

Committee Secretary
Standing Committee on Economics
PO Box 6021
Parliament House
CANBERRA ACT 2600

30/01/2026

Via web portal

Inquiry into Schemes, Digital Wallets and Innovation in the Payments Sector

Dear Committee,

Australian Payments Plus (**AP+**) is the operator of Australia's major domestic payment systems. Australian Payments Plus was formed¹ by the merger of Australia's domestic payment schemes - BPAY, eftpos, and the New Payments Platform, also known as the **NPP**, Australia's 24/7 real-time payments system. The merger process was authorised by the ACCC in late 2021 and completed in early 2022. Our purpose is to ensure payments remain reliable, consistent and trusted, while enabling innovation that benefits Australian consumers, businesses and governments. Our payment schemes are subject to Reserve Bank of Australia (**RBA**) oversight under the *Payments Systems (Regulation) Act 1998*.

As the scheme operator for Australia's domestic payment rails, AP+ sits at the intersection of:

- Banks, Payment Service Providers (**PSPs**), and other financial institutions,
- Corporates, merchants and billers, and
- Consumers, governments and small businesses who rely on our systems every day.

In 2022/23², Australians made on average 730 electronic transactions per person. Across all the different account-to-account (**A2A**) payment mechanisms in the Australian payment system, we estimate that \$18.5 Trillion A2A payments were made by financial institutions, governments, businesses, and consumers in 2022/23. The ongoing trend towards increased use of electronic payment methods has been driven by the development of more convenient and seamless payment technology as well as changes in consumer behaviour.

Given this growth, we believe that strong domestic payment schemes drive good outcomes for Australia. AP+ is here to compete and transform payments in Australia. We provide cost-effective and competitive payment services which are modern, resilient and safe. Our products are designed to create competition and meet the needs of the users of the Australian payments system, including secure low-cost, data-rich digital payment solutions for governments, retailers, businesses and for consumers.

eftpos

eftpos is Australia's debit card network. It is a cost-effective, secure and reliable in-store and online payments rail for businesses and consumers operating since 1984 - and provides valuable competition to the global card schemes. As part of our ongoing commitment to lower the cost of payments in Australia, AP+ has introduced new *eftpos* interchange rates for small business merchants which are extremely competitive when compared alongside interchange rates we offer to Australia's largest companies. Since 1 December 2024, the interchange for all card present transactions, including mobile wallets, has been reduced to 2c per

¹ ACCC media release, Proposed amalgamation of BPAY, eftpos and NPPA ([link](#))

² The Effect of Least-cost Routing on Merchant Payment Costs, RBA Bulletin, April 2024, ([link](#))



transaction for eligible small business merchants. Online transaction interchange has also been reduced to 3c per transaction for eligible small businesses. Importantly, these new strategic interchange rates for small business merchants, are in addition to a reduction of eftpos issuer scheme fees by 22% and eftpos acquirer scheme fees by 5%, which came into effect on 1 May 2025.

The availability of Least Cost Routing (**LCR**) across all the digital payment methods is another piece of the puzzle in supporting lower cost payments for all Australian businesses, large and small. LCR routes debit payments through the lower cost network, which according to the RBA³, is generally eftpos.

The RBA has estimated² that the cost of accepting debit card transactions is nearly 20 per cent lower for merchants with least cost routing enabled though the results differ across merchant size and choice of pricing plans. The RBA conclusion states⁴ that the potential cost savings are largest for small merchants and those on plans that blend together prices for different card types. The enablement of LCR on transactions made via mobile wallets commenced in late 2024, with more than 75% of devices now having LCR enabled. This means that merchants can now choose to have more payments routed via our lower cost eftpos network – these payments would represent close to half⁵ of all the card transactions made via mobile wallets.

The New Payments Platform (NPP)

Launched in 2018, the NPP is national infrastructure that supports real-time data-rich account to account payments for the Australian economy. The NPP includes services such as PayID, Osko and most recently, PayTo – a solution allowing merchants and businesses to initiate real time payments from customer bank accounts.

Real time payments have become part of everyday life in Australia, the NPP is already processing over 1.8bn transactions a year, which accounts for 1 in 3 account-to-account payments. Australian's have been early adopters with 34.2M active PayID's as at end of 2025⁴, in fact, almost all 'consumer' account to account payments are now processed through the NPP.

Increasingly, large Australian corporates are also choosing the NPP because they recognise the value data rich payments bring to their operations. According to 2025 research, nearly a third of large Australian corporates⁶ already have a plan in place to transition their payments to the NPP.

AP+ is ensuring that our wholesale scheme pricing for NPP payments supports competition and the economy. The wholesale NPP transaction cost has decreased to less than 4c in FY25. As NPP volumes increase, these transaction costs are expected to fall even further.

With the objectives of the inquiry in mind, we make two recommendations for the Committee's consideration:

- 1) **Payment Licensing Reforms:** In regard to the government's current work to introduce a payments licensing framework for payment service providers (PSPs), we ask that the Committee recommend that ASIC, APRA, and the RBA approach the design and finalisation of their segments of regulatory framework in close cooperation with the industry, including entities like Australian Payments Plus. As the operator of Australia's domestic payments infrastructure, we have the visibility and payment expertise to support Treasury, ASIC and APRA in their considerations of what the future of payments looks like in Australia. Participants in Australia's payment ecosystem are evolving their ambitions and product offerings at a rapid pace, and we seek to assist in the futureproofing of the licensing reforms.

³ The Effect of Least-cost Routing on Merchant Payment Costs, RBA Bulletin, April 2024 ([link](#))

⁴ Ibid ([link](#))

⁵ According to the RBA, Debit cards are the single most used payment method by Australians, accounting for half of the total number of consumer payments in 2022. Around 40 per cent of debit transactions are made via mobile wallets and around 25 per cent online. Mobile wallet and online transactions are not mutually exclusive. For example, some mobile wallet transactions are also online transactions. The Effect of Least-cost Routing on Merchant Payment Costs, RBA Bulletin, April 2024 ([link](#))

⁶ Coalition Greenwich Voice of Client 2025 Australia Large Corporate Transactional Banking Study. Includes businesses with over \$500mn annual turnover in the Australian market.



We recommend this approach as Australia must ensure we develop a licensing regime that facilitates enhanced access (e.g. lower cost, new and easier pathways to connect to payment infrastructure), that protects systemically important payment systems and facilitates greater competition. Such an important and complex technical reform to support efficient access to critical national payment infrastructure is best done in close cooperation with the payment schemes that will ultimately facilitate these new entrants.

- 2) **Update to the 2023 Strategic Plan for Australia's Payments System**⁷: That the Federal Government prioritise the update to the 2023 Strategic Plan for the Australian Payments System. The plan is an excellent roadmap, but large-scale transitions take time so creating momentum and awareness for government users remains critically important. Government agencies have most to offer and gain from adopting fast, data-rich digital payments, which will lead to operational efficiencies and better services for citizens.

Recommendation 1 - (Payment licensing reforms)

AP+ remains a committed supporter of Treasury's 2021 Payment System Review (Review). The Review (also called the Farrell Review) provided a vision and pathway for Australia to update, grow and strengthen our payment system. Successive governments have progressed the recommendations from the Review.

Australia has a payment licensing gap which the recommendations in the Review sought to address, and the current government is progressing the final stages of enabling legislation for these licensing reforms⁸. Comparable jurisdictions (UK, Europe and Singapore) have already modernised their payments licensing regimes, by introducing new authorisations in the form of e-money licences. The design of the licence in each jurisdiction sought to ensure a regime that enhances access, facilitates competition and protects systemically important payment systems.

The 2021 Review recommended two tiers of authorisations under the new Australian licensing framework.

"The licensing framework should accommodate the various ways that PSPs can participate in the (Australian) payment ecosystem.... The higher tier of authorisation should involve more extensive regulatory obligations than the lower tier of authorisation, such that licensing requirements are proportional to the level of activity that a PSP performs".

AP+ already supports allowing non-banks to connect directly to our payments infrastructure if the risks are managed appropriately. For eftpos, our debit card scheme, of the 28 entities that are eftpos scheme members only 17 are banks.

The deliberate design of the NPP (Australia's 24/7 real-time payments system) also facilitates the access of non-bank payment service providers. Since its 2018 launch, the NPP now has 110+ participating organisations, of those only 14 are direct participants, who each have an ADI licence from APRA. The NPP has been intentionally designed to be 'open access', encouraging broad participation across the payment ecosystem.

We believe that the NPP will be the payment rail that the vast majority of fintechs and non-banks will seek to connect to first – and the payments licensing reforms are intended to make that access more efficient and cost effective, while also not introducing significant new risks for the operators of systemically important payment infrastructure.

⁷ Federal Treasury, Strategic Plan for Australia's Payment System, <https://treasury.gov.au/sites/default/files/2023-06/p2023-404960.pdf>

⁸ Federal Treasury, Payments licensing reforms, <https://treasury.gov.au/policy-topics/banking-and-finance/payments-licensing-reforms>



Financial institutions currently have several ways to connect to the NPP⁹ - as an NPP Direct Participant, Connected Institution or Identified Institution. To connect to the NPP today, entities currently need to meet a range of technical, security, and compliance standards. Depending on the participation path (Direct Participant, Connected Institution, Identified Institution or via a product like PayTo) some entities will need also to comply with the standards and requirements of their sponsoring financial institution or NPP gateway provider. The choice of how to connect often depends on whether the entity is a small bank, fintech, or large business wanting real-time payments. AP+ believes that in the future, significant new (non-bank) PSP entrants, may connect to the NPP directly, including as a non-ADI 'Connected Institution' for payment initiation, or indirectly as many do today via a sponsor.

Historically, it has been a resource intensive exercise for those non-bank PSPs and fintechs who are already connected to schemes like the NPP or eftpos today. Payments are highly regulated in Australia (e.g. AML/CTF) and the NPP and eftpos payment systems have also been deemed 'Critical Infrastructure' under *the Security of Critical Infrastructure Act 2018* (SOCI Act), so the duties and obligations of AP+ (as scheme operator) for the payment infrastructure under our control has grown – those obligations also apply to all those entities who connect to our payment schemes, and that comes at a financial cost. Therefore, Australia must ensure we develop a licensing regime that facilitates enhanced access (lower cost, simpler pathways) for new entrants while concurrently protecting systemically important payment systems and also facilitating competition that will benefit the Australian economy.

In light of these payments licensing reforms, AP+ will also consider whether the reforms ultimately support the creation of new paths for PSPs to connect to the NPP directly, as either an NPP Direct Participant or Connected Institution. This AP+ position is predicated on an effective regulatory regime for those PSPs who due to their direct connection introduce new risks for Australia's payment system which need to be managed.

For clarity, to improve access for these new entrants (e.g. lower cost, new and easier pathways to connect) it also remains the firm ambition of AP+ to align behind the proposed¹⁰ RBA Common Access Standards without additional AP+ specific standards being applied to new non-bank PSPs who wish to connect to AP+ infrastructure. As above, this second AP+ policy position is also predicated on an effective regulatory regime for those PSPs who, due to their size and/or functions (i.e. PSPs seeking greater roles and participation in the authorisation, clearing and settlement flows between members of these schemes), may introduce new risks for Australia's payment system which need to be managed.

Our recommendation to this Committee seeks continued support for the vision set out in Treasury's 2021 Payment System Review. The recommendation also recognises that the Australian payment ecosystem is both critical infrastructure and evolving at speed – thus, how ASIC, APRA and the RBA design their respective components of the licensing regime is critical. If collectively we do not get the final settings right, then the licensing regime will not yield the benefits sought.

Recommendation 2 - (Strategic Plan for Australia's Payment System)

We urge the government to progress the previously flagged update to the Strategic Plan for Australia's Payment System. The plan continues to be an appropriate vision and pathway for the modernisation of the Australian payment system, but transitions take time so maintaining and supporting momentum is important.

Consumers and corporates are already moving to the NPP, but Australia also needs the largest users of the Australian payment system, i.e. government departments, to engage with their bank to understand all the operational and productivity benefits that real-time data rich payments offer their business and how they can uplift the subsequent services they offer Australians.

⁹ Australian Payments Plus (AP+), Ways to access the NPP platform, ([link](#))

¹⁰ Federal Treasury, Payments licensing reforms, ([link](#))



We have a particular focus on government departments as almost all consumer (peer-to-peer) account payments are now processed, in real time through the NPP and corporates are also transitioning to data rich, real-time payments because they recognise its value. According to 2025 research nearly a third of large Australian corporates¹¹ already have a plan in place to transition their payments to the NPP.

The largest users of the Australian payment system are government agencies – so have the most to gain from adopting data-rich, real-time payments, which can lead to operational efficiency and better services for citizens. The data that flows with the money across the NPP will allow government agencies to uplift and automate much of the manual processing that surrounds their support of Australian citizens - from instant payments, automated reconciliation, audit, fraud control and greater data for call centre operators so that they can support those citizens quickly and correctly.

There has been significant progress on all 5 points of the Strategic Plan for the Australian payment system. Not only is Australia fortunate to be a country that benefits from both a domestic debit-card scheme (eftpos) and a domestic real-time account-to-account payment system (NPP), Australia also has a great story to tell when it comes to our progress towards the next iteration of a modern, innovative and robust payment system. AP+ would welcome a renewed focus from the government on the Strategic Plan for the Australian payment system to ensure that progress is maintained by industry and government agencies to unlock future opportunities.

We thank the Committee for their consideration,

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Australian Payments Plus (AP+)

