

12 November 2013

Ms Susan Bray
Head of Self Regulation
Australian Payments Clearing Association
Level 6, 14 Martin Place
Sydney NSW 2000



By Email to: sbray@apca.com.au

cc to: Reserve Bank of Australia – Head of Payments Policy Dept: pysubmissions@rba.gov.au

Dear Ms Bray,

Establishment of an Australian Payments Council: Joint Consultation by the Reserve Bank of Australia and the Australian Payments Clearing Association – October 2013

Reference is made to the above Consultation, and specifically the Consultation Paper issued 21 October 2013. The Commonwealth Bank (the Bank) appreciates the opportunity to comment on this important initiative.

Background

As you note in the above referenced Consultation Paper, an Australian Payments Council (or a body seeking “*enhanced industry co-ordination*”) was foreshadowed in the Payments System Board’s Conclusions to the Strategic Review of Innovation in the Payments System, released in June 2012.¹

In a letter to the Reserve Bank of Australia (RBA) of 23 August 2012, in response to the “Conclusions” document, we noted:

“Another aspect addressed in the Conclusions document concerns industry Governance. The Bank sees benefit in enhanced dialogue between the PSB and the industry and we look forward to contributing to the “enhanced industry coordination” body that will be constituted to this end.

We acknowledge the importance of this initiative, ... , and commit to active support of the new body. We look forward to discussing this initiative with the RBA in the near future.

.... the Bank is clearly supportive of this enhanced dialogue, ... take this opportunity to encourage the PSB to increase the frequency of its interaction with industry on both a formal, and informal, basis.

We also support the work underway at APCA to help constitute the enhanced industry coordination body. We agree that APCA is well placed for such activity which is, we believe, best approached through a collaborative, industry managed process.”² .

¹ <http://www.rba.gov.au/payments-system/reforms/strategic-review-innovation/conclusions/pdf/conclusions-062012.pdf>

² Unpublished

The bank remains supportive of the Australian Payments Council and we look forward to participating therein.

The Proposal

The model proposed for the Australian Payments Council, as articulated in your Consultation Paper, is sound and self explanatory. We caution against the risk of unnecessary bureaucracy (which might possibly arise via the Participation Agreement process), but are supportive of a broad membership base, a collaborative and consensus based approach to decision making, and independence of the Chair. The proposed membership structure appears balanced and pragmatic.

Our only question of clarity concerns potential overlap between those organisations participating directly in the Council, and the broader membership group as participating in the mooted Payments Community. (This is discussed on page 4 of your document.) It is noted that all Participation Agreement subscribers will be eligible to have two representatives at Community meetings. Does this also apply to organisations participating directly in the Council itself? We look forward to discussing this with you in the near future.

We note also that the RBA is consulting separately in relation to the role of end users.

Feedback Sought

You have sought feedback on three aspects:

The merits of creating a Council and a supporting Payments Community

As noted above, we support the creation of a Payments Council and supporting Community, subject to managing the risk of being overly bureaucratic

Membership and voting arrangements

The membership and voting model as proposed is sound.

Engagement with the Payments System Board

This is a key aspect of the Australian Payments Council concept. One small improvement to consider is to enhance the Objectives of the Council (paragraph 2) to give a greater emphasis to communication and dialogue between the Council and the Payments System Board. Consideration should then be given to a greater (joint) meeting frequency than the currently envisaged once per annum.

Our Position

The Bank remains committed to the concept, and success, of the Council and we look forward to discussing the above comments with you at your convenience.

Thank you again for the opportunity to address the issues raised in the Consultation Document. We of course remain available to discuss these comments at any time and to that end ask that you contact the undersigned.

The Bank appreciates that this submission will be posted on the APCA website. We are also providing a copy of this submission to the RBA.

Yours sincerely

[Signed]

Stuart Woodward
General Manager
Representation