

Towards the digital economy:
Milestones report



**SECOND REPORT
DECEMBER 2013**

This paper has been prepared by the Australian Payments Clearing Association for the purpose of reporting on the decline of cheques and the transition of the payments system towards the digital economy as at November 2013.



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1.0

Introduction



This is the second Milestones Report published by the Australian Payments Clearing Association (APCA).

These Reports arose out of commitments made by APCA in its 2012 paper, *The Decline of Cheques: Building a Bridge to the Digital Economy* (the Bridge Report), a report looking into the future of cheques following a continued sharp decline in cheque use by Australians.

The Bridge Report recognised that Australia is moving towards a “digital economy” and payments have been, and must continue to be, a part of that movement. The needs of current cheque users are intertwined with their participation in the emerging digital economy. Greater use of electronic payments is therefore a necessary bridge to the digital economy.

APCA made some Recommendations and Commitments in the Bridge Report, which were intended to support the move towards a digital economy. These included:

- Highlighting initiatives that promote access to online payments; and
- Making it easier for consumers, small businesses and not-for-profit organisations to utilise efficient payment alternatives to cheques.

APCA has undertaken to publish “milestone” reports on its website twice a year to map the progress of financial institutions and the community in moving payments facilities towards the digital economy and providing real alternatives to cheques.



2.0

Key Points



APCA's *The Decline of Cheques: Building a Bridge to the Digital Economy* (the Bridge Report) identified three key elements of the work required to build a bridge to the digital economy:

1. Managing the decline of cheques;
2. Realising the full benefits of the digital economy; and
3. Enabling full participation in the digital economy.

This Milestone Report highlights how these elements are being met. The key points are:

- The use of cheques in Australia is continuing to decline rapidly with a 13.3% drop for the year to June 2013 (compared to 12.5% to December 2012 as reported in the last Milestones Report).
- Cheque values remain more resilient, suggesting that higher value business cheques are more persistent than lower value personal cheques.
- The Bulk Electronic Clearing System (BECS) has moved to intra-day settlement, which will support faster movement of value in electronic payments.
- The use of mobile phones for payments is growing, with some financial institutions reporting online banking on mobile phones is for the first time exceeding banking done on desk-top computers.
- APCA is coordinating a digital cheque clearing strategy, which will see increasing efficiencies in the cheque processing system.
- The industry is developing new real-time payments infrastructure, which will improve electronic payments and provide another alternative to cheques.
- Initiatives to digitise paper-based processes, such as SuperStream and National e-Conveyancing have made significant advances.
- Australia has been identified by international organisations such as MasterCard as a leading nation in the move towards electronic payments.



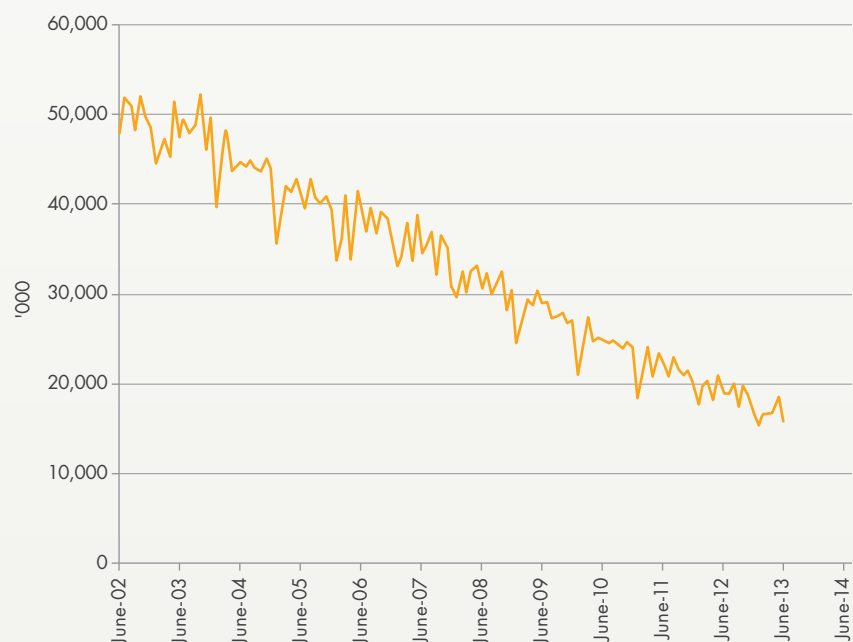
In the Bridge Report, APCA noted that cheque volumes have been steadily declining in Australia since the mid-1990s. More recent figures indicate that the decline is continuing at a rapid rate.

3.1 Cheque Volumes

Between June 2012 and June 2013, the number of cheques written dropped by 13.3% from 241 million to 209 million per year (compared to 12.5% in one year in the last Milestones Report).

The decline of monthly cheque volumes since 2002 can be seen in the following chart.

Figure 1: Monthly Cheque Volumes in Australia, 2002-2013



Source: Reserve Bank of Australia

The monthly decline over ten years to June 2013 represents a 67% drop. The trend line suggests that based on current rate of decline, and assuming there is no levelling out before it reaches zero, there will be no cheques used in Australia by the end of 2017.

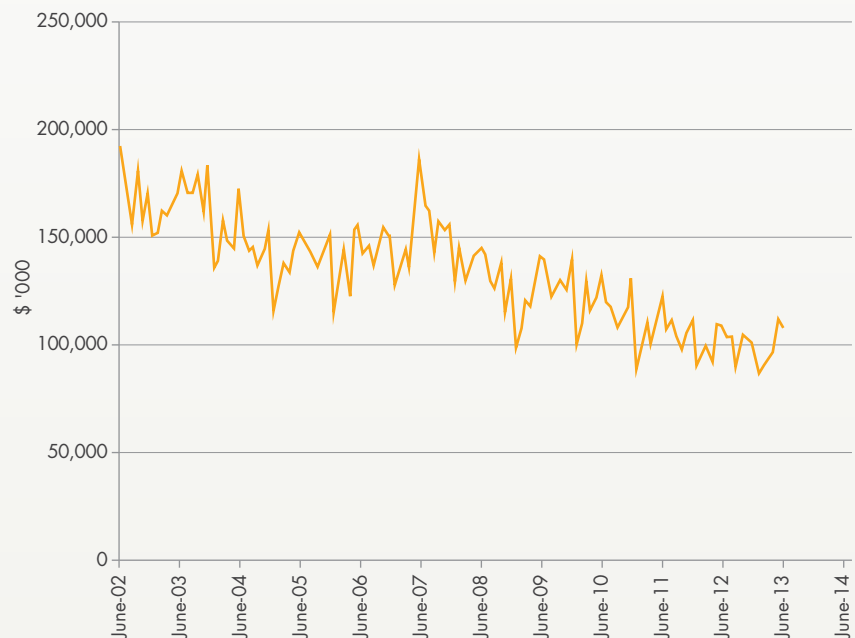
Worldwide, cheque volumes are also in decline according to figures released in September 2013 by the Committee and Payment Settlement System (CPSS) and published by the Bank of International Settlements. Using data from 19 countries, the CPSS found a decline in those cheque volumes from 31.6 billion in 2011 to 29.2 billion in 2012.¹

1. See page 445: <http://www.bis.org/publ/cps112.pdf>

3.2 Cheque Values

Overall, cheque values in Australia have remained reasonably resilient particularly when compared to the decline in volumes. This reflects the fact that cheques continue to be used in high value transactions such as property settlement (see section 5.3) and other business contexts, rather than lower value personal contexts.

Figure 2: Monthly Cheque Values in Australia, 2002-2013



Source: Reserve Bank of Australia

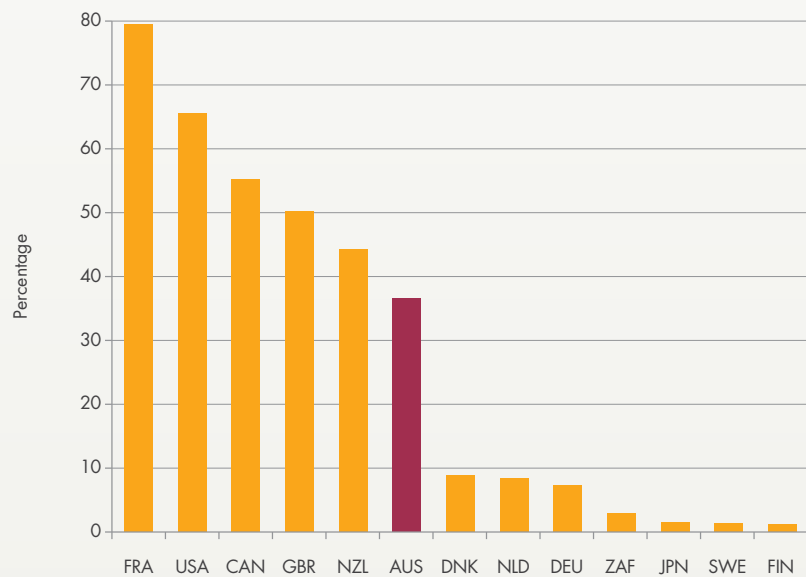
The monthly statistics from the Reserve Bank of Australia show a recent decline in cheque values (see chart above). The RBA has collected these statistics since 2002 and highlighted a peak in monthly cheque values of \$187 billion in June 2007. This has declined significantly to current monthly figures of between \$90 billion and \$110 billion being observed since the middle of 2011. These cheque statistics indicate a 37% drop in cheque values over ten years to June 2013 (a 3.6% drop between the year ending June 2012 and the year ending June 2013).

3.3. Cheque Use

In December 2012, the World Bank released detailed country level data from its Global Financial Inclusion (Global Findex database). The Global Findex is the first public database of indicators that consistently measure people's use of financial products across economies and over time. Though designed to assist financial inclusion initiatives in developing economies, the Global Findex also contains useful data on developed economies.²

According to the Global Findex, in 2011, 36% of Australians over the age of 15 used a cheque to make a payment. This roughly aligns with, though is slightly higher than, the 25-30% community cheque usage identified in the original June 2011 Future of Cheques Consultation paper.

Figure 3: Cheques used to make payments,
Per cent of population age 15+, 2011 – Selected Countries



Source: World Bank Global Findex

On this basis, Australia compares very well against other markets that have historically used cheques such as France, the USA, Canada and the United Kingdom, where over half of the demographic still uses cheques.

Further analysis of the Global Findex data for Australia confirms the APCA June 2011 Future of Cheques findings that personal cheque users are disproportionately older Australians who live in rural and regional areas. For instance, the Global Findex data shows that nearly half of Australian rural respondents used cheques while only a third of urban respondents did so.

2. Global Findex data can be found at <http://datatopics.worldbank.org/financialinclusion/>



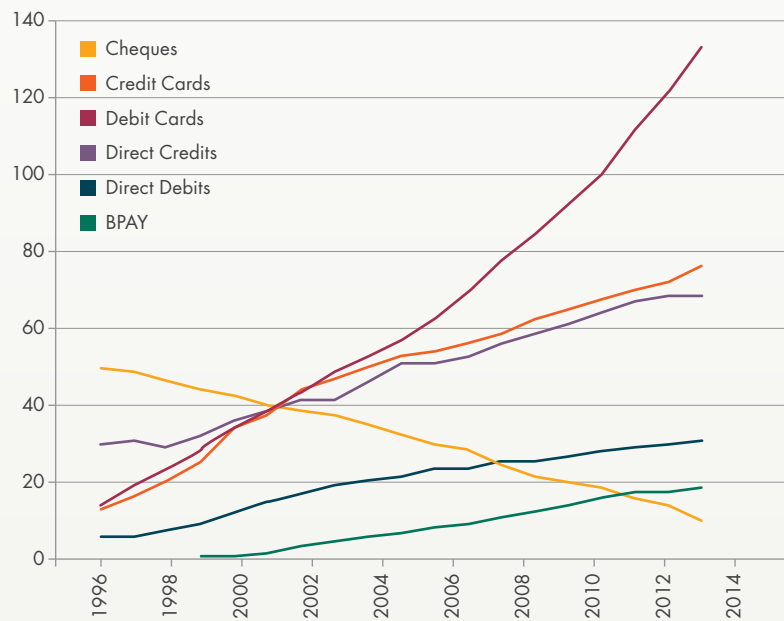
4.0

Digital Economy Metrics



Since 2012, cheques have become the least used form of non-cash payments, with the use of debit cards (Visa, MasterCard and eftpos) outstripping any other form of payments:

Figure 4: Volume of Australian Non-Cash Payments per Head of Population, 1996-2013



Source: Reserve Bank of Australia and APCA

Internet Use

According to the Australian Bureau of Statistics (ABS), Australia had 12.3 million internet subscribers – not including mobile handsets – at the end of June 2013, showing a 3% annual increase. The ABS reported that the percentage of Australian households with access to the internet at home has continued to increase, from 64% in 2006-07 to 79% in 2010-11.

Growth of Online Retailing in Australia

According to NAB's Online Retail Sales Index, in the 12 months to June 2013, Australians spent up to \$13.9 billion online. This represents about 6.2% of total retail spending. The growth rates of online retailing are particularly impressive registering 14%, with traditional retailing only growing 2.4% for the similar period.³

The ABS reported that the proportion of people using the internet to purchase or order goods or services continued to increase. In 2010-11, 68% of internet users had used the internet to purchase or order goods or services for private purposes, up from 64% in 2008-09.⁴

Growth of Online Banking

The Australian Communications and Media Association (ACMA) reports that banking represents the third largest online activity undertaken in Australia, after communications (emails etc) and research, and the percentage of users has been steadily increasing.⁵

According to the Australian Prudential Regulatory Authority (APRA), the number of bank branches has declined slightly over the past year as a greater number of customers use the internet and mobile phones to do their banking.⁶ The total number of bank branches around the country stood at 5,582 at the end of June 2013, a decline of 50 or about 1% when compared to the previous year.⁷

3. <http://business.nab.com.au/wp-content/uploads/2013/08/nab-online-retail-sales-index-06-2013.pdf>

4. <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/B422B057A725F8A4CA25796600152CB3?opendocument>

5. ACMA Communications report 2011–12 series, "Report 2—Australia's progress in the digital Economy: Participation, trust and confidence"; at page 17

6. <http://www.apra.gov.au/adi/Publications/Documents/2013-POP.pdf> at page 4.

7. *Ibid.* at page 6.

MasterCard includes Australia in elite group of “Nearly Cashless Countries”

In September 2013, MasterCard Advisors released its “Cashless Journey” Study.⁸ Using World Bank data as well as other sources, the report examined 33 countries and assessed their readiness and trajectory to become “effectively cashless”. While recognising that 85% of retail transactions worldwide are by cash, the report notes that paper-based payments are rapidly being displaced by card and electronic payments.

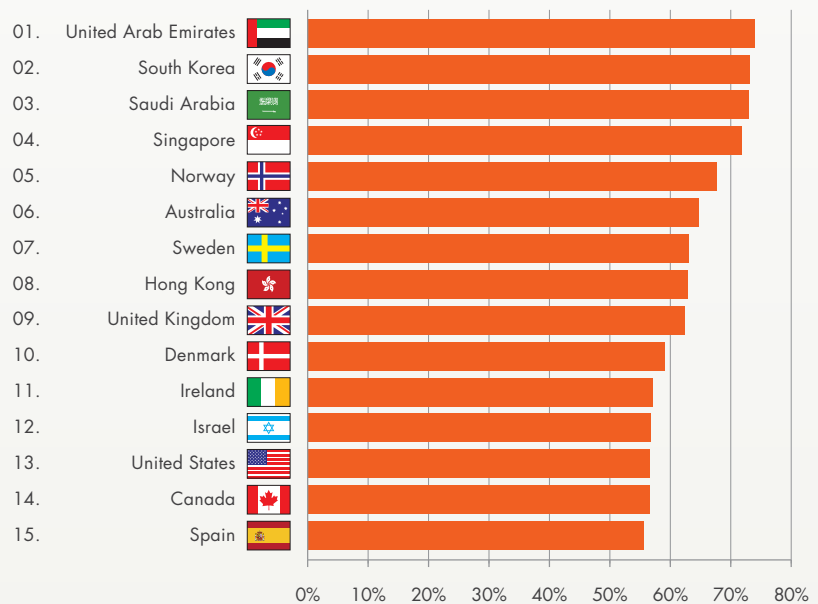
The MasterCard report locates Australia, along with Belgium, France, the Netherlands, United Kingdom, Sweden and Canada, within an elite group of “Nearly Cashless” countries – where use of non-cash alternatives are well-established and dominant.

Smart Phones

In the May 2013 Milestones Report, we noted that access to the internet by mobile phone is increasing in popularity in Australia.

Australia is ranked 6th in the world when it comes to smart phone penetration:

Figure 5: Smartphone Penetration, Selected Countries, 2013



* Sample sizes were 1,000 for all countries except Ireland at 900 and Saudi Arabia and UAE at 500

Source: <http://mashable.com/2013/08/27/global-smartphone-penetration/>

8. <http://www.mastercardadvisors.com/cashlessjourney/>



5.1 Cheque Processing Efficiencies

APCA will investigate ways to improve the efficiency of cheque processing.

In the Bridge Report, APCA found that many of the costs of cheque processing are fixed and will remain high even as cheque volumes decline.

Members of the Australian Paper Clearing System (Australia's cheques system) have agreed to progress an industry project on the dematerialisation of cheques in the clearing process – digital cheque clearing – with completion anticipated in 2015. This will enable images of cheques to be captured at branches or centralised hubs and processed electronically, removing the need to physically transport cheques as part of processing.

However, these initiatives will only address costs in the short term and will not deal with the longer term problems of declining cheque use and the infrastructure require to support cheque processing. In its submission to APCA's public consultation on the future of cheques, the RBA raised the fact that many consumers use cheques because they are inexpensive, with the costs falling on the payer and the financial institutions responsible for processing the cheques.⁹ The RBA goes on to say that:

One possible response by market participants would be a change in pricing structure, with financial institutions and large recipients of cheques passing their costs on to the payers in a transparent way.¹⁰

Overseas, there are examples of price incentives having the effect of dampening cheque demand. In Ireland, the government introduced a number of measures to eliminate cheques, including a decision to no longer use cheques in government departments by 2014 and introducing a stamp duty on cheques.¹¹ While still having the second highest rate of cheque use in Europe (after France), cheque use has begun to decline. The unilateral introduction of pricing on cheques by financial institutions in Sweden and Norway had such an impact in these countries that cheques use is now negligible.¹²

In Australia, providers of cheque accounts have the freedom to respond to cost pressures as they see fit. While the industry initiatives relating to digital cheque processing outlined above will help keep costs down, it is logical to expect a market response from individual participants as cheque volumes continue to decline.

9. http://www.apca.com.au/Consultation/Submissions/Submission_RBA.pdf

10. *Ibid.*, at page 3

11. <http://www.centralbank.ie/press-area/press-releases/pages/centralbankresearchfindshighlevelofchequeusageinireland.aspx>

12. Nyberg, L. and G. Guibourg (2003), 'Card payments in Sweden.' *Economic Review* 2003:2, Sveriges riksbank, pp. 29-30; <http://www.centralbank.ie/publications/Documents/The%20Usage,%20Cost%20and%20Pricing%20of%20Retail%20Payments%20in%20Ireland.pdf>

5.2 Superannuation

APCA will continue to work with Government and superannuation sector stakeholders on the SuperStream reforms.

As originally proposed in the 2010 Cooper Review of Superannuation, SuperStream is a package of measures designed to bring the back office of superannuation into the 21st century. Its key components are the increased use of technology, uniform data standards, use of the tax file number as a key identifier and the straight through processing of superannuation transactions.

In July 2013, new data standards and processes for the electronic exchange of rollovers between superannuation funds came into effect. This includes a requirement that the payments be made electronically, either through direct entry or BPAY. There is a six-month transitional period, with all rollovers between APRA-regulated funds being made electronically by the end of 2013.

From July 2014, employers with 20 or more employees will similarly be required to make contributions electronically. This extends to all employers by July 2015 with a transition period for standardised electronic superannuation contributions by July 2016.

APCA remains involved through participation on Commonwealth Treasury working groups, providing assistance on payments and self-regulatory governance issues.

5.3. National E-Conveyancing

APCA will provide relevant assistance to the work of the National E-Conveyancing Development.

APCA's Bridge Report identified the property and real estate sector as a business sector using a higher than average number of cheques. This is mostly a result of property settlement where many cheques may be used to disburse proceeds from a single sale.

The National E-Conveyancing Development Limited (NECDL) is a private corporation set up by State and Federal Governments to develop and implement an electronic system for property transfers and settlement across Australia. A number of private corporations have also joined the venture.¹³

NECDL has established the Property Exchange Australia (PEXA) as a platform for electronic property exchange, and this was successfully launched in June 2013 with the first electronic discharge of a mortgage taking place in Victoria. This transaction, which would normally have taken two weeks, took 10 minutes to complete. This represents the successful implementation of phase one of e-conveyancing: the settlement of transactions within financial institutions.

Data is not available on what percentages of cheques are used in property settlement procedures, but the impact of phase two of NECDL's project may well be identifiable in cheque data and APCA will continue to monitor this in future Milestones Reports. Phase two represents the extension of the e-conveyancing process to settlements between financial institutions.

¹³ For more information, go to <http://www.necd.com.au/>



6.0

Realising the Full Benefits of the Digital Economy



6.1 Other Commitments and Other Initiatives

APCA will develop a new payments system roadmap in 2012.

APCA will develop an industry policy position on enhanced messaging for electronic payments in 2012.

There has been rapid progress in developing a clear way forward on enhanced messaging for electronic payments and electronic alternatives for cheques.

2012 saw the release of the Reserve Bank of Australia's "Strategic Review of Innovation in the Payments System: Conclusions" paper.¹⁴ This paper identified a number of strategic objectives for the payments system, all of which will improve the convenience and value of electronic alternatives to cheques.

These strategic objectives include:

- Same-day settlement of all Direct Entry payments (by end 2013);
- Real-time retail payments (by end 2016);
- Ability to make out-of-hours ("24/7") payments (by end of 2016);
- Send more complete remittance information with payments (by end of 2016); and
- Address payments in simple manner (by end 2017).

Same-day settlement has been successfully implemented by the industry in late November 2013. Faster movement of value between financial institutions allows more of them to give customers faster access to cleared funds. This convenience will further enhance the benefits of electronic payments over cheques.

On real-time payments, the payments industry responded with its February 2013 Real-Time Payments Proposal, which broadly adopts the second, third, fourth and fifth strategic objectives above. This led to the New Payments Platform Program, which commenced in June 2013.

The New Payments Platform (NPP) is new infrastructure for Australia's payments system. By 2016-17, it will provide Australian businesses and consumers with a fast, versatile, data-rich payments system for making their everyday payments.

¹⁴ <http://www.rba.gov.au/payments-system/reforms/strategic-review-innovation/conclusions/index.html>

The NPP will comprise a basic infrastructure that will allow payments to be made quickly between financial institutions and their customers' accounts. The platform will enable funds to be accessible almost as soon as payment is received – even when the payer and payee have accounts at different financial institutions.

As well as being fast, the NPP will be versatile. The basic infrastructure will support various “overlay” services – specially tailored services which individual financial institutions may choose to offer their customers.

This multi-layered infrastructure has been designed to promote competition and drive innovation in payment services. It ensures the NPP will be equipped to meet the evolving needs of Australians in the digital age – and beyond. This will provide access to the instant face to face transfer of value, replacing the need to be able to write cheques as a guarantee of a commitment to pay (such as in an auction situation where an unknown amount of a deposit needs to be made available upon a successful bid).

The NPP is overseen by an industry steering committee of senior representatives from the Australian banking and mutual sector, an alternative payments provider, the Reserve Bank of Australia and APCA. An independent Chair was appointed in September 2013.

The Steering Committee has appointed KPMG as program manager to the project to ensure a well-resourced, highly collaborative industry program, with the intention being that Phase 1 (Design and Plan) will conclude in early 2014 with the delivery of detailed business and technical requirements, plan and budget.

6.2 Government Policy

APCA encourages Federal, State and local government develop cross-government policies for payments use that promote electronic payments.

APCA has continued to liaise closely with the Commonwealth Treasury on ways to promote electronic payments across all areas of government, particularly through the Council of Australian Governments (COAG) or through one of its sub-committees.



7.0

Enabling Full Participation in the Digital Economy



7.1. Promoting Digital Inclusion by Government

APCA recommends that payments be considered within future digital inclusion and digital economy policies.

7.1.1. Policy of New Government

The Coalition's Policy for E-Government and the Digital Economy, released in September 2013, touches on a number of areas relevant to digital inclusion.¹⁵ This includes a commitment to "convenient services anytime anywhere". The Coalition Government identifies 2017 as a realistic and achievable date where all major government service and interactions will be done online.

As well, the new Government's policy notes:

There are a number of cases where government leadership co-ordinating or facilitating agreement among private parties can accelerate digital activity – examples include standards for online authentication and identity verification of identity, new payments technologies using mobile devices, or consistent assurances for consumers regarding usage of private data. The role of government would not be to pick winners or lay down inflexible rules, but to encourage coordination and break impasses between conflicting interests.

In respect to payments, APCA similarly supports governments exploring the benefits of electronic payments and the potential for new technologies to assist service delivery. APCA also supports government playing a well-defined oversight role for payments, with industry self-regulation often better able to provide a flexible and market-based response to issues requiring coordination amongst industry participants.

On 20 November 2013, the Prime Minister Tony Abbott and the Commonwealth Treasurer Joe Hockey announced the commencement of the "root and branch" review of the Australian financial system.

The draft Terms of Reference for the Financial System Inquiry (FSI) are very broad with developments in the payment system receiving a specific mention. Other items relevant to digital economy and digital inclusion include "balancing competition, innovation and efficiency, with stability and consumer protection"; consequences of regulation; and the role of Government and financial regulators. The FSI is also specifically directed to consider the impact of new technology as a driver for change.

APCA intends to respond to the FSI and present a strong payments industry perspective. Relevant developments will be reported on in future Milestones Reports.

¹⁵ Available at <http://www.liberal.org.au/our-policies>

7.1.2. Department of Communications (DC)

The DC, formerly known as the Department of Broadband, Communications and the Digital Economy, is responsible for the roll-out of the National Broadband Network (NBN). APCA's Bridge Report identified that many rural consumers were unwilling or unable to utilise online payment alternatives to cheques because of the unreliability of internet connections and a lack of familiarity with computers. APCA remains of the view that the NBN roll-out could potentially provide reliability, speed and efficiency for online payments in remote areas of Australia that would address these consumer concerns.

As reported in the last Milestones Report, the DC is undertaking a programme of community education called Digital Hubs, aimed at consumers, small businesses and local government in communities where the NBN has been rolled out. Consumers are trained on the basic operations of online services, while small businesses and not-for-profit organisations are provided training on utilising the internet to improve their business operations, with one-on-one training also offered at a more advanced level.

Full details about the Digital Hubs Programme can be found on the DC website.¹⁶ Future expansion of the NBN has been suspended pending a review following the election of a new Government.

The DC has also introduced a website called Internet Basics specifically aimed at assisting the community with using the internet.¹⁷

APCA has offered to provide payments system-specific material to assist the DC.

7.1.3. Department of Human Services (DHS)

The DHS has introduced a Service Delivery Reform programme which encourages the use of online service delivery for its customers. This includes the creation of a number of smart phone apps that enable customers to interact with the DHS via mobile phones.

All beneficiaries dealing with the DHS are required to have bank accounts and to provide the necessary details to receive electronic payment of benefits.

¹⁶ See http://www.dbcde.gov.au/digital_economy/programs_and_initiatives/digital_hubs_program

¹⁷ <http://www.internetbasics.gov.au/>

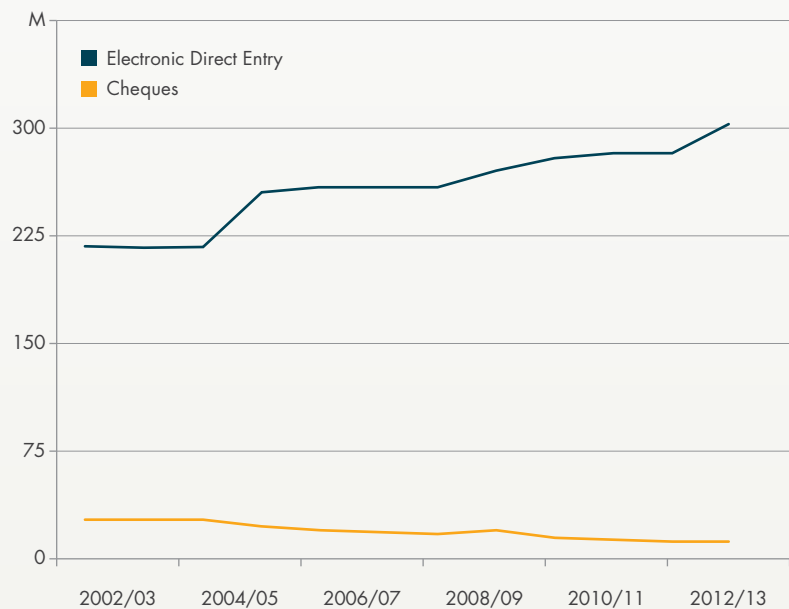
Commonwealth Government Cheque Use on the Decline

The Reserve Bank of Australia provides transactional banking services to a number of government agencies to recipients' accounts. The 2013 RBA Annual Report notes that some 315 million payments, totalling \$455 billion, were processed for government agencies in 2012-13. Cheques now make up less than 4 % of Government payments, down from 10 % a decade ago.¹⁸

7.1.4. Department of Finance

APCA recommended that the Government pursue a whole of Government approach to encouraging electronic payments across all Departments and to ensure cheques are not the only payment alternative offered. The outcomes of a review by the Department of its banking policy have not yet been released.

Figure 6: Annual Government Payments by Direct Entry and Cheque, Australia, 2002-2013



Source: Reserve Bank of Australia

18 <http://www.rba.gov.au/publications/annual-reports/rba/>

7.2 Legal

APCA recommends that policymakers and law reform bodies address regulatory barriers currently preventing a movement to electronic payments.

As previously reported, there are a number of pieces of legislation, both State and Federal, which mention cheques or in some way provide for cheques as the only form of payment available other than cash. It is important to note that the majority of these pieces of legislation do not mandate payment by cheques but were clearly written at a time when cheques were the only payment alternative to cash. The only exception is the Medicare Act which mandates certain payments to medical practitioners by cheque.

Prior to the change in Government, APCA wrote to the Attorney-General requesting that this issue be put on the Government's law reform agenda. Further discussions have been held with the Attorney-General's Department (AGD), which has undertaken to look into this issue.

7.3 Consumer Education

APCA will develop an education campaign on the benefits of existing telephone, electronic and online payments.

APCA believes that some of the initiatives already being undertaken by our members and the government (for example, see section 7.1.2 Department of Communications) clearly fulfil the area of consumer education and any additional campaign would be a duplication of work being undertaken elsewhere. APCA will continue to monitor developments to see whether additional education initiatives are needed.

7.4. Financial Institutions Promoting Financial Inclusion

APCA recommends that financial institutions review current EFT payment options and consider ways of improving access to these options, where necessary, for their customers, especially small businesses and not-for-profit organisations; and that financial institutions consider initiatives to provide assisted computer payment facilities in branches for customers to make online payments.

APCA updated its previous survey of its members on work undertaken to promote electronic payments to customers, the availability of in-branch computing facilities and any other initiatives underway towards facilitating the digital economy through the payments system.

Promotion of Electronic Payments

Financial institutions report that they continue to engage with small business customers, government and not-for-profit organisations to review cheque use: providing data on average industry/segment trends and the cost savings associated with moving to electronic payments. Many utilise relationship managers to promote electronic payments.

Financial institutions also report a number of incentives to promote electronic payments, including:

- Customer-to-customer real-time payments within financial institutions.
- Improved security measures allowing for larger direct entry transfers.
- Providing support for the National e-Conveyancing implementation.
- Incentives for cheque free accounts (including offering fee-free accounts or structuring fees to promote electronic banking).
- Promotion of mobile banking apps.

Access to Computers

While it has been reported that overall the numbers of bank branches are reducing,¹⁹ the nature of bank branches is changing from less traditional counter-service office to more open spaces with computers and staff assisting with electronic transactions. Some financial institutions have in fact increased the number of branches through the opening of these specialised branches.

Financial institutions report implementation of a range of initiatives to assist customers with their electronic and mobile banking.

¹⁹ <http://www.apra.gov.au/adi/Publications/Documents/2013-POP.pdf> at page 4.

Other Initiatives

Australian financial institutions launched a television commercial on a service called BPAY View that enables individuals to receive bills via online/mobile banking and then make payment electronically. Use is significantly up compared with the same time last year.

Many financial institutions will now only offer cheque books on request (as opposed to automatically issuing them when an account is opened).

Financial institutions are introducing initiatives to help the most vulnerable members of the community to build financial skills, knowledge and confidence, often partnered with community organisations. This promotes the use of online banking.

7.5 Cash Research

APCA will undertake preliminary research on the use of cash in Australia to obtain a more holistic understanding of payments use in Australia and explore possible policy responses for industry and government.

APCA has commenced a project that will look at current consumer use of cash as well as looking at ways to improve data collection on cash use. Both elements will provide for greater clarity on future trends in cash use.



8.0

Conclusion



As expected, the use of cheques in Australia is continuing to decline at a rapid rate. This is complemented by increasing use of electronic forms, and by significant developments towards even more convenient and efficient methods of electronic payment. We are on the bridge to the digital economy.

As APCA has observed previously, this is likely to create problems for consumers who still rely on cheques as it becomes harder to find acceptance for cheques as a means of payment. Financial institutions face challenges as the fixed costs of processing cheques remains high while volumes decrease. Efforts to minimise cheque processing costs are underway, but there remain longer term implications for the industry and consumers. It may be necessary for the government, industry and consumers to consider further measures to encourage the use of electronic alternatives by those who remain dependant on cheques. As cheque volumes continue to decline and the infrastructure required to process them remains, cost pressures on cheque providers may lead them to consider changes to the terms on which cheque facilities are provided.

APCA believes that there continues to be substantial progress towards meeting the Recommendations and Commitments made in the Bridge Report since it was released in May 2012. The most important factor in this has been the recognition by Government and financial institutions of the benefits of electronic payments and the various initiatives being undertaken that will further enhance the convenience of current electronic alternatives.

In particular, the development of the New Payments Platform by the payments industry and the RBA will present significant advancements in the use of electronic payments and likely be part of the solution.

APCA will continue to report on the progress of the Recommendations and Commitments in the next Milestones Report due for publication in the first half of 2014.

