 upgrade project sponsored by the RBA that is planned to occur at the end of 2022¹⁵.



Extending API capabilities

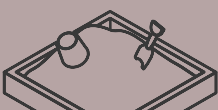
Third parties who want to use the NPP's capabilities are primarily interested in API connectivity.

NPP API Framework



In 2018, NPP Australia released its API Framework which defines the key technical approach and mandatory data attributes for NPP APIs, aligned to ISO 20022 standards, including sample RESTful APIs in JSON format¹⁶. This API framework is intended to drive inter-operability, standardisation, and consistency in the development of NPP APIs.

NPP API Sandbox



NPP Australia, in collaboration with SWIFT, offers third parties access to an API sandbox as an independent environment where they can build and test their NPP-based prototypes and solutions, using the NPP API Framework and sample APIs. The sandbox currently has approximately 250 registered users.

To support the delivery of the MPS capability, NPP Australia will be extending the NPP API framework (version 5.0) to include sample APIs that support key MPS functions, such as mandate verification, mandate maintenance and mandate event notification APIs. NPP Australia will also update the API sandbox to include these sample MPS APIs, enabling third parties to test these APIs in a sandbox environment.

15. ISO 20022 Migration for the Australian Payments System – Conclusion Paper, RBA, February 2020

16. See <https://www.nppa.com.au/the-platform/api-framework-and-sandbox/>

NPP API framework version 5.0: April 2021
Optional for NPP participating financial institutions

We anticipate seeing a number of NPP participating financial institutions making their APIs available in the market over the next 12 months or continuing to extend out their existing API capabilities (NPP Australia itself is not exposing APIs for use on the NPP). In most cases, we expect these APIs to be consistent with the NPP API framework.

Greater availability of NPP APIs by participating financial institutions will provide more fintechs, corporates and businesses with the ability to utilise the NPP and its capabilities.



Capability development by participating financial institutions

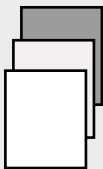
In addition to capability being developed centrally by NPP Australia, individual participating financial institutions continue to develop and extend NPP capabilities to their customers according to their respective business priorities and timings. A number of NPP participating financial institutions are working with their business and corporate customers to migrate payments from RTGS and direct credit payments from BECS onto the NPP and to deploy capabilities that enable third parties to utilise the NPP.

Enabling government payments



The Reserve Bank, who provides payment services to many Government agencies, is continuing to work with its Australian Government agency customers to migrate payments to the NPP. Priority is being given to those use cases that address current gaps or pain points that the NPP will resolve. The work involves generating customer payment instructions directly from back-office systems leveraging industry standard APIs and where appropriate ISO20022 bulk payment instructions.

Supporting bulk payments



NPP participating financial institutions are looking to support the processing of bulk payments on the NPP, with a view to closing down the Direct Entry system at some point in the future¹⁷. In contrast to account to account payments made using Direct Entry (which are settled in batches, several times during the day or the next business day), payments made by the NPP move value in real-time between bank accounts, are available 24/7/365 and can carry more data.

A number of existing Direct Entry payments which use the 18 characters available can be migrated directly over to the NPP in their current form. Work has been completed to support migrating these payments across to the NPP in a standardised manner including mapping Direct Entry file formats to NPP messages, developing generic message formats and sample Batch Payment APIs for bulk payment processing¹⁸.

In preparation for being able to send bulk or unattended payments, individual financial institutions need to:

- Work with their customers to determine how files are submitted, e.g. host to host, API, existing bulk files, etc.
- Develop debulking capabilities/file translation services to be able to ‘debulk’ a bulk file into individual NPP payments
- Make any required adjustments to existing back office operational processes
- Ensure transmission of data through to their customers for reporting and reconciliation purposes (which could be done utilising existing customer reporting formats)

Individual financial institutions will determine when the ability to support bulk payments will be extended to their clients.

NPP Australia will continue to seek feedback from the market to understand where further assistance or activity is required in order to support the migration of specific payments over to the NPP.

¹⁷ See, for example, <https://www.auspaynet.com.au/insights/consultations/future-state>

¹⁸ Version 3.0 of the NPP API framework which incorporated additional sample APIs to support batch payments, including payment confirmation and the ability to get details of payments made via a batch process See https://nppa.com.au/wp-content/uploads/2019/11/NPP-API-Framework-v3.0_28-Nov-2019-1.pdf

Offering enhanced reporting



A number of NPP participating financial institutions are offering enhanced reporting to their customers via ISO 20022 CAMT.053 (transaction reporting) messages, APIs or enhanced CSV file formats. These formats allow for more complete NPP data to be made available to business and corporate customers, providing for opportunities to improve the reconciliation process.



We can provide data to customers using APIs in real-time to retrieve data. This provides a real opportunity for [corporate] customers to realise efficiency benefits.

Major Australian Bank

Organisations who are interested in understanding how they can best leverage the platform's capabilities should consult with their financial institution or payments provider to understand what NPP services they are offering and their plans for future capability development.

For further information, please visit www.nppa.com.au or email info@nppa.com.au.

NPP Roadmap October 2020



	2020		2021				2022				2023			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NPP Message Standards				<div style="border: 1px solid black; border-radius: 10px; padding: 5px;">Implementation of NPP message standards for superannuation, payroll, tax and e-invoicing</div>	April 2021 Mandatory receipt of payments by participating financial institutions									
Mandated Payments Service						<div style="border: 1px solid black; padding: 5px;"> Mandated Payments Service Payer Customer capabilities </div>	<div style="border: 1px solid black; padding: 5px;">Participant implementation of Creditor services</div>							
						December 2021 Mandatory implementation on Payer customer side by participating financial institutions								
International Payments	<div style="border: 1px solid black; padding: 5px;">International Payments Business Service</div>										<div style="border: 1px solid black; padding: 5px;"> International Payments Business Service Dec 2022 Mandatory receipt of payments by participating financial institutions </div>			
	Participant Optional Service													
ISO message version upgrade¹⁾													<div style="border: 1px solid black; padding: 5px;">ISO message version upgrade to 2020 version</div>	Dec 2023
NPPA API Framework	<div style="border: 1px solid black; padding: 5px; text-align: center;">Third party payment Initiation</div>		<div style="border: 1px solid black; padding: 5px; text-align: center;">Mandated Payments Service</div>				<div style="border: 1px solid black; padding: 5px; text-align: center;">Scope TBC</div>				<div style="border: 1px solid black; padding: 5px; text-align: center;">Scope TBC</div>			
	◆ Version 4.0		◆ Version 5.0				◆ Version 6.0				◆ Version 7.0			

1) The version of ISO 20022 being used by the NPP will be upgraded from the 2015 version to the 2020 version for clearing, settlement and investigation messages

Mandatory

Optional

NPP Fast Facts

100+

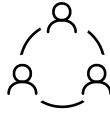
Participating Financial Institutions
(including subsidiaries/sub-brands)

72 million

NPP reachable accounts (can make and/or receive NPP payments)

1.7 million +

Average daily NPP transactions



\$5 billion

Average daily value of NPP payments

5.4 million

Number of registered PayIDs

Pay

New Payments Platform



\$19.8 billion

Largest single transaction across the NPP



20%+ share

Of all account to account credit payments

\$1 trillion+

Total cumulative value of NPP payments since launch

As of 26 October 2020

About New Payments Platform Australia (NPP Australia)

Utility payments infrastructure

Operating as non-profit maximising utility payments infrastructure, the NPP is owned by 13 shareholders¹⁹ (both large and small financial institutions and including the Reserve Bank of Australia) for and on behalf of the Australian payments industry. NPP Australia is a public company established to oversee the development and operation of the NPP.

Open access philosophy

NPP's access framework has a range of access methods, balancing broad participation while maintaining safeguards needed for a real-time payment system, and ensuring the ongoing protection of consumers. A number of specialist wholesale payment service providers, banks, and non-bank fintechs provide access to third parties. Availability of APIs is increasing which will also support NPP access.

Operates on a cost recovery basis

NPP Australia operates on the guiding principle of being economically self-sustaining aiming to recover its operating costs with wholesale unit transaction costs levied on NPP Australia's shareholders. The same unit transaction cost is applied to all shareholders equally regardless of volume. As volumes increase on the platform, the wholesale unit transaction cost will decrease.

NPP Australia governance


The NPP Australia Board has 12 voting Directors including three independent Directors and the RBA. Each Director has one vote – and collectively the Directors appointed by the four major banks have only one-third of the votes. Decisions regarding access, pricing and other governance related matters are determined by the independent Directors and NPP Australia management.

¹⁹ Current shareholders: Australia and New Zealand Banking Corporation, Australian Settlements Limited, Bendigo and Adelaide Bank Limited, Citigroup Pty Ltd, Commonwealth Bank of Australia, Cuscal Limited, HSBC Bank Australia Limited, Indue Limited, ING Australia, Macquarie Bank Limited, National Australia Bank Limited, Reserve Bank of Australia and Westpac Banking Corporation.

30 October 2020

NPP AUSTRALIA LIMITED

ABN: 68 601 428 737

Pay  is a registered trademark of NPP Australia Limited.

New
Payments
Platform