



# PAYMENTS MONITOR

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*PAYMENTS MONITOR is published by APCA each quarter.  
Its purpose is to keep members and interested parties  
abreast of developments in payments clearing.*

“APCA’S BOARD SEES MR CHALLIS’ APPOINTMENT AS AN IMPORTANT NEXT STEP FOLLOWING THE WORK THE COMPANY HAS UNDERTAKEN DURING THE PAST YEAR OR SO TO WIDEN ITS MEMBERSHIP TO ACCOMMODATE NEW AND EMERGING PLAYERS IN THE PAYMENTS BUSINESS.”

“A SMOOTH TRANSITION TO THE YEAR 2000 FOR APCA’S PAYMENTS CLEARING ARRANGEMENTS.”

## NEW CHAIRMAN OF APCA

On 21 October 1999 Mr Robert Challis was appointed as a non-voting Director and Chairman of the Company, replacing Ms Leslie Martin who had held the position of Acting Chairman.

Mr Challis had a long career with ANZ bank that began in 1956. He retired from the bank in 1997, having occupied a number of general manager positions and directorships on several ANZ subsidiary companies.

## YEAR 2000 READINESS

### Transition from 1999 to the Year 2000

APCA’s Communication and Coordination Centre (C&C Centre) operated from 29 December 1999 to 5 January 2000, inclusive. Members were required to provide a report each day at 10am and three additional reports at 2am, 5.30am and 5pm on the critical day, 1 January 2000.

During this period members reported that their payments systems, which fall under APCA in respect of clearing arrangements (cheques, direct entry debits and credits, ATM/EFTPOS and high value) were operating as normal. No members reported Y2K-related disruptions to payments clearing arrangements.

Receipt of members operational status reports was timely enabling APCA to report, as planned, on the status of clearing arrangements to members, the media and the community generally.

### APCA’s Year 2000 Industry Program

The smooth transition into the year 2000 for APCA’s payments clearing arrangements was attributable to the thoroughness of the year 2000 industry program.

Industry testing for the four APCA payment clearing systems was successfully completed on schedule on 30 June 1999, and no Y2K problems were reported by the members and selected service providers who participated in the testing. The completion of testing provided a high degree of confidence that APCA’s payments clearing systems would continue to work as expected through the change of year. Preservation measures came into effect on completion of industry testing, aimed at preserving payments systems so that they would not be adversely affected by subsequent system changes.

An industry-wide payments systems change implementation moratorium also applied during the period 1 November 1999 to 17 January 2000, inclusive. During this time APCA members agreed not to make any material changes to their payments systems.

An industry-wide contingency planning program put in place appropriate plans to address disruptions, were they to occur.

A communications strategy and media plan was developed to ensure efficient communications between APCA, its members, the regulators, and the media during the transition from 1999 to the year 2000.

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**YEAR 2000 READINESS (CONT'D)**

**Upcoming Problematic Leap Year Date**

Preparations have been made for the upcoming problematic leap year date.

The change implementation moratorium recommences for the critical period 21 February to 3 March 2000, inclusive, which spans the leap year date (29 February) in the year 2000. In addition, preservation measures remain in force until 15 March 2000.

APCA will also be operating its C&C Centre for the period 29 February to 1 March 2000, inclusive. Members are required to report any disruptions to payments clearing arrangements, should they occur, during this period.

“APCA’s focus in relation to the Year 2000 problem is to co-ordinate industry testing and industry preservation and contingency planning to deal with that problem from a payments system-wide perspective. Responsibility for achieving the aims stated above for each of these initiatives cannot rest solely with APCA, as its work is not a substitute for, and is meant to complement, the due diligence/remediation work and contingency planning each institution must separately undertake to identify and address the particular Year 2000 problems that are likely to affect that institution.”

*“This statement is a Year 2000 disclosure statement authorised by the Australian Payments Clearing Association Limited for the purposes of the Year 2000 Information Disclosure Act 1999. A person may be protected by that Act from liability for this statement in certain circumstances.”*

**INTER ORGANISATION  
COMPENSATION RULES**

Currently APCA’s clearing system procedures each separately provide for rules for compensation (or adjustments for errors of magnitude) to be paid by one financial institution to another where an error is known to have occurred in a payment transaction made under one of those clearing systems or an error has occurred in the Totals of Exchanges. These rules have legal force as a contract between the members.

Where a payment is made outside an APCA clearing system, the usual convention is for compensation rules developed by the Australian Bankers’ Association (ABA) to apply. Additionally, the Australian Treasury Operations Association (ATOA) has developed conventions for compensation rules that would apply to a financial markets transaction not covered by APCA’s HVCS compensation rules.

Following an extensive process of review a new set of draft inter-organisation compensation rules has been completed, and subsequently endorsed by the APCA Board in December 1999.

The aim of the new rules is to provide:

- ▲ a standard approach for calculating compensation when undue enrichment occurs; and
- ▲ a disincentive for market participants who delay settlement of transactions.

Further, a single set of rules governing interest compensation for all AUD settlements is preferable in regards to efficiency and perception of the AUD market, than the current situation where ABA, ATOA, and APCA rules apply in different circumstances.

It is intended that the new set of rules will be incorporated into the Regulations and Procedures of each APCA clearing system over the coming year.

“IN FEBRUARY 1999 A WORKING GROUP WAS ESTABLISHED AT THE DIRECTION OF THE APCA BOARD TO DEVELOP A SET OF INTER-ORGANISATION COMPENSATION RULES THAT COULD BE ADOPTED ACROSS APCA CLEARING SYSTEMS, AND WHICH MAY ALSO BE ADOPTED BY OTHER FINANCIAL ORGANISATIONS AS APPROPRIATE”.

## ANNUAL MEETINGS

“THE COMPANY’S ANNUAL GENERAL MEETING AND ANNUAL MEETINGS OF APCS, BECS AND HVCS MEMBERS WERE HELD IN OCTOBER/NOVEMBER.”

### Annual General Meeting

The Company’s eighth annual general meeting was held on 21 October 1999. At the meeting share members of the Company approved amendments to APCA’s constitution (formerly known as its Memorandum and Articles of Association) providing for the appointment of a non-voting Director and Chairman of APCA. The approved amendments are intended to enhance the independence and objectivity of the position and role of Chairman of the Company.

Directors and alternate directors (in italics) appointed for the new two year term which commenced at the conclusion of the 1999 Annual General Meeting are as follows:

ANZ	Mr Paul Inglis
CBA	Mr Bruce Munro <i>Mr Garry Roach</i>
NAB	Mr Brian Mecklem <i>Mr Richard Ham</i>
RBA	Dr John Veale <i>Ms Michelle Bullock</i>
WBC	Ms Leslie Martin <i>Mr John McFadden</i>
A Class	Mr Wes Hooper <i>Mr Brad Thorsby</i>
B Class	Mr Chris Moore <i>Mr Paul Apolony</i>
C Class	Mr John Toms <i>Mr Don Magin</i>
D Class	Mr John Hall <i>Mr Phil Timms</i>

### Annual Clearing System Meetings

The sixth annual meeting of Participating Members of the Australian Paper Clearing System was held on 10 November 1999, the fifth annual meeting of Participating Members of the Bulk Electronic Clearing System was held on 23 November 1999 and the second annual meeting of Participating Members of the High Value Clearing System was held on 18 November 1999.

Minor amendments to the Regulations of each clearing system were approved.

Due to the expiry of the terms of office of the BECS Management Committee, the following appointments by Participating Members to the BECS Management Committee for the new two year term which commenced at the conclusion of the Company’s Annual General Meeting are as follows:

ANZ	Mr Doug Vollmerhause
CBA	Mr Peter Maddison
NAB	Mr Richard Ham
RBA	Mr Wes Maley
STG	Mr Manoj Sharma
WBC	Mr John McFadden
A Class	Ms Suzi Bennett
B Class	Mr Paul Apolony
C Class	Mr Peter Chadwick
D Class	Mr David Ingham

“IN DECEMBER 1998,  
THE BOARD AGREED  
ON A RANGE OF  
PROPOSALS RELATING TO  
WIDER MEMBERSHIP.  
THE PAST YEAR HAS  
SEEN THE SUCCESSFUL  
ESTABLISHMENT OF  
ADVISORY COUNCILS  
FOR APCS, BECS  
AND CECS.”

## WIDER APCA MEMBERSHIP

### Advisory Councils

#### APCS

Following its establishment on 1 August 1999, meetings of the APCS Advisory Council were held in September and November. Mr John Crouch (Austrapay) was elected as the Chairman of the APCS Advisory Council.

#### BECS

The BECS Advisory Council was established on 1 September 1999. Members of the Council comprise representatives from the following organisations:

Cashcard Australia Limited  
Austrapay Limited  
Media Tech Pacific Pty Limited  
IBM Australia Limited  
NCR Australia Pty Limited  
PayConnect Solutions  
Tradegate ECA  
Caltex Australia Petroleum Pty Limited  
Vodafone Pty Limited  
Australian Taxation Office  
Centrelink

The first meeting of the Council was held in November. Mr Harry Asquith of the Australian Taxation Office was elected Chairman of the BECS Advisory Council.

#### CECS

Following its establishment on 1 July, meetings of the Council were held in August, September and November. Ms Penny Winn (Woolworths) was elected as the Chairman of the CECS Advisory Council for the term concluding on 31/12/99. Mr Tem Elliott (First Data Resources) will act as Chairman for the period 1/1/00 to 31/6/00.

### HVCS

Following wide consultation, the Board at its September 1999 meeting, decided that insufficient “interested non-clearers” had been identified to warrant establishment of a HVCS Advisory Council for the current year.

A further review of the establishment of an HVCS Advisory Council will be carried out in July 2000.

## DIRECT DEBIT REQUESTS

The DDR project is nearing completion, with implementation of the new direct debit arrangements due to occur on 31 March this year. Most of APCA’s member financial institutions are well progressed in their preparations, including any necessary internal preparations and communication/information provision to their debit users. APCA continues to monitor the progress of its members and to provide necessary input to ensure a successful implementation.

As part of the DDR arrangements, APCA has introduced a Direct Debit Logo (as displayed) and prepared a style guide for use of the logo. Logo use is optional but the response to its introduction has been quite favourable. There is currently a trade mark application pending for the logo. Both the logo and the style guide may be downloaded by APCA members and debit users from APCA’s website.

