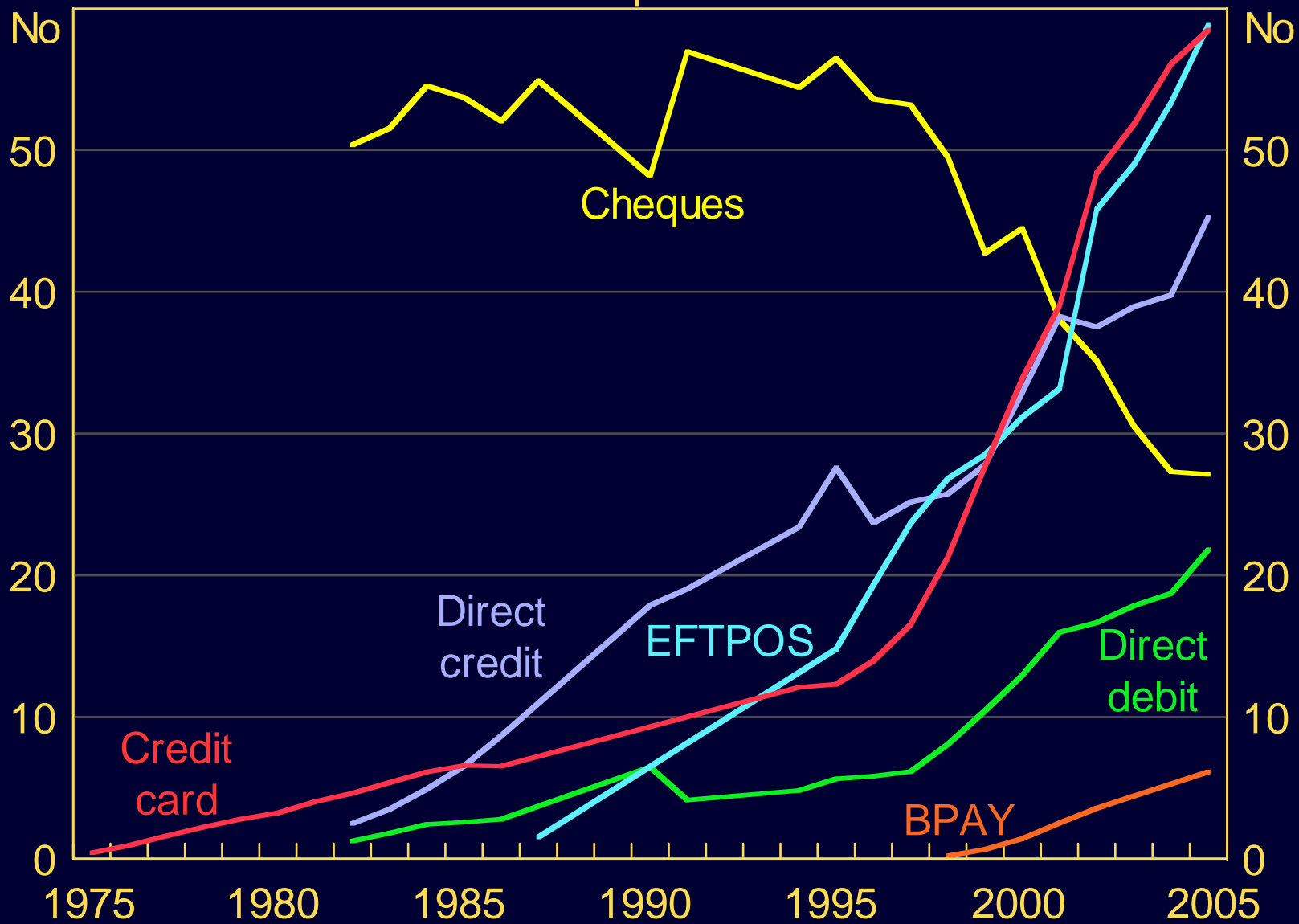


# Overview of Australia's Payment System

Nick Roberts  
Reserve Bank of Australia

# Payments per Capita

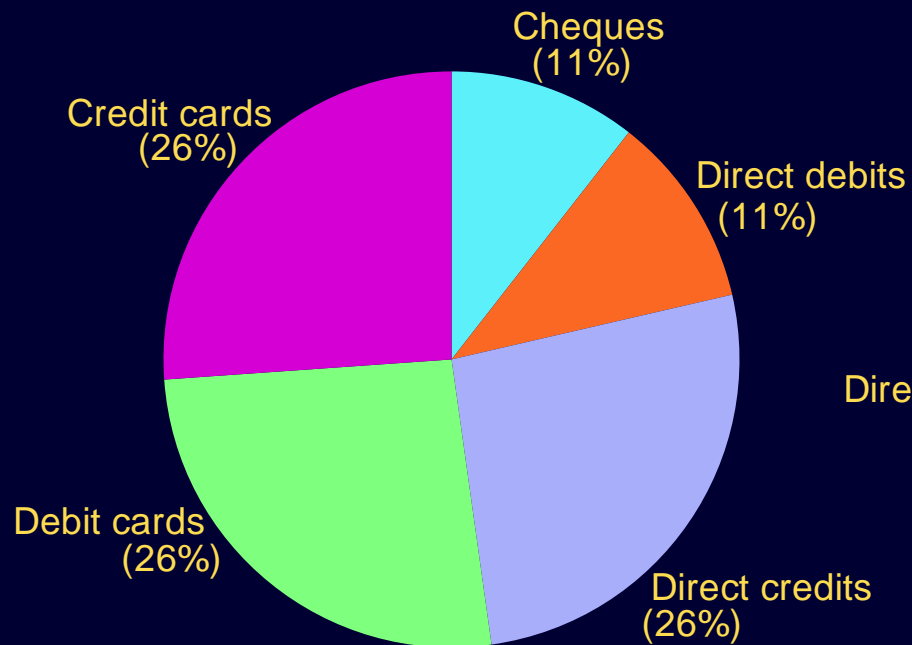
Number per annum



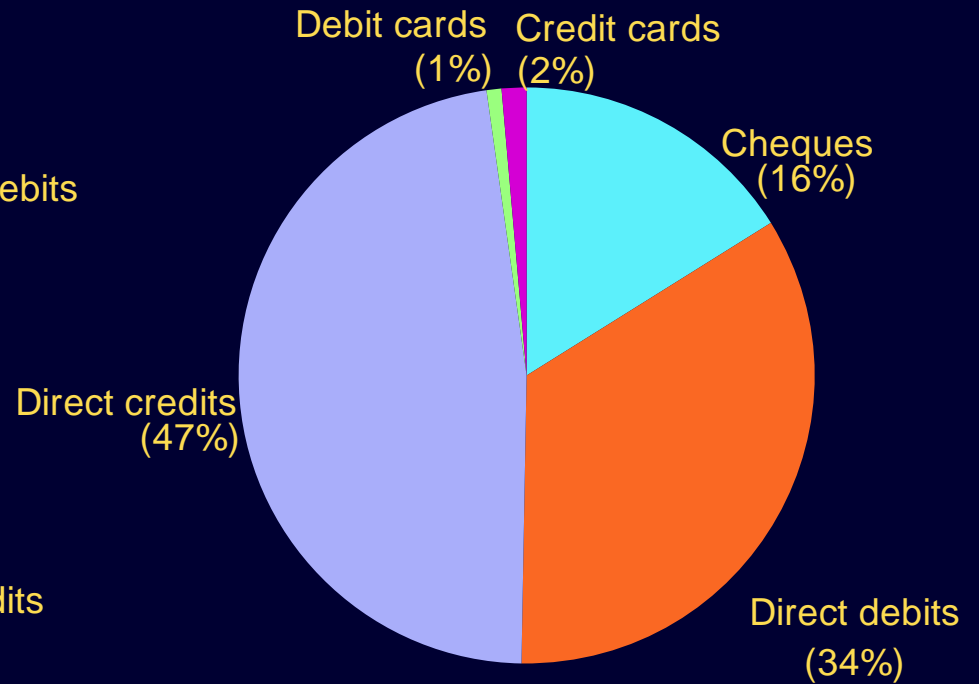
# Non-cash Retail Payments

Per cent, 2005

Number



Value



Memo item:  
RTGS payments  
(per cent of all  
non-cash payments)

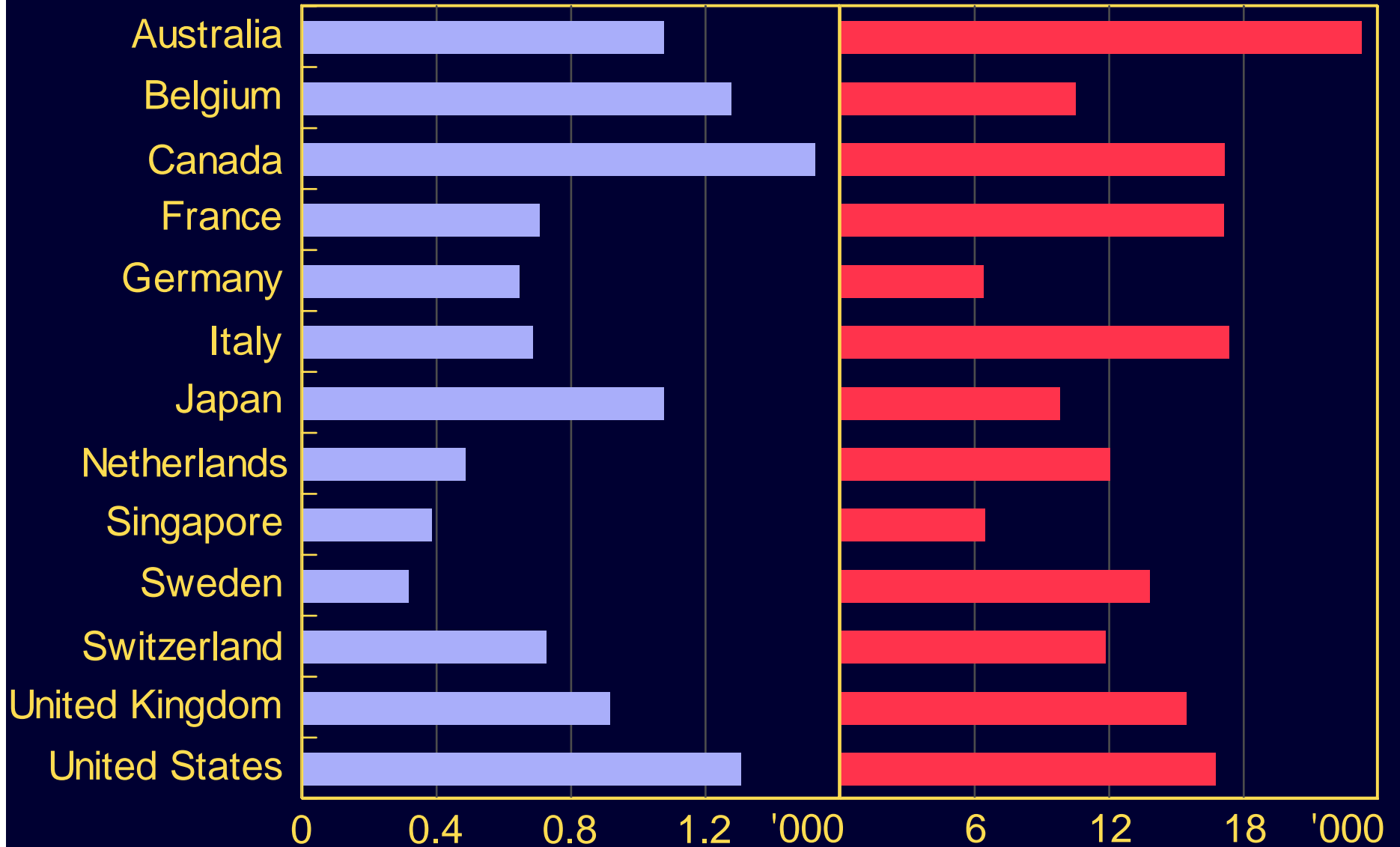
0.1

76.6

# Terminals Per Million Inhabitants 2004

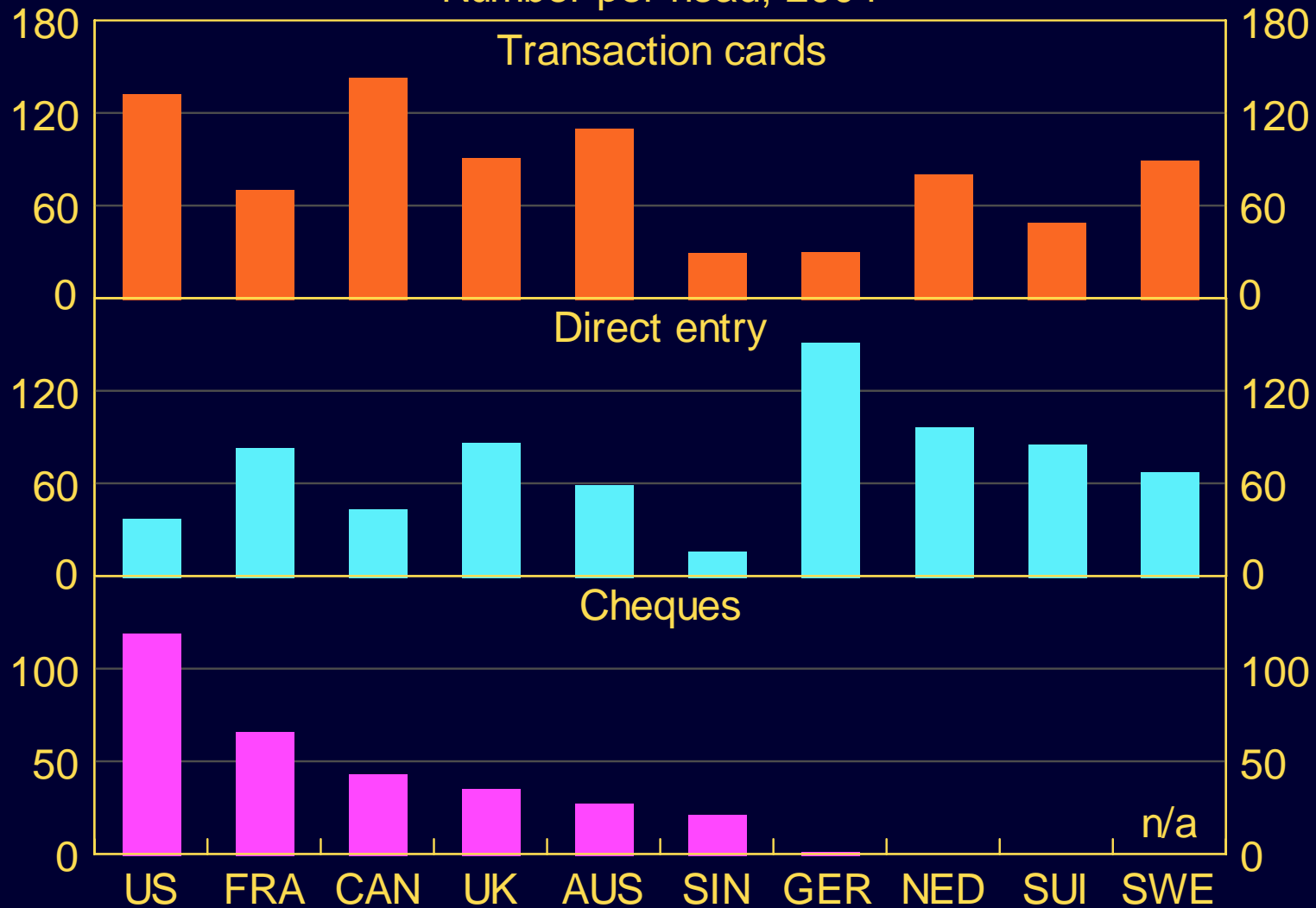
ATM

EFTPOS



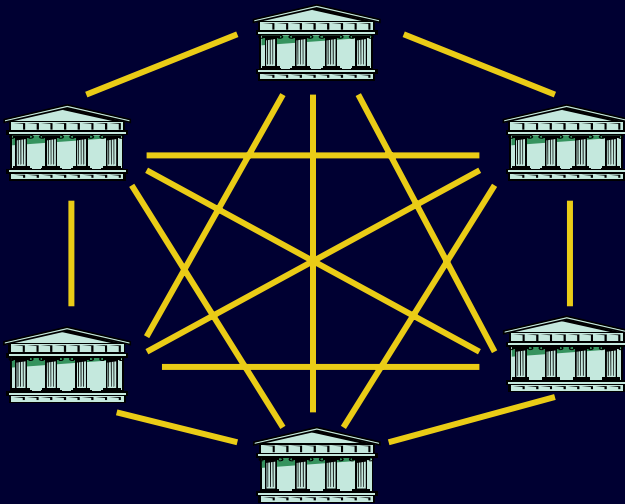
# Non-cash Retail Payments in Selected Countries

Number per head, 2004

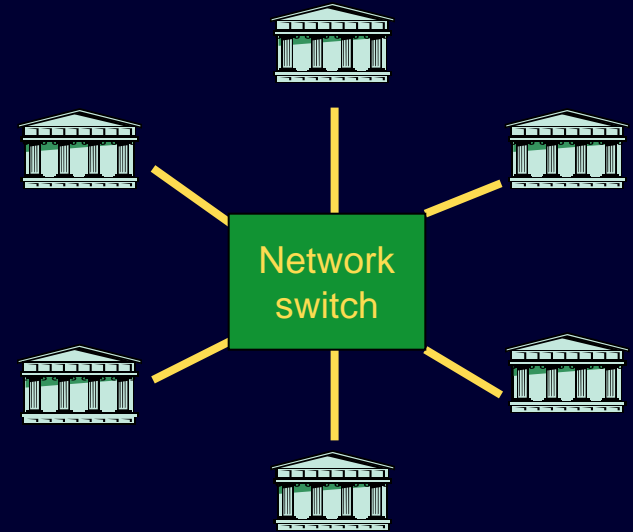


Sources: ABS; BIS; RBA

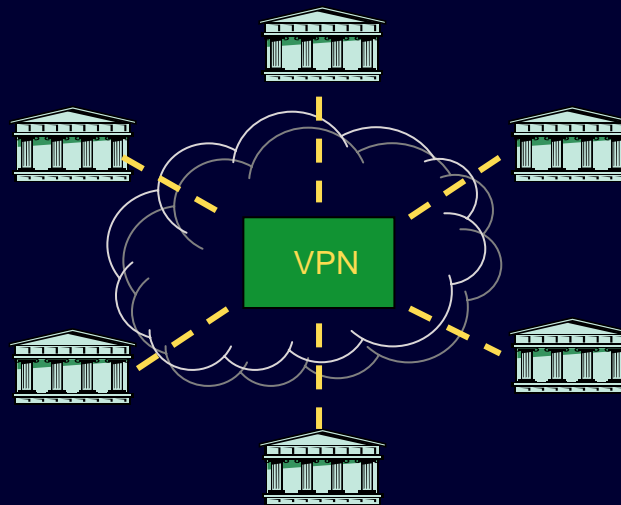
# Payment Systems Network Structure



a. bilateral



b. centralised

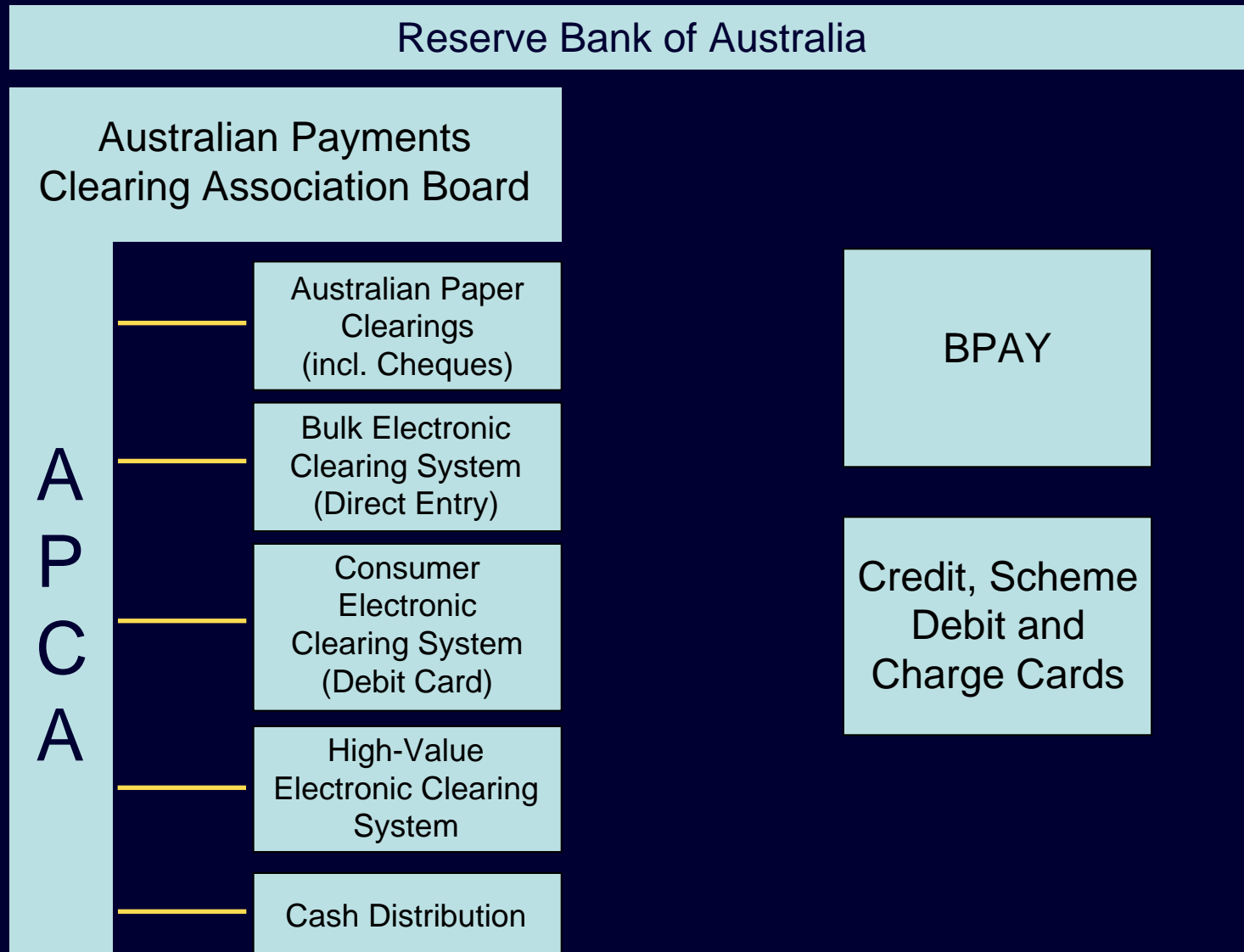


c. IP - based

—— Leased line connections

- - - IP connections to network

# Australia's Retail Clearing Systems



# Regulatory Framework

- Wallis Financial System Inquiry:
  - Considerable potential for increased efficiency
  - Access to all stages of the payments process should be liberalised
  - Wanted more defined governance - PSB



# Payments System Board

- Responsible for the Bank's payments system policy
- Regulatory powers to ensure safety, greater competition and efficiency in the payments system, consistent with overall financial stability
- Eight members
- Six members are not from the Bank

# Payment Systems (Regulation) Act

- Bank may designate payment systems
- Make standards
- Impose access regime
- Arbitrate disputes
- Give directions

# Co-Regulation

- *“The philosophy of the Bill is ... co-regulatory. Industry will continue to operate by self-regulation in so far as such regulation promotes an efficient competitive and stable payments system.”*
- RBA investigates and consults extensively before using powers under designation.

# Payment System Regulation and Competition Policy

- RBA has mandate to promote competition in payments
- More usually this mandate falls to a competition policy regulator
- Active rather than reactive

# Relationship with Competition Regulator (ACCC)

- Payments systems often rely on co-operative arrangements
- Arrangements between competitors potentially breach the Trades Practices Act 1974
- If judged in the public interest arrangements may be authorised by ACCC
- MOU between RBA and ACCC signed in September 1998

# MOU with ACCC

- ACCC is responsible for ensuring payment system arrangements comply with competition and access provisions of TPA
- If the RBA uses its powers to impose an access regime / standards then participants of the payment system are not at risk under TPA

# Oversight of Payment and Settlement Systems

CPSS Report sets out 5 key principles:

- Transparency: CBs to publish oversight policies
- International standards
- Effective powers and capacity
- Consistency
- Co-operation with other authorities

# Oversight in Practice

- CPSIPs commonly used for high value
- Process of assessment, seeking changes, sometimes publication
- Approaches to retail less uniform



# Retail Payments Oversight

- Responsibilities and powers of CBs vary
- No widely accepted principles for retail systems
- ECB, B of E, FED have used CPs or subsets
- Above are all system specific

# Approaches to Oversight

---

	<b>System</b>	<b>Broader</b>
Focus	Risk	Efficiency/risk
Which systems?	Values	Values/Numbers
Benchmark	Core Principles	Economic Concepts

---

Thank You