



NAVIGATING **THROUGH** DISRUPTION

APCA Annual Review 2015



This Annual Review is designed to provide our members and other stakeholders with a summary of APCA's activities for financial year 2014-2015 and to inform the broader community of key payments developments in Australia. References in this report to a year are to financial year ended 30 June 2015 unless otherwise stated.

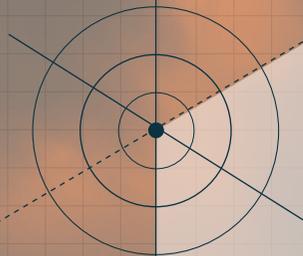


APCA is the self-regulatory body and industry association for Australian payments. At APCA, payments organisations work together to improve the safety, reliability, equity, convenience and efficiency of the Australian payments system.

We live in the age of digital disruption, and the Australian payments system is not immune. This year, our nautical metaphor seeks to capture the challenge of steering collaborative work to improve the payments system through a veritable gale of environmental change – overcoming new problems, but also grasping new opportunities.



PURPOSE, ROLES & VALUES



APCA works collaboratively with members, government, regulators and other stakeholders to improve the Australian payments system.

We do this through:

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

By doing this, we engender confidence in the Australian payments system and advance the common interest of our members and the interests of the Australian public.

We undertake our work with transparency, fairness, rigour and integrity.

APCA has 100 members including the Reserve Bank of Australia, major and regional banks, building societies, credit unions, major retailers, payments system operators and other payments service providers.

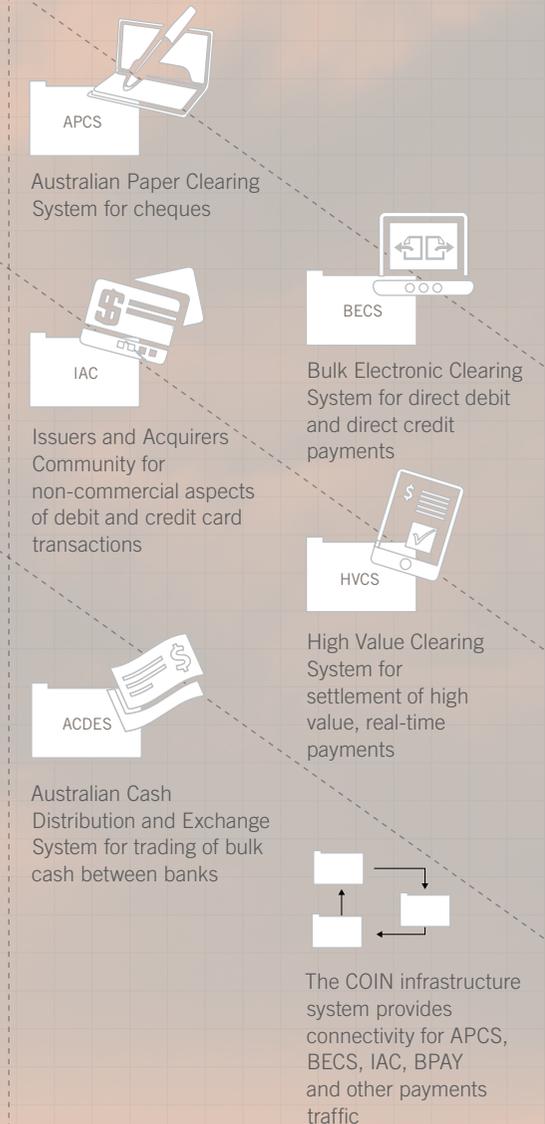
APCA and the payments system

Australia's payments system is financial plumbing for the economy. It is a complex mix of collaboration on regulation, standards, processes and infrastructure, competition in the delivery of payments services and in the operation of payment systems.

APCA provides administrative services to NPP Australia Limited, the independent company established by APCA to oversee the build and operation of the New Payments Platform. APCA also supports the Australian Payments Council, the coordination body established by the payments industry to provide strategic direction for the payments system.

APCA clearing systems and frameworks

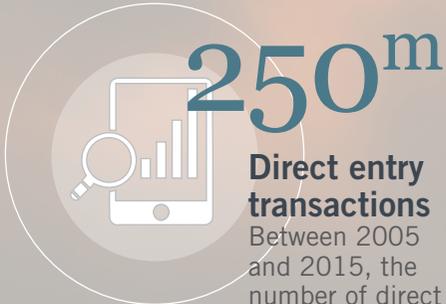
Part of APCA's role is to manage non-competitive clearing systems and frameworks for the efficient exchange and settlement of funds among financial institutions and other payments providers.



OUR WORLD IS CHANGING FAST. PAPER AND CASH PAYMENTS ARE IN CLEAR DECLINE, ELECTRONIC PAYMENTS – WITH OR WITHOUT A CARD – ARE GROWING STRONGLY, AND NEW FUNCTIONALITY IS BEING ADDED AT AN IMPRESSIVE RATE. THE GROWTH OF THE “FINTECH” SECTOR PROMISES MUCH MORE TO COME.

Fintech start-ups

4 Australian firms were listed among the top 50 global fintech start-ups.



Direct entry transactions

Between 2005 and 2015, the number of direct entry transactions in Australia increased by some 80 percent to an average of 250 million per month.



Contactless transactions

63 percent of Australian cardholders have made a contactless transaction, with over half of contactless users doing so at least once a week.



Cheques

Only about 600,000 cheques a day are used in Australia today – compared with nearly 4 million per day at their peak in the mid-1990s.

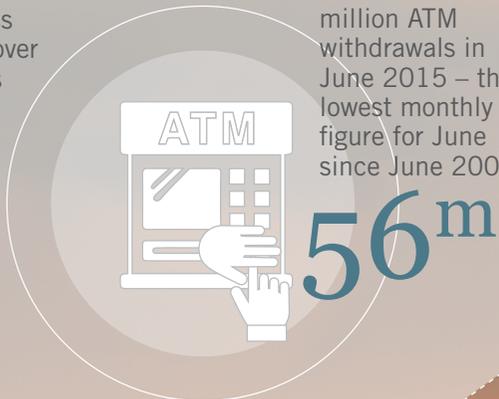


Credit cards

Nearly 40 percent of credit card values in Australia are now “card not present” with the vast majority representing online shopping.

ATM withdrawals

There were 56 million ATM withdrawals in June 2015 – the lowest monthly figure for June since June 2003.



Debit card transactions

There are over 350 million debit card transactions a month in Australia. On average, we do two debit card transactions for a single credit card transaction.



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**SNAPSHOT
 OF 2015**
 — — — — —

APCA HAS BEEN DOING ITS BIT TO HELP STEER EFFECTIVE PAYMENTS SYSTEM COLLABORATION.



HIGHLIGHTS OF 2015



NPP contract sealed

Supported NPP Australia Limited as it selected a vendor to provide the basic infrastructure, entered a 12-year contract with SWIFT and developed a high level design for the build.



NPP Australia established

Formed a new independent company, NPP Australia Limited, to oversee the build and operation of the New Payments Platform.



Public debate

Contributed to public debate and made formal submissions on the future of Australia's financial system, digital currency and card payments regulation.



Digital cheque clearing

Introduced digital clearing in Australia's cheque system to improve processing efficiencies.



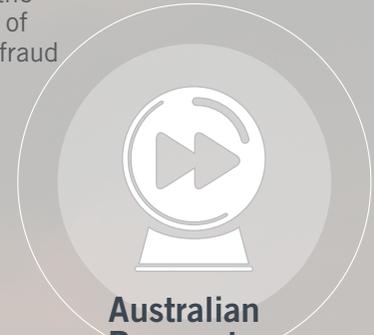
Consumer awareness

Released publications to promote consumer awareness of payments issues including on the declining use of cheques and fraud prevention.



Issuers and Acquirers Community

Set-up the Issuers and Acquirers Community to promote cross industry cooperation on non-commercial aspects of card payments.



Australian Payments Plan underway

Established the Australian Payments Council, in conjunction with the Reserve Bank of Australia, and supported its work in developing an Australian Payments Plan.

DIGITAL DISRUPTION DRIVES CHANGE IN EVERY LAYER OF THE PAYMENTS SYSTEM, AND THE DEEPER YOU GO, THE MORE THAT CHANGE NEEDS EFFECTIVE COLLABORATION.

1. Robert Craig
Chair



CHAIR & CEO MESSAGE



2

Last year’s report, “Breaking Ground” described the new territory of digital disruption. This year’s report, “Navigating through Disruption”, directly acknowledges a good start to a challenging journey.

The outstanding example is the industry commitment to fund and build the New Payments Platform (NPP) in partnership with SWIFT, which was secured in December 2014. You can read more about that later in the review.

The review’s thematic structure captures the key elements of our mission: Direction, covering payment system strategy; Network, reporting on systemic development work; and Community, cataloging the groups and governance that deliver outcomes.

Our navigational theme reflects the reality that digital disruption is the dominating feature of today’s payments landscape, but also that we have a course, and are committed as a community to following it.

Digital disruption drives change in every layer of the payments system, and the deeper you go, the more that change needs effective collaboration.

Much was achieved during the year by our enlarged payments community – financial institutions, technology companies, network schemes and operators, retailers and other large system users. Apart from the NPP, much of the infrastructure and governance of the card payments system in Australia has undergone major change. Here at APCA, we are impressed by the commitment by APCA members and their hard-working representatives as the frontiers of industry collaboration continue to expand. In our collective 30-odd years of experience in payments, we cannot recall a more productive time for systemic collaboration. Thanks are due.

In governance and structural terms, it has been quite a year. Formation of the Australian Payments Council, launch of the New Payments Platform’s design and build phase and creation of the Issuers and Acquirers Community have all occurred. These are collaborative beacons for the future – the forums for debating and deciding on valuable enhancements.

Digital disruption is the dominating feature of today’s payments landscape

There have also been “here and now” enhancements along the way which include helping remove the last few barriers to universal chip card adoption and digitising the clearing of paper transfers to minimise costs. These and other developments are recorded in these pages.

IN OUR COLLECTIVE 30-ODD YEARS OF EXPERIENCE IN PAYMENTS, WE CANNOT RECALL A MORE PRODUCTIVE TIME FOR SYSTEMIC COLLABORATION.

2. Chris Hamilton
Chief Executive Officer



CHAIRMAN & CEO MESSAGE

The reformed APCA Board, with three independent directors and elected member representatives, is unchanged from last year. The directors appear on this page, with some background detail on pages 22–23 ➔. Continuity has helped us get the small things right and focus on APCA's key role of sponsoring beneficial change to the payments system. We are grateful for the engagement and enthusiasm of all our directors. Their collegiality has been critical to advancing system reform in many ways, large and small.

The significant scale and scope of payments collaboration means that APCA's staff is increasing in size a little to meet new challenges. We would like to acknowledge an outstanding year of effort and achievement by APCA's managers and staff, new and old. There is not much glory in sponsoring payments system enhancement as it's highly technical, relatively obscure and when it works, the members rightly own the benefits. But even small systemic enhancements improve the entire economy in diverse ways. Each of you can be proud of your contribution.



OUR FELLOW
DIRECTORS

3



3. Stuart A Woodward
4. Paul J Apolony
5. Lindsay F Boulton

4



5



6



7



8



6. Chris G Campbell
7. David A Carter
8. Jennifer R Clark

9



10



11



9. Paul A Inglis
10. David C Jay
11. Adrian Lovney

12



13



12. Kate A Mulligan
13. Brett J Watson



THE AUSTRALIAN PAYMENTS ENVIRONMENT

New and creative applications of technology combined with ever-changing user demands for speed and service is creating a dynamic mix of competition, innovation and change in the Australian payments landscape.

In this environment, Australians are using electronic and card-based payments more frequently than ever before. The online shopping space, in particular, is seeing a rapid take up of credit cards, with “card not present” now accounting for nearly 40 percent of credit card value.

Australia is seen as the world’s leading market for contactless adoption and use, and for mobile banking through smartphones and tablets. Uptake of these technologies is enabling further innovations for example contactless ATMs and cardless cash withdrawals from ATMs (reliant on a code sent to a mobile phone).

Changes in the cards marketplace have resulted in changes in the regulatory environment. The Reserve Bank of Australia (RBA) varied the Access Regimes for the MasterCard and Visa credit card systems, effective from 1 January 2015.

The amended framework effectively removes the requirement for an issuer or acquirer to be prudentially regulated, providing the card systems with greater flexibility to expand their memberships beyond existing participants.

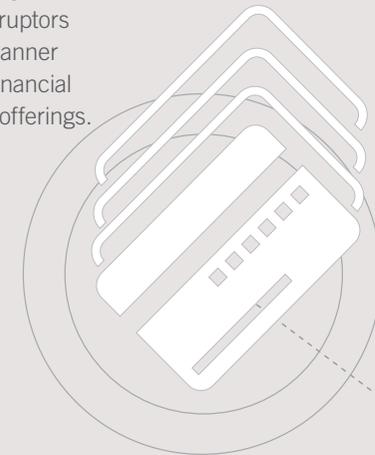
While Australians are embracing electronic and card-based payments, they continue to abandon cheques and use less cash at point-of-sale. Industry developments such as SuperStream in superannuation, PEXA for e-conveyancing in property settlement and the New Payments Platform for fast payments will likely accelerate cheque decline in the years to come.

As projected in APCA’s 2014 Evolution of Cash Research, while cash use is declining, it is expected to plateau as cash’s displacement by contactless reaches saturation point. A “less cash”, rather than “cashless”, society is expected. To this end, the RBA has announced a roll out of its “Next Generation Banknotes” over the coming years.

Yet even as well-established payment instruments experience their respective rising and falling fortunes, digital disruption is on the horizon. Disruptive technology companies such as Uber and AirBnB are reinventing their industries. In financial services, the disruptors are often grouped together under the banner of “fintech” – the bringing together of financial services and technology to create new offerings.

New entrants and market developments abound in Australia with Square’s arrival, and the opening of its Melbourne office, emblematic of this change. Support for fintech can be seen with major financial institutions investing in start-ups, creating their own innovation hubs, and supporting cross-industry fintech hubs such as Stone & Chalk, which opened its doors this year, and other hubs such as Tyro and Fishburners.

Lastly, there is the development of digital currencies – including but not limited to bitcoin. A number of Australian financial institutions have announced they are exploring blockchain technology and the Senate Economics Committee released its final report on digital currencies, suggesting a “wait and see” approach to regulation. Whether digital currencies and the supporting blockchain technology remain on the edges or significantly disrupt the centre, remains to be seen.



A “less cash” rather than “cashless” society

Consumer payments trends

Like many other developed economies, Australians have become heavy users of electronic and card-based payments, moving away from cheques and cash.

Australia's economic growth declined somewhat though remained positive in the 12 months to March 2015. Annual real GDP growth for that period was 2.5 percent, compared to 2.9 percent in the 12 months to March 2014.

Despite modest economic growth, more than \$100 trillion worth of non-cash transactions went through the Australian payments system this year – a 4.6 percent increase on 2013-2014. High value payments increased by 4.0 percent to \$78.9 trillion and retail payments by 6.5 percent to \$22.7 trillion. While high value payments account for almost 80 percent of non-cash transactions by value, their total number is miniscule – less than 1 percent. The bulk of the 18.5 billion non-cash transactions processed through the payments system this year were retail payments. A closer look at direct entry, payment cards and cheque trends follows.

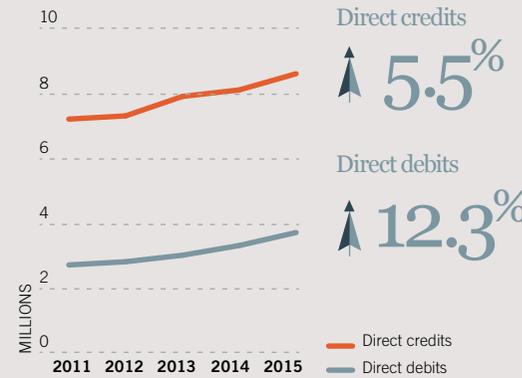
Direct entry

The direct entry system is the workhorse of the Australia payments system supporting electronic payments for millions of businesses and consumers. It is how most of us are paid our wages, salaries or benefits.

In May 2015, there were over 12 million direct entry transactions per business day. The number of direct credits and direct debits rose significantly this year, somewhat in contrast with muted economic growth. Values are also up strongly from the previous year, with direct credits and direct debits both growing by around 9 percent and together reaching an average business day total of almost \$55 billion.

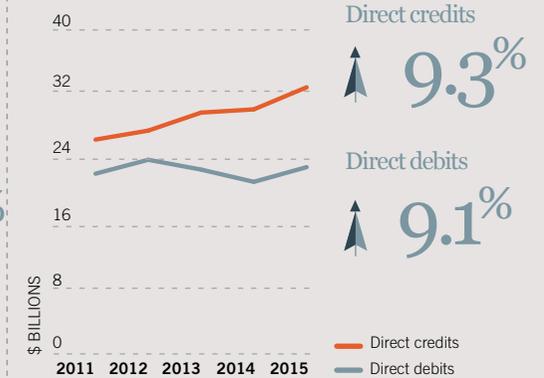
AVERAGE NUMBER OF DIRECT ENTRY TRANSACTIONS PER BUSINESS DAY IN MAY

Source: Reserve Bank of Australia – www.rba.gov.au



AVERAGE VALUE OF DIRECT ENTRY TRANSACTIONS PER BUSINESS DAY IN MAY

Source: Reserve Bank of Australia – www.rba.gov.au



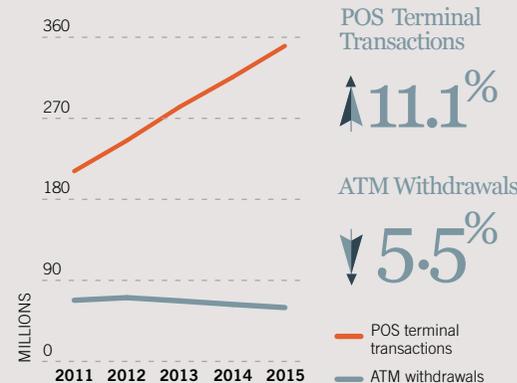
Debit cards

There has been significant growth in the use of debit cards at point-of-sale in Australia. Annual double-digit increases in transaction volumes have been observed for much of the last decade, including this year. Similarly, the values of debit cards have been increasing steadily, reaching a monthly total of almost \$20 billion in May 2015.

Since their peak in 2008, ATM withdrawals have been in steady decline, down to 60 million in May 2015. Values of ATM withdrawals have joined in the decline in recent years, with the monthly value declining to \$11.7 billion in May 2015. Likely explanations are the popularity of “cash out” and the rapid growth in use of “tap and go” cards at point-of-sale.

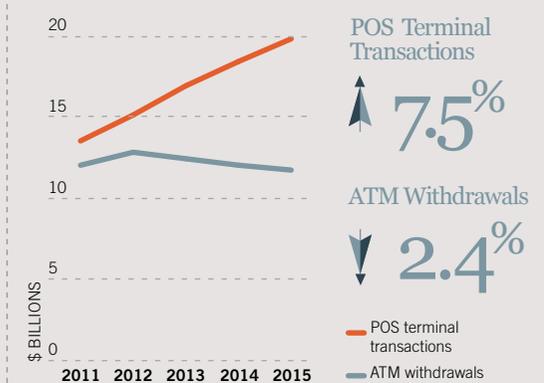
TOTAL NUMBER OF DEBIT (EFTPOS, MASTERCARD & VISA) CARD TRANSACTIONS IN MAY

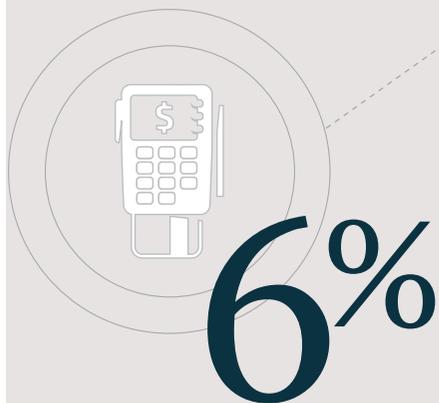
Source: Reserve Bank of Australia – www.rba.gov.au



TOTAL VALUE OF DEBIT (EFTPOS, MASTERCARD & VISA) CARD TRANSACTIONS IN MAY

Source: Reserve Bank of Australia – www.rba.gov.au





Credit card volumes have grown over the last year

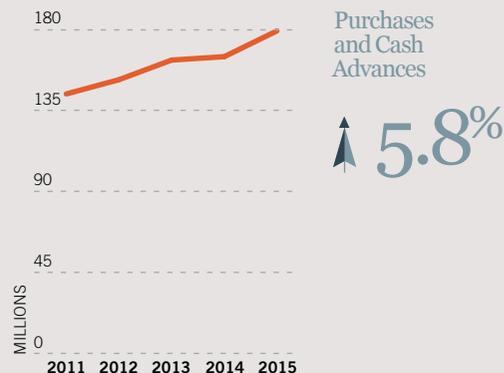
Credit cards and charge cards

Credit card volumes increased by nearly 6 percent in the year to May 2015, having experienced a modest increase of 1.2 percent in the previous year. Similarly, credit card values grew by 2 percent this year after having declined by 5 percent in 2014.

The relatively modest growth of credit card volumes and values is likely a reflection of less buoyant economic conditions and somewhat glum consumer sentiment with the end of the mining boom. It should be noted that over the past decade credit card values have doubled.

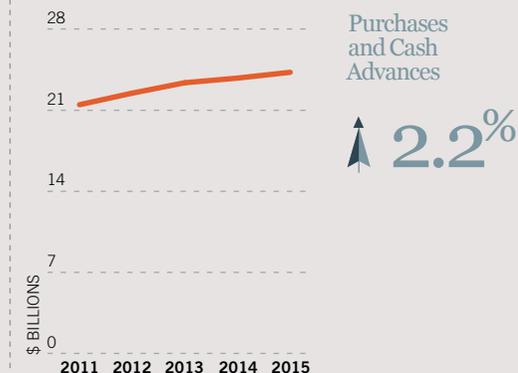
TOTAL NUMBER OF CREDIT/CHARGE CARD TRANSACTIONS IN MAY

Source: Reserve Bank of Australia – www.rba.gov.au



TOTAL VALUE OF CREDIT/CHARGE CARD TRANSACTIONS IN MAY

Source: Reserve Bank of Australia – www.rba.gov.au



Cheques

Cheque use continued its long term decline in Australia, falling by 15 percent this year with approximately 600,000 cheques written per business day. This represents a 70 percent decline from the 2.1 million cheques written in 2005.

Cheques values increased modestly from \$4.8 billion per business day in 2014 to \$4.9 billion in 2015. This likely reflects the continued use of cheques for specific purposes such as real estate transactions and the impact of the residential property boom in Sydney. Despite this recent upwards tick, cheque values have declined by one-third in nominal terms over the past decade.

AVERAGE NUMBER OF CHEQUES PER BUSINESS DAY IN MAY

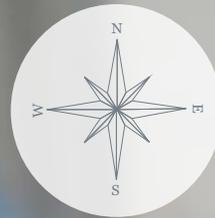
Source: APCA - www.apca.com.au



AVERAGE VALUE OF CHEQUES PER BUSINESS DAY IN MAY

Source: APCA - www.apca.com.au





DIRECTION

OUR JOURNEY THROUGH THE MODERN DISRUPTIVE ENVIRONMENT MUST BE GUIDED BY A STRONG OVERALL SENSE OF STRATEGIC DIRECTION FOR THE PAYMENTS SYSTEM. FAST-MOVING TECHNOLOGY MAKES THIS CHALLENGING, BUT EVEN MORE IMPORTANT, SO THAT PARTICIPANTS HAVE A STRATEGIC FRAME FROM WHICH TO ASSESS EMERGING RISKS AND OPPORTUNITIES.

Mark Birrell
Australian
Payments
Council Chair



The Australian Payments Council

APCA supports the Australian Payments Council, the new strategic coordination body created by the RBA and APCA to foster ongoing development of the Australian payments system. The need for a high level strategic body for Australian payments was identified in the RBA's 2012 Strategic Review of Innovation in the Payments System. 

The Payments Council was launched in August 2014 with 14 members comprising an independent chair and senior executives drawn from a broad community of leading payments organisations including the RBA and APCA. Following the resignation of inaugural chair Christine McLoughlin in early 2015, APCA CEO Chris Hamilton served on an interim basis chairing the second meeting of the Council in March 2015. Mark Birrell was appointed as new independent non-executive Chair of the Council and the Payments Community in June 2015. Mr Birrell is an experienced company director and is currently the chair of a number of boards including Infrastructure Australia, Regis Healthcare Limited, the Port of Melbourne Corporation and PostSuper.

Australian Payments Plan

A key initiative agreed by the Council at its inaugural meeting in November 2014 was development of the Australian Payments Plan. This high-level strategic plan will articulate a 10 year vision and establish the focus for industry collaboration over the medium term. This collaboration will help ensure the payments system continues to meet the changing needs of Australians and the economy. To help shape the Plan, a consultation process was initiated in May 2015 including forums with stakeholders and organisations representing community groups and a call for written submissions. The consultation paper considered emerging technologies, globalisation and disruption in payments to present a credible outlook to 2025. APCA is working with the Council to release the Plan by the end of 2015.

Cyber security

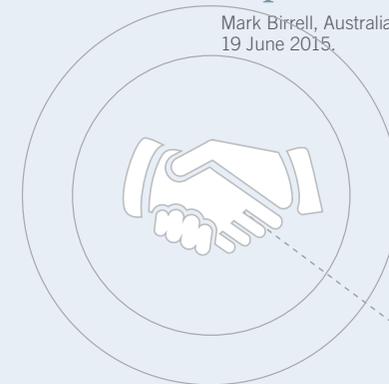
The Council notes significant community debate on cyber security and the challenging issue of more secure online authentication. It has adopted a set of cyber security goals to guide industry work in this area, is developing a “heat map” of cyber security issues and has commissioned preliminary research into digital identity.

Payments Community

APCA also supports the Payments Community from which the Payments Council is drawn. The Payments Community first met in December 2014 and provides a venue for member organisations to exchange information with the Council. Membership is open to any organisation with a significant interest in the Australian payments system. The first Payments Community meeting was attended by a wide range of payments stakeholders with presentations from industry experts and the regulator and discussion on developing the Australian Payments Plan.

“The Payments Council highlights the importance of collaboration between regulators and industry to achieve system and infrastructure improvements.”

Mark Birrell, Australian Payments Council Chair,
19 June 2015.





Submissions

An important way that APCA contributes to improving the payments system is by participating in the development of public policy. A number of submissions were lodged on proposals made by government during the year as part of public inquiries.

Financial System Inquiry

The Financial System Inquiry (FSI), the Government's "root and branch" examination of the financial system chaired by David Murray, released its final report in December 2014. APCA has been an active participant throughout the FSI process making two rounds of submissions and engaging directly with the FSI panel and secretariat.

Following a call for consultation on the Final Report, APCA made a submission to Treasury in March 2015. APCA noted that a number of issues it had raised through the FSI process had been adopted, and broadly welcomed a "graduated framework" for payments regulation. Conversely, APCA expressed concern that the proposed approach to surcharging for credit card payments was complex and untested.

Review of Card Payments Regulation

In March 2015, the Reserve Bank of Australia (RBA) commenced its review of card payments regulation. The RBA Review focused on the regulation of interchange fees, surcharging and a number of related policy issues.

The APCA submission lodged on 24 April 2015 noted that no clear case existed for reducing the overall level of interchange fees but recognised the need to address the current concerns of smaller merchants over their own costs and transparency. APCA has consulted with the RBA and attended an RBA-convened roundtable on 23 June 2015 to discuss the RBA Review with other stakeholders.

Digital Currency Review

Digital currencies, such as bitcoin, have attracted significant media attention and, more recently, the attention of Governments and regulators. On 2 October 2014, the Australian Senate referred an inquiry into digital currency to the Senate Economics References Committee. The Inquiry examined how to develop an effective regulatory system for digital currency and the potential impact of the technology on the Australian economy.

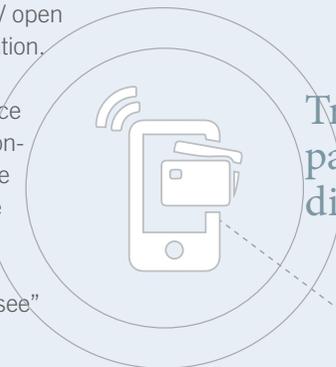
APCA's submission outlined that the "private" and "digital" nature of digital currencies were not particularly new, though the "block chain" / open ledger technology was a noteworthy innovation. It also identified the need for a considered regulatory response that maintains a balance between stability, efficiency and competition-driven innovation while ensuring confidence and integrity. APCA also provided evidence before the Senate Inquiry on 7 April 2015. The Committee's final report released in August 2015 acknowledged the "wait and see" approach to regulation, so as not to stifle innovation, and recommended a taskforce to monitor developments.

Towards a digital economy

APCA releases regular Milestones Reports to track the declining use of cheques in Australia and the progress of transitioning payments to the digital economy. The intention is to ensure a smooth transition to electronic payments for those that currently still rely on cheques.

The Fourth Milestones Report released in February 2015 noted that Australian consumers and businesses are continuing to move away from cheques and cash in favour of cards and other electronic payments. Cheque use in Australia dropped by 13.9 percent in 2014 and the number of ATM cash withdrawals dropped by 4.8 percent. Over the same period, the use of payment cards increased by 8.8 percent and the number of direct entry payments by 7.5 percent.

The report highlighted industry initiatives and new developments to help payments transition to the digital economy including the New Payments Platform and development of the Australian Payments Plan by the Australian Payments Council. It also noted that the FSI Final Report made a number of recommendations to support the growth of digital payment options.



Transitioning payments to the digital economy



Fraud prevention

APCA released the second comprehensive payments fraud report in June 2015 containing new industry-wide card and cheque fraud data for 2014.  The report provides an overview of payments fraud trends over the last six years and information for businesses and consumers on effective measures and practices to help combat fraud. Fraud on Australian payment cards is still increasing in the card-not-present space, reflecting a global trend both in online card fraud and in cybercrime in general. The industry continues to implement additional measures to help prevent card-not-present fraud including tokenisation, a major structural upgrade to payments technology.

This year, APCA also began collecting new data on internet and telephone banking fraud. Significant work has been done towards agreeing data sets and definitions and work is currently underway to establish backend systems to ensure consistent reporting across the industry. The intention is to provide those organisations that submit data to APCA with monthly reports showing aggregate industry data.



46%

Increase in web traffic on the APCA website from 2014

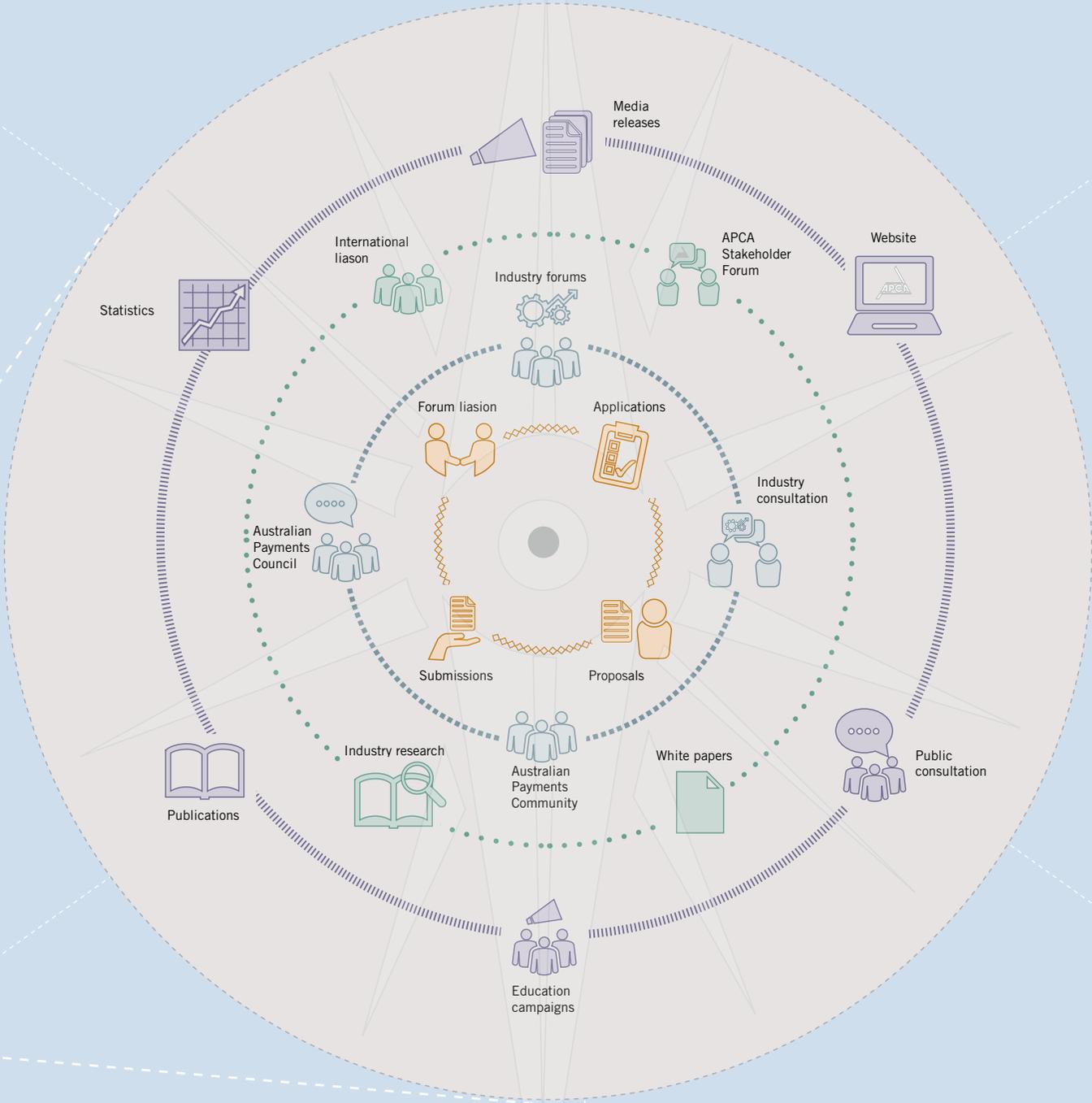
Improving public understanding

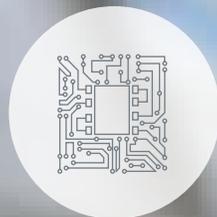
Part of APCA's job is to help raise awareness about payments. In addition to payments fraud trends, regular publications include the quarterly newsletter Payments Monitor, annual reviews and media releases. The APCA website is the primary means of providing information to the broader community and this year it attracted more than 346,000 visitors, up 46 percent on the previous year. During the year, APCA launched a blog section, "Views and News", on its website and started using LinkedIn to complement its existing communications activities. 

Engagement for improving the payments system

At APCA, the essence of everything we do is engagement with our community. Every new policy, ruleset or piece of infrastructure comes ultimately from the effective collaboration of many. On this page we chart our engagement with the payments community.

- **The Australian economy**
Consumers and businesses
- **Payments stakeholders**
Vendors, suppliers, consumer representative bodies, merchants, government departments
- **Payments system**
RBA, financial institutions, card schemes, industry associations, major retailers & service providers
- **Regulators**
RBA, ASIC, ACCC, APRA, Treasury





NETWORK

IN OUR PAYMENTS SYSTEM JOURNEY, THE MILESTONES ARE REPRESENTED BY NEW OR IMPROVED INFRASTRUCTURE, NEW OR MORE EFFICIENT MARKETPLACES, OR BOTH. THIS SECTION CATALOGUES THE ENHANCEMENTS TO OUR SYSTEMIC NETWORK IN THE YEAR OF REVIEW.

Paul Lahiff
NPP Australia
Chair



New Payments Platform

The New Payments Platform is a major industry initiative to develop new, fast, flexible and data-rich payments infrastructure for Australia. It will enable participating institutions to make funds available within seconds of the payment being made, between any two Australian accounts. APCA continues to administer the Program, which has evolved during the year, working closely with KPMG who is acting as Project Management Support Office. 

“The industry’s vision in response to the Reserve Bank’s challenge for faster, richer, 24x7 payments is now well on the way to becoming a reality.”

Paul Lahiff, NPP Australia Chair, 2 December 2014.

The Program reached an historic milestone in December 2014 when 12 leading authorised deposit-taking institutions (ADIs) committed funding for the build and operation of the NPP. These institutions are the founding members of NPP Australia Limited – a new industry mutual company set up by APCA to steer the Program going forward. NPP Australia also signed a 12-year contract with global payments provider SWIFT to build and operate the NPP basic infrastructure following a highly competitive global tender process. These two major developments marked completion of the Program’s second phase - “sourcing, planning and mobilise”.

Phase 3: Design and Elaborate

During this phase, SWIFT worked with representatives from the 12 participating organisations, KPMG and APCA on the technical and operational aspects of the NPP basic infrastructure. This major work culminated in a high level design, interface specification, and supporting documents which were accepted by the NPP Australia board on 28 July 2015, subject to resolution of a defined list of adjustments.

PHASE 3 ACTIONS & OUTPUTS

198

operational procedures

201

design decisions

854

actions





A shared vision

The Program’s fourth plenary workshop was held during the third phase, on 16-18 June 2015, in Melbourne. The three-day event brought together 130 participants from across the 12 participating organisations as well as KPMG, SWIFT and APCA to revalidate the plan and collaboratively develop a shared vision for what the NPP will look like at launch.

Initial Convenience Service

New payment services called “overlays” will use the basic infrastructure to provide tailored services incorporating payments between the customers of participating organisations. The Initial Convenience Service (ICS) will be the first of many overlays to offer an end to end customer service proposition for payers and payees. It is expected that NPP Australia will make an announcement about the ICS in fourth quarter 2015.

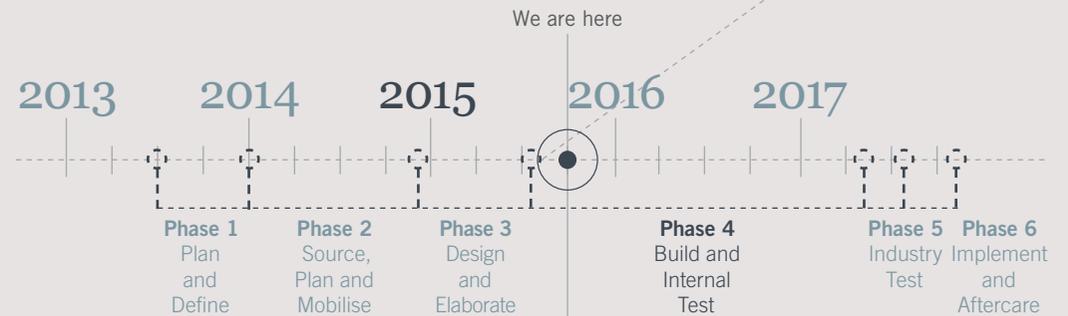
ISO 20022 messaging

The globally accepted messaging standard, ISO 20022, is the key component of the NPP. It will allow large amounts of remittance information with payments, significantly more than the current 18 character limit in the direct entry system. The Program has completed work to define ISO 20022 message usage within the context of the NPP. APCA is also participating in a global initiative to create a best practice rule book for ISO 20022 payments messages used in real-time payment systems. A draft was released by the Real-Time Payments Group in August 2015.

The current phase

At the end of July 2015, the Program moved into the crucial “build and internal test” phase, which is scheduled for completion in early-to-mid 2017. During this phase SWIFT will build the NPP basic infrastructure and participating organisations will focus on their internal build in readiness for the NPP. Internal testing and validation of systems changes will be conducted towards the end of this phase, followed by industry testing. The NPP Australia board approved the industry test strategy and plan in June 2015 – a further significant milestone for the Program this year. The NPP remains on track to being operational in second half 2017.

The journey



The NPP remains on track to being operational in second half 2017.



Digital cheque clearing

In May 2015, participants in Australia's cheques system implemented a rules framework and new processes to introduce digital cheque clearing. Rather than physically exchanging cheques, financial institutions now exchange files containing images of cheques which have been captured at branches or centralised processing areas. The physical cheque is kept until shortly after settlement and then securely destroyed. The move to digital clearing has improved efficiencies and reduced costs in the cheques system by eliminating the need for the physical network of official exchanges throughout the country and for long-term cheque storage and retrieval systems.

Chip technology at ATMs

Australia's widespread roll-out of chip technology on payment cards and merchant terminals, together with the use of PINs is having a significant effect on reducing counterfeit/skimming fraud. The industry is now working to move away from magnetic stripe to chip-reading at ATMs to provide added security against counterfeit cards. This year, rules were developed to provide for processing of transactions using the EMV standard. Implementing EMV across an entire ATM network provides strong protection against fraudulent transactions from counterfeit cards.

Securing devices

APCA manages a process for approving PIN entry devices used for domestic card transactions to ensure security. The architecture of these devices has been changing markedly over the last few years to take advantage of new mobile technologies. In November 2014, for the first time, APCA approved Bluetooth mobile point-of-sale devices which connect directly to smartphones. Enhancements have been made to APCA standards to support the secure implementation of such technologies. Merchants can now deploy useful tools such as loyalty programs on the same device used for payments.

Securing new technologies

One of APCA's key goals is to support the appropriate balance between innovation and security as the pace of technological change in payments increases. To this end, APCA has developed a new process for considering the innovative customer-facing card payment technologies that do not meet current APCA, PCI or EMV standards. The process brings together card issuers and acquirers, operators and the major card schemes to identify the potential risks, assess the likely impact to the security of the card payments system and to determine whether the new technology should be trialled in Australia.

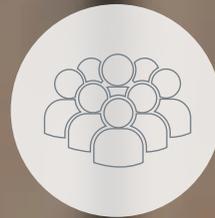
Shaping industry standards

APCA participates in the development of security standards for financial services at the domestic and international level in order to ensure the safe working of the payments system. These include key ISO and PCI standards which are focused on card and PIN security and supporting innovations such as tokenisation, a new measure being adopted by the industry to reduce its vulnerability to cyber attacks. During the year, APCA facilitated an industry wide workshop to review the ISO standards being developed to address the security of on mobile payments.

APCA remains involved in the global development and maintenance process of new ISO 20022 payment messages, representing Australia at the Payments Standards Evaluation Group and in the ongoing governance of ISO 20022 through the Registration Management Group.

APCA plays an important role representing the industry on domestic and global standards bodies including:

- ISO/TC68 Financial Services
- ISO/TC68 Financial Services/ Working Group 7 – ISO 20022
- ISO/TC68 Financial Services/ Technical Group 1 – ISO 20022
- ISO/TC68/SC2 Financial Services Security
- ISO/TC68/SC7 Core Banking
- ISO/TC68/SC2/Working Group 11
- ISO/TC68/SC2/Working Group 13
- ISO/TC68/SC7/Working Group 10
- Standards Australia Committee IT/5
- Standards Australia Committee IT/5/3
- Standards Australia Working Group IT/5/4
- Standards Australia Working Group IT/5/8
- SWIFT Australian National Member Group
- SWIFT Australian User Group
- Payments Card Industry Security Standards Council (PCI SSC) (Affiliate member)
- PCI SSC PIN Transaction Security Working Group



COMMUNITY

AS THE PAYMENTS SYSTEM EXPANDS AND BECOMES MORE COMPLEX, OUR COMMUNITY GROWS. FOR APCA, THIS MEANS MORE VIEWS TO GATHER AND PEOPLE TO ENGAGE AS WE DEVELOP OUR DIRECTION, AND THE NETWORK WE ALL RELY ON.

Membership

Following the introduction of the new constitution in 2014, APCA's membership has been expanding to encompass new payments organisations. This makes APCA a more inclusive and representative association of the Australian payments system.

APCA has two major categories of membership – Participant and Operator.

Participant membership is open to any organisation that directly participates in at least one recognised Australian payment system. These systems currently comprise those managed by APCA, the card schemes, BPAY and Austraclear and together represent around 99% of all Australian non-cash payments. Operator membership recognises the increasing importance of commercial operators of payments systems in the Australian economy. This new category continued to grow during the year and now includes all operators of the aforementioned recognised payment systems.

“Our members are doing more, together, than in any time in recent memory.”

Rob Craig, APCA Chair, 23 October 2014 (AGM).

This year's changes to APCA memberships reflect the evolving nature of the payments landscape. Merger activity among financial institutions continued to affect the direct entry system (BECS) membership, while membership in the declining cheques clearing system (APCS) saw some resignations. COIN membership experienced some movement as a result of the introduction of digital cheque clearing in APCS and its effect on the business of providers of cheque processing services.

As at September 2015, APCA has 100 members (see page 26).  A full list of the frameworks they participate in is available on the APCA website. 

Issuers and Acquirers Community

On 1 July 2015, APCA launched a new framework for card payments, the Issuers and Acquirers Community (IAC).  The IAC replaces the Consumer Electronic Clearing System (CECS), the system for debit card transactions set up by APCA in 2000. As the world of card payments becomes increasingly complex, the IAC will enable card issuers, acquirers and network operators to better manage collaboration across all card payments, including credit and charge cards, debit cards and prepaid cards, on systemic opportunities like fraud prevention.

This will be achieved by providing a forum for discussions, establishing rules, standards and guidelines and providing services to APCA members and the card industry. The initial IAC rules are largely unchanged from the CECS rules; both will operate side by side during a transition period of up to six months.

Closing CECS

CECS has been ensuring the efficiency, integrity and security of transactions within Australia's ATM and POS networks since December 2000. The system has had an important role in implementing initiatives and industry-wide reforms that have changed the card payments landscape. In closing CECS, APCA acknowledges all who have contributed to the system's success over the last 15 years, particularly those who served on its decision-making bodies.



Member and stakeholder engagement

APCA's success relies on effective engagement with the industry. A number of forums and events are held to foster discussions, debate and understanding between and within APCA's wider community of stakeholders.

APCA Stakeholder Forum

The APCA Stakeholder Forum (ASF) provides a venue to share information and engage with key stakeholders on payments matters. Paul Lahiff is the current independent chair of the ASF, a position he has held since mid-2013. Two ASF meetings were held during the year. The December 2014 was timed to coincide with the formal launch of NPP Australia Limited and featured a panel on digital currency. The May 2015 meeting focussed on the Australian Payments Council's consultation to develop the Australian Payments Plan and provided updates on the RBA's Review of Card Payments Regulation and the New Payments Platform.

Fraud in Banking Forum

The Fraud in Banking Forum, which is now in its second year, provides a regular informal setting for open dialogue between the fraud teams in Australia's financial institutions and those in the law enforcement community.

The improved channels of communications between the different entities resulting from these discussions has allowed participants to be more responsive to each other when specific fraud events arise, to improve information flows between them and to better understand strategic challenges. The Forum meets four times a year.

AGM Event

The 2014 Annual General Meeting was held in Sydney on 23 October. The breakfast event was attended by a range of members including the Reserve Bank of Australia (RBA), financial institutions, card schemes, and other payments service providers. The keynote speaker was the Governor of the RBA Glenn Stevens, who spoke on topical payments system developments including the New Payments Platform and the establishment of the Australian Payments Council. Guests also heard from APCA Chair Rob Craig and CEO Chris Hamilton and had the opportunity to meet the directors who were appointed following adoption of the new Constitution. APCA plans to hold an AGM event on an annual basis.

Stakeholder Survey

APCA undertook a survey in 2014 to measure stakeholder perceptions of how well the company fulfils its purpose and roles. The overall perceptions were positive, with a clear acknowledgement that APCA has increasingly taken on a strategic role within the payments industry. Thirty-eight percent of respondents thought APCA had improved over the past two years (compared to 3 percent who thought performance had declined). APCA has used the survey results to assist the strategic planning process and intends to repeat the survey in 2016.

International liaison

APCA participates actively in the International Council of Payment Association Chief Executives (ICPACE). In addition to Australia, this body brings together payment associations from Canada, Ireland, New Zealand, South Africa, United Kingdom and United States and provides a valuable forum for information sharing. In September 2014, ICPACE released a new report that examines best practices for implementing ISO 20022. This includes the advantages and disadvantages of adopting the standard, as well as lessons learned by systems and organisations that have implemented or are in the process of implementation. The ICPACE organisations meet annually with the 2015 meeting being hosted by Payments UK in London in June.

This year, APCA hosted groups of visiting senior banking officials including from Indonesia, the Netherlands and South Africa. In February 2015, APCA met with senior officials from the US Federal Reserve to discuss their faster payment initiatives and, in association with the World Bank / IFC, hosted a session with senior banking officials from Laos in July 2015 to discuss payments system development. APCA also liaises with major international non-governmental organisations with an interest in payments system development, such as the Bill and Melinda Gates Foundation.



GOVERNANCE
FRAMEWORK

The board of directors

The board comprises an independent chairman, the chief executive officer, non-executive directors appointed by the company's members, and two additional independent directors. The board is responsible for setting the company's strategic direction and corporate governance.

The current Chairman, Robert Craig, was appointed in January 2014 and is an independent voting director.

The CEO is a board-appointed, non-voting, executive director. The CEO manages the company's affairs under the broad guidance of the board. The CEO's performance against agreed goals is assessed on an annual basis by the board.

Reserve Bank of Australia (RBA) liaison arrangements

Senior staff of the RBA and APCA consult on a regular basis on issues of industry policy. The RBA has automatic rights to appoint representatives to the board of directors and management committees, and currently has a representative on the board. As a substantial user of payment systems, the RBA is eligible for representation on the same basis as other members.

Management committees

In accordance with the company's constitution, the board has established a management committee for each of the frameworks administered by the company, including its clearing systems and its infrastructure system (COIN). Acting under delegated authority from the board, management committees are responsible for the efficient operation and management of each framework.

Board and management committee self-assessment

APCA promotes continuous self-assessment and also provides self-assessment tools for directors, management committee members and the internal management team.

Other board committees

The board is empowered to establish other committees as it sees fit to assist in managing the company's affairs including the Audit, Risk and Finance Committee, the Nomination Committee and the Remuneration Committee, the Payments Policy Committee and the Fraud Committee.

The Audit, Risk and Finance Committee's primary functions are to review the company's internal financial practices and audit results, monitor the effectiveness of the company's financial controls and administrative policies, monitor various risk exposures and statutory compliance matters, and review the company's budget and monitor expenditure against it.

The Nomination Committee's primary responsibility is to support and advise the board on matters relating to the eligibility, appointment and election of directors. The Remuneration Committee comprises the chairman and the members of the Audit, Risk and Finance Committee. Its responsibilities are to establish remuneration policies and

practices for the company generally and to recommend remuneration levels and contractual arrangements for the CEO.

Board charter

The board carries out its functions and exercises its powers in accordance with the board charter, which sets out the role, responsibilities and functions of the board. The board reviews the charter annually.

Code of Conduct

All directors, management committee members and senior executive staff must comply with a Directors' and Officers' Code of Conduct. The Code was developed using a model from the Australian Institute of Company Directors. Directors and management committee members review adherence to the Code annually.

Ethics, policies and procedures

APCA promotes adherence to best practice and a high professional and ethical standard. A framework of management policies covers human resources, technology, external matters, finance and general management. It is reviewed by the Audit, Risk and Finance Committee and supported by management procedures that cover detailed implementation.

Risk management

APCA has a well-defined risk management framework which is overseen by the board. Key risks are regularly reviewed and APCA's risk appetite is re-assessed annually. Management has refined an externally developed risk framework to address changing risk appetites and environmental risks and has submitted the risk framework to both internal and external audit review with positive results.



BOARD OF
DIRECTORS

There were no changes to the Board during the year. The names and details of directors in office as at September 2015 follow (also see pages 4-5). →

Robert D Craig (1)
BSc (Hons), BCA, MAICD
(CHAIR)

Robert Craig was appointed as independent Chair in January 2014. He has over 26 years' broad financial services experience across Australia, New Zealand and the United Kingdom in retail, business, payments, institutional banking, insurance and wealth management. Mr Craig has been consulting to mid-sized and large corporates, specialising in leading large scale organisational transformation programmes since 2010. He is currently Practice Leader – Transformation with Internal Consulting Group (ICG).

Chairman and member of the Remuneration Committee and Restructure Working Group. Member of the Payments Policy Committee.

Stuart A Woodward (3)
BA (Hons), F Fin, GAICD
(DEPUTY CHAIR & NON-EXECUTIVE DIRECTOR)

General Manager, Payments Representation, Cash-Flow and Transaction Services, Institutional Banking and Markets, Commonwealth Bank of Australia.

Stuart Woodward was appointed a director of APCA by the CBA in February 2005. He has over 35 years' experience within the Commonwealth Bank Group, including retail and corporate banking, payment systems and merchant acquiring. Mr Woodward is

a director of BPAY Pty Ltd, Cardlink Services Ltd, EFTPOS Access Australia Ltd and eftpos Payments Australia Limited and an alternate member of the Australian Payments Council.

Chairman and member of the Nomination Committee and Payments Policy Committee. Member of the Restructure Working Group.

Paul J Apolony (4)
F Fin, FAIM, FIPA, MAICD
(NON-EXECUTIVE DIRECTOR)

Deputy General Manager - Operations, Oceania, The Bank of Tokyo - Mitsubishi UFJ, Ltd

Paul Apolony was elected by Electing Members in June 2014 and has been a director of APCA since June 2007. Mr Apolony has over 33 years' experience in the banking industry including roles in Operations, Product Development and Strategy.

Chairman of the Australian Cash Distribution and Exchange System Management Committee. Member of the Payments Policy Committee.

Lindsay F Boulton (5)
BA (Soc. Sc.), B Ec (Hons), GAICD
(NON-EXECUTIVE DIRECTOR)

Head of Banking, Reserve Bank of Australia

Lindsay Boulton was appointed a director of APCA by the RBA in June 2013. He has over 32 years' experience in central banking covering economic analysis, financial markets, banking services and risk management.

Mr Boulton is non-executive director of Note Printing Australia Ltd and a member of its Audit & Risk Committee and an alternate member of the Australian Payments Council.

Member of the Audit, Risk and Finance Committee, Nomination Committee, Payments Policy Committee and Remuneration Committee.

Chris G Campbell (6)
B Ec, M Bus (Finance), MAICD
(NON-EXECUTIVE DIRECTOR)

Head of Payments Policy and Strategy, Westpac Group

Chris Campbell was appointed a director of APCA by Westpac in April 2003. He has over 24 years' experience in banking and economics, including payments policy, finance, product management, operational risk and related areas, strategy and regulation. Mr Campbell is Chairman of EFTPOS Access Australia Limited and director of BPAY Pty Ltd and Cardlink Services Ltd. He is an alternate director of NPP Australia Limited and an alternate member of the Australian Payments Council.

Chairman of the COIN Management Committee. Member of the Audit, Risk and Finance Committee, Payments Policy Committee and Remuneration Committee.

David A Carter (7)
B Com, GDip App Fin and Investment, CPA, F Fin, GAICD
(NON-EXECUTIVE DIRECTOR)

Chief Financial Officer, Suncorp Bank

David Carter was elected as a director by Electing Members in June 2014. He is a member of Suncorp Bank's Executive Committee and is accountable for the Bank's Finance, Treasury and Strategy having previously been responsible for the customer, product, payments and marketing functions. Mr Carter has over 25 years' financial services experience in banking, life insurance, and wealth management at both Suncorp and ANZ. Mr Carter is an alternate member of the Australian Payments Council and the Australia Bankers' Association (ABA) Council and is a member of the ABA Industry Standards Working Group.

Chairman of the Fraud Committee. Member of the Payments Policy Committee.

Jennifer R Clark (8)
FAICD

(INDEPENDENT DIRECTOR)

Jennifer Clark was appointed as an independent director in June 2014. She has over 21 years' experience as a banker specialising in financing major companies and infrastructure projects, and undertaking advisory roles to the Commonwealth Government. Ms Clark has been a non-executive director since 1991. She is currently the Deputy Chair of the board of the Australian Maritime Safety Authority (AMSA) and an independent member of a number of audit and risk committees.

Member of the Audit, Risk and Finance Committee, Payments Policy Committee, Remuneration Committee and Restructure Working Group.

Chris J Hamilton (2)
BA, LLM, MAICD

(APCA CEO & EXECUTIVE DIRECTOR)

Chris Hamilton has been chief executive officer and a director since January 2006. He has over 20 years' experience in financial services, particularly financial markets infrastructure, and six years' experience in securities law. Mr Hamilton is a non-executive director of NPP Australia Limited and a member of the Australian Payments Council.

Member of the Audit, Risk and Finance Committee, Payments Policy Committee, Remuneration Committee and Restructure Working Group.

Paul A Inglis (9)
B Ec (Hons), MAICD

(NON-EXECUTIVE DIRECTOR)

Head of Payments Industry, Australia and New Zealand Banking Group Limited

Paul Inglis was appointed a director of APCA by ANZ in July 1998. He has over 25 years' experience in the banking industry in payments and economics; five years in government service, including Federal Treasury. Mr Inglis is non-executive director of EFTPOS Access Australia Limited and a member of the global Payments Market Practice Group and SWIFT Payments Maintenance Working Group.

Chairman of the High Value Clearing System Management Committee. Member of the Nomination Committee, Payments Policy Committee, COIN Management Committee and Issuers and Acquirers Forum.

David C Jay (10)

B Ec, MBA, FCPA, F Fin, FAMI, MIIA, MAICD

(NON-EXECUTIVE DIRECTOR)

Chief Executive Officer, Australian Settlements Limited

David Jay was appointed as a director by Building Societies members in August 2010. He has over 25 years' experience in the banking industry with various ADIs which has included roles in financial markets, internal audit and retail banking. Mr Jay is a non-executive director of eftpos Payments Australia Limited.

Chairman and member of the Audit, Risk & Finance Committee. Member of the Nomination Committee, Payments Policy Committee and Remuneration Committee.

Adrian Lovney (11)

LLB (Hons), MBA (Melbourne), AMP (Harvard), MAICD

(NON-EXECUTIVE DIRECTOR)

General Manager, Product & Service, Cuscal Limited

Adrian Lovney was appointed as a director of APCA by Credit Union members in February 2013. He joined Cuscal in 1999 and is responsible for all product management and operational functions, customer relationships and growth. Previously, he was General Manager, Strategy & Communication, responsible for leading the successful migration and transition

of Cuscal's customers to a new and innovative payments platform. Mr Lovney was chief executive of Abacus Australian Mutuals from 2006 to 2008. He is a non-executive director of eftpos Payments Australia Limited and an alternate member of the Australian Payments Council.

Chairman of the Bulk Electronic Clearing System Management Committee. Member of the Payments Policy Committee.

Kate A Mulligan (12)

BA, LLB (Hons), MAICD

(INDEPENDENT DIRECTOR)

Managing Director of King Irving Consulting Group

Kate Mulligan was appointed as an independent director in June 2014. She has over 29 years' experience in financial services law and business, including senior roles at Allens, St George and ANZ, and managing director of fund managers Advance Asset Management and Ventura Investment Management. Ms Mulligan is a non-executive director of Netwealth Group Ltd and its associated companies; Chair of Netwealth's Audit Committee and member of its Remuneration, Investment and Compliance and Risk Management Committees.

Chairman of the Issuers and Acquirers Forum. Member of the Payments Policy Committee.

Brett J Watson (13)

B Sc (Hons), Graduate Diploma Banking and Finance, MAICD

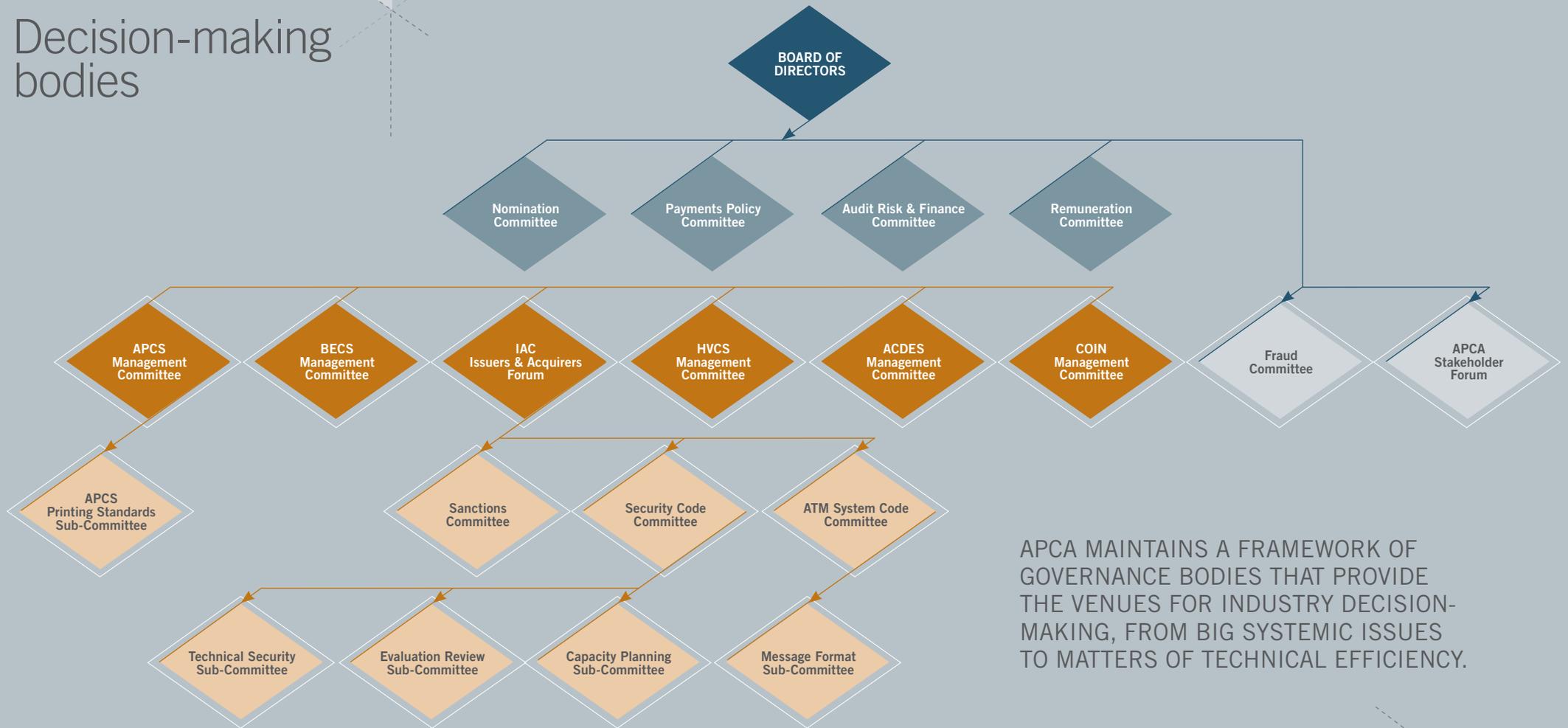
(NON-EXECUTIVE DIRECTOR)

General Manager, Transaction Products and Payments, Product & Markets, National Australia Bank Limited

Brett Watson was appointed as a director of APCA by NAB in April 2014. He has over 25 years' experience in banking and finance in product management, technology delivery and project management roles and with a specific focus on payments. Mr Watson is a non-executive director of EFTPOS Access Australia Ltd, alternate director of NPP Australia Limited and an alternate member of the Australian Payments Council.

Chairman of the Australian Paper Clearing System Management Committee. Member of the Payments Policy Committee.

Decision-making bodies

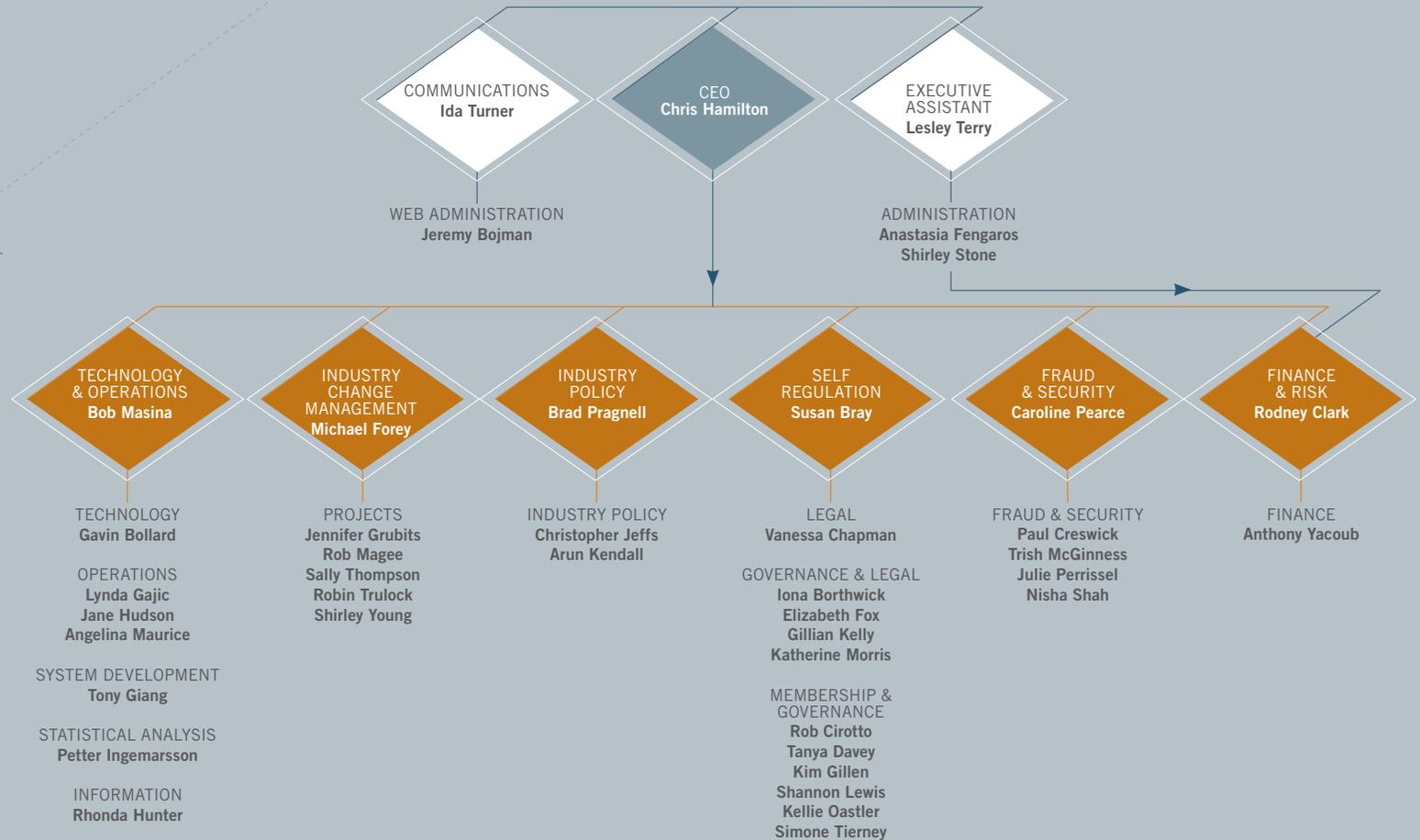


APCA MAINTAINS A FRAMEWORK OF GOVERNANCE BODIES THAT PROVIDE THE VENUES FOR INDUSTRY DECISION-MAKING, FROM BIG SYSTEMIC ISSUES TO MATTERS OF TECHNICAL EFFICIENCY.

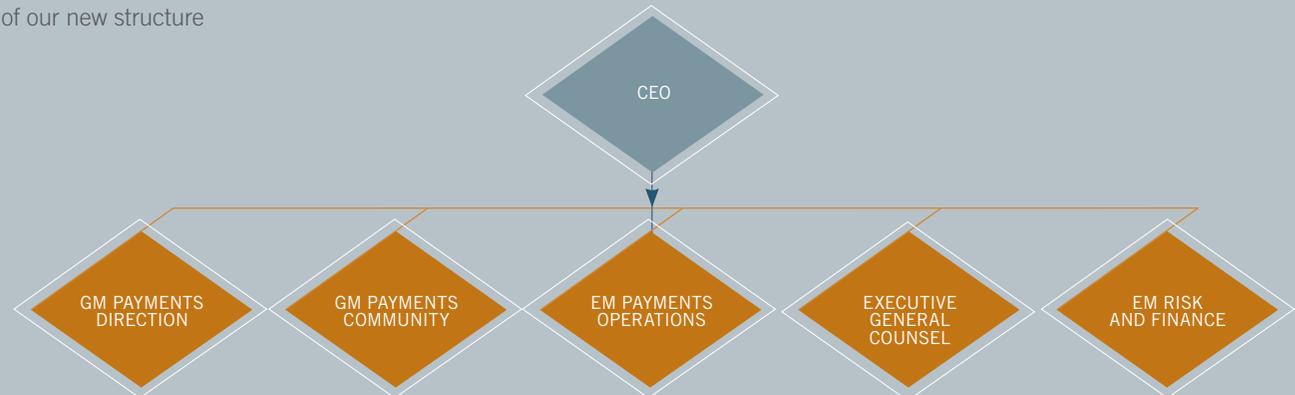
As at September 2015

Our team

After many years of stability, APCA is reinventing itself to meet the challenges of the new era and its expanded portfolio of industry support activities. The essence of the reorganisation is to create two stakeholder-facing units, Community and Direction, to lead and manage our systemic engagement, and three centres of excellence to deliver the key systemic outcomes: Operations, Legal & Governance and Risk and Finance. Set out here is the structure which has existed in the year of review, plus a schematic of the new structure.



Overview of our new structure





MEMBERS

Bank of Sydney Ltd
Bank of Tokyo-Mitsubishi UFJ, Ltd (The)
Barclays Bank plc
Bendigo and Adelaide Bank Limited
Big Sky Building Society Limited
BNP Paribas
BNP Paribas Securities Services
BOQ Specialist (a division of Bank of Queensland Limited)
Capricornian Ltd (The)
Cashcard Australia Limited
China Construction Bank Corporation, Sydney Branch
Citigroup Pty Ltd
CLS Bank International
Coles Group Limited *
Commonwealth Bank of Australia *
Community First Credit Union Limited
Community Mutual Ltd
Credit Union Australia Limited
Cuscal Limited *
Delphi Bank (a division of Bendigo and Adelaide Bank Limited)
Deutsche Bank AG
ECU Australia Limited
Encompass Credit Union Limited
G&C Mutual Bank (a trading name of SGE Mutual Limited)
Gateway Credit Union Limited
Greater Building Society Ltd
Heritage Bank Limited
Heritage Isle Credit Union Limited
Holiday Coast Credit Union Limited
Hong Kong and Shanghai Banking Corporation Limited (The) - Australian Branch
HSBC Bank Australia Limited

Hume Bank Limited
IMB Ltd
Indue Ltd
Industrial and Commercial Bank of China Limited
ING Bank (Australia) Limited
ING Bank NV (Sydney Branch)
JPMorgan Chase Bank, National Association
LCH Clearnet
Macquarie Bank Limited
Maitland Mutual Building Society Limited
Maritime Mining & Power Credit Union Limited
mecu Limited, trading as Bank Australia
Mega International Commercial Bank Co, Ltd
Members Equity Bank Pty Limited
Mizuho Bank, Ltd
National Australia Bank Limited *
Newcastle Permanent Building Society Ltd
Oversea-Chinese Banking Corporation Limited
Police Bank Limited
Police & Nurses Limited
QT Mutual Bank Ltd
Queensland Police Credit Union Limited
Rabobank Australia Limited
Rabobank, Australia Branch (Co-Operative Centrale Raiffeisen-Boerenleenbank B.A.)
Railways Credit Union Limited
Reserve Bank of Australia *
Rock Building Society Limited (The)
Royal Bank of Canada
Royal Bank of Scotland N.V., (The) (Australia) Branch
Royal Bank of Scotland plc, (The) Australia Branch
Select Credit Union Ltd
Southern Cross Credit Union Ltd
Standard Chartered Bank

State Bank of India
State Street Bank and Trust Company
Sumitomo Mitsui Banking Corporation, Sydney Branch
Summerland Credit Union Ltd
Suncorp-Metway Limited *
Sutherland Credit Union Ltd
Taiwan Business Bank, Sydney Branch
Teachers Mutual Bank Limited
Tyro Payments Limited *
UBS AG, Australia Branch
United Overseas Bank Limited
Uniting Financial Services
Victoria Teachers Mutual Bank
Warwick Credit Union Ltd
Westpac Banking Corporation *
Woolworths Limited *

As at September 2015

PARTICIPANT MEMBERS

AMP Bank Limited
Arab Bank Australia Limited
Australia and New Zealand Banking Group Limited *
Australian Defence Credit Union Limited
Australian Settlements Limited
Auswide Bank Ltd
B&E Ltd
Bananacoast Community Credit Union Ltd
BankVic
Bank of America, National Association
Bank of China
Bank of China (Australia) Limited
Bank of Communications Co., Ltd Sydney Branch
Bank of Queensland Limited

OPERATOR MEMBERS

American Express Australia Limited
Austraclear Limited
BPAY Pty Limited
eftpos Payments Australia Limited *
MasterCard Asia/Pacific (Australia) Pty Ltd
Visa AP (Australia) Pty Ltd

COIN PARTICIPANTS

Cabcharge Australia Limited
Cardlink Services Limited
Fiserv Solutions of Australia Pty Ltd
First Data International
Fuji Xerox Australia Pty Limited
Property Exchange Australia Limited

*Also a COIN participant

Glossary

ADIs	Authorised deposit-taking institutions
APCS	Australian Paper Clearing System
ATM	Automatic Teller Machine
BECS	Bulk Electronic Clearing System
CECS	Consumer Electronic Clearing System
COIN	Community of Interest Network
Direct Entry	Payments system for direct debits and direct credits
eftpos	Domestic debit card system
EMV	Europay, MasterCard, and Visa
Fintech	Collaboration between financial services companies and technology innovators
FSI	Financial System Inquiry
GDP	Gross domestic product
IAC	Issuers and Acquirers Community
ISO	International Organization for Standardization
NPP	New Payments Platform
PCI	Payment Card Industry
PCI SSC	PCI Security Standards Council
PIN	Personal Identification Number
POS	Point-of-sale
RBA	Reserve Bank of Australia
SWIFT	Society for Worldwide Interbank Financial Telecommunications

APCA Annual Review 2015



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Auditors

Deloitte, Sydney

Australian Payments Clearing Association Limited

ABN 12 055 136 519

