

MEDIA RELEASE



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APCA RELEASES CONSULTATION PAPER ON ACCOUNT SWITCHING

The Australian Payments Clearing Association (APCA) today released a consultation paper entitled *Aspects of Account Switching* seeking views on whether direct entry arrangements deter consumers from switching accounts.

APCA's Bulk Electronic Clearing System (BECS) covers rules for direct entry (direct credit and direct debit payments) including processes for lodging, transferring and cancelling customer authorities. Major enhancements were made to these processes in 2000 to provide more flexibility for consumers and encourage uptake of this convenient and safe payment method. Consumers' use of direct debits has doubled since then with transactions growing from 0.9 million to 1.8 million each business day. Similarly, direct credit transactions have grown from 2.3 million to 4.0 million.

APCA's consultation paper is designed to gather input from consumer representatives and payments providers on whether the existing processes, specifically, the steps that need to be taken when transferring or re-establishing direct credit and direct debit arrangements, are an obstacle to consumers switching their accounts from one financial institution to another. The intended outcome is to ensure that the processes for direct entry in Australia remain the best possible arrangements for consumers and payment providers alike.

The consultation paper, which is available on APCA's website, provides:

- background information on BECS;
- the enhancements made to direct entry arrangements in recent years;
- Australia's existing processes for re-establishing direct entry arrangements; and
- an overview of the direct entry practices used in countries overseas.

The closing date for submissions is 23 October 2007.

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Further information: www.apca.com.au

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About Australian Payments Clearing Association (APCA)

APCA is the Australian payment industry's principal self regulatory body. It is the primary vehicle in Australia for payments industry collaboration, with a mandate to improve the safety, reliability, equity, convenience and efficiency of the Australian payments system. APCA's role is to manage and develop regulations, procedures, policies and standards governing payments clearing and settlement within Australia. It has around 80 members comprising the Reserve Bank, banks, building societies, credit unions and other participants in its five payment clearing systems. The systems cover: cheques and other paper based payment instruments; direct entry (credit and debit payments); EFTPOS and ATM transactions; trading and distribution of bulk notes and coin between banks; and settlement of high value, real-time payments between financial institutions. More than 98% of Australia's non-cash retail payment values are cleared through APCA's payment systems.