

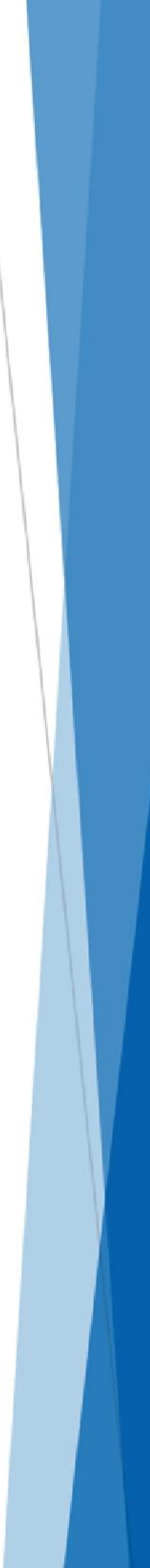


Australian Banking
Association



Draft vision for account-to-account payments in Australia

Consultation



Introduction

The Australian Banking Association (**ABA**) welcomes the opportunity to provide feedback on the draft vision for the future of account-to-account (**A2A**) payments in Australia.

Australia's A2A payments system is critical national infrastructure. It processes approximately \$20 trillion across the Australian economy each year, including wages, welfare, superannuation, taxes and many of the day-to-day transactions of households and businesses. Resilient, efficient and adaptable A2A payments are a condition of broader economic functioning, and a foundation for the productivity and competitiveness of the Australian economy over the next decade.

The vision adopted now will shape the industry roadmap that follows it, and the investment, governance and capability decisions taken under that roadmap, for years to come.

The ABA supports much of the substance of the draft vision, including the inclusion of end-user objectives and system characteristics, and the recognition that A2A payments serve both individual users and the broader economy. Our submission identifies six matters where, in our view, the vision would benefit from further refinement before it is finalised.

1. **Governance and funding.** The vision should establish a clear principle for the roadmap phase – decision rights aligned with capital commitment and operational risk – and explicitly consider the funding model which the draft currently leaves open.
2. **The national interest.** The vision should explicitly recognise the system's contribution to productivity, economic resilience and competitiveness, and reflect its strategic significance to Australia's national interest.
3. **Anticipate emerging technologies.** The vision should more explicitly consider the pace of technological change in the substance of the document, rather than treating that change as background context.
4. **Cost-effectiveness instead of low cost.** The third end-user objective should be relabelled "cost-effectiveness", consistent with the 2025 consultation.
5. **Ambiguities and tensions.** The vision identifies tensions between system characteristics and end-user objectives, but in places presents them as resolved when they are not.
6. **Commercial viability and system characteristics.** The drafting of section 4.5 should better reflect the system's capacity to fund the capabilities the end-user objectives demand, including in the economic terms of integration with value-adding services and capabilities.

1. Governance and funding

Governance is one of the most important matters the vision will shape. Chapter 5 sets out a sound set of principles, and the detailed governance arrangements for the roadmap and delivery phase are appropriately developed through that work rather than fixed at this stage. There are, however, some matters of principle that the vision should clarify before the roadmap begins.

1.1 Inclusive input on direction; aligned decision-making for delivery

The Roundtable model, with broad stakeholder engagement, has been an appropriate vehicle for developing a vision. Direction-setting for a national payments system should draw on the widest possible input – including end-users, providers, and regulators. The vision correctly preserves that approach for ongoing stakeholder consultation.

The roadmap phase is a different undertaking. It will require decisions about which infrastructure to build, which standards to adopt, which capabilities to develop in what sequence, and how those investments are funded. Those decisions commit capital, create operational risk, and bind participants to outcomes for years. They require key decision rights that are clear, accountable, and aligned with the participants carrying that commitment.

Section 6.2 of the draft states that decisions on shared infrastructure should be *“shaped through coordinated industry governance, ensuring no participant optimises decisions for their own interests at the expense of the system as a whole”*. The ABA supports this framing. The corollary, which the vision should also reflect, is that governance arrangements should not ask participants who fund and bear operational risk for the system to underwrite outcomes they do not have a meaningful role in shaping. Inclusive consultation continues alongside, but it is distinct from the locus of decision-making.

1.2 The funding model

The draft variously implies that industry will design, deliver and fund the system; that public sector agencies will participate in governance and *“uphold the public interest”*; and that pricing should be low for end-users while remaining commercially sustainable for providers. In practice, these elements may not reconcile cleanly.

The question this leaves open is the relationship between funding the system and directing it. Any system where the direction and economic terms are set separately from the parties that fund it and carry its operational risk asks those parties to invest on terms they do not shape and is unlikely to be durable.

The vision need not resolve every detail of funding at this stage. It should, however, be explicit about the basis on which the system is to be funded, so that the governance and economic arrangements that follow rest on a settled footing rather than an assumed one.

1.3 The vision should avoid pre-empting roadmap-level decisions

The vision is a strategic document. Specific features, capabilities and technical standards are properly determined through a properly governed roadmap process, not through the vision. Some elements of the current draft – particularly the more detailed feature and standard listings in chapter 4 – read as predetermined positions on matters that the roadmap should resolve.

Recommendation 1. Chapter 5 of the vision should be expanded to establish the following principles:

- Inclusive consultation on direction-setting is preserved.
- For the roadmap and delivery phase, critical decision-making should be proportionate to the contribution and operational risk borne by participants.
- The vision explicitly considers the basis on which the system is to be funded, so that decision rights and economic terms align with the contribution and operational risk participants carry.
- Roadmap-level decisions on specific features, capabilities and standards are reserved for the roadmap phase.

Case study: Singapore – defined and aligned governance

In June 2025, Singapore consolidated the governance of its eight national payment schemes – including FAST, PayNow, Interbank GIRO, SGQR, eGIRO and cheque clearing – into a single entity, Singapore Payments Network Limited (SPaN). Oversight had previously been distributed across MAS, the Association of Banks in Singapore (ABS), the Singapore Clearing House Association and the Infocomm Media Development Authority. The fragmentation was identified as inhibiting policy alignment, pace of development and technical integration across the system.¹

SPaN's initial members are MAS and Singapore's seven domestic systemically important banks. Its 11-member board comprises two MAS representatives, five bank and non-bank financial institution representatives, and four independent industry directors. MAS chairs the board, while banks and other industry participants have formal representation in the governance structure and industry committees are expected to support strategy development.²

The model gives effect to two principles in the same structure: alignment between funding contribution and governance, while retaining the role of MAS in providing public-sector strategic and regulatory authority.

¹ The Digital Banker, "MAS and ABS launch SPaN to unify and future-proof Singapore's national payment infrastructure", 30 June 2025; FintechFutures, "Singapore incorporates new SPaN entity to govern national payment systems", 27 June 2025.

² Monetary Authority of Singapore and Association of Banks in Singapore, "MAS and ABS Announce the Incorporation of New Payments Entity – Singapore Payments Network (SPaN) – to Position National Payment Schemes for Next Stage of Growth", media release, 25 June 2025.

2. The vision should elevate the national interest

The draft vision is framed around outcomes the A2A payments system should deliver to end-users. End-user outcomes are an appropriate measure of how the system performs in service, but they do not capture the broader national interest in getting this system right.

2.1 The national economic interest

A2A payments are foundational to the Australian economy. In addition to the end-user objectives, the vision should explicitly recognise the economy's reliance on the A2A payments system across three dimensions:

- **Productivity.** A2A payments are an enabler of economic activity. Friction in payments produces friction in business processes, government administration and cross-border commerce. Improvements in payments capability translate into productivity gains that flow through the economy.
- **Economic resilience.** The A2A system underpins wages, welfare, taxation and business-to-business commerce. Sustained, predictable operation is a condition of broader economic functioning; disruption has consequences well beyond the system's direct users.
- **Competitiveness.** Comparable economies are investing in faster, smarter and more capable payment systems. The opportunity cost of a slower or less capable Australian system accrues to the broader economy, not only to A2A end-users.

These should be anchored in chapter 2 of the vision alongside the purpose statement. The framing matters because it establishes the basis on how the system is treated in policy discussions on the broader economic environment in which payments operate, and in the prioritisation of payments reform against other national priorities.

2.2 Sovereignty in the payments system

Australia has a national interest in ensuring the rules and settings that govern its payments system are determined domestically, informed by the interests of Australians. The vision should therefore commit to sovereignty as a guiding principle, understood in these terms: regulatory settings and decision-making for the A2A system should ensure all participants – domestic and foreign – are able to compete on a level playing field. This is consistent with the direction other comparable economies are taking, and necessary if Australia is to retain the policy space to make sovereign choices about its payments infrastructure in the years ahead.

Recommendation 2. Chapter 2 of the vision should:

- Recognise the broader national interest in A2A payments – productivity, economic resilience and competitiveness – alongside end-user outcomes.
- Adopt sovereignty as a guiding principle – regulatory settings and decision-making that ensure a level playing field for all participants.

The vision should anchor these implications in chapter 2 alongside the purpose statement. This positioning framing matters because it establishes the basis on which the system is treated in discussions on national capability, investment and resilience.



Case study: Canada – payments and the national interest

The Real-Time Rail is framed by Payments Canada and the federal government as critical national infrastructure. Payments Canada has stated that “payments must be a part of [the] conversation” on sovereignty and nation-building.¹

The Hon. François-Philippe Champagne, Minister of Finance and National Revenue, in announcing expanded access to the system in September 2025, framed payments infrastructure as foundational to “a stronger, more connected Canadian economy”.³

The Real-Time Rail currently being delivered is positioned by Payments Canada as critical national infrastructure. In its October 2025 commentary on the federal government’s nation-building agenda, Payments Canada stated that “payments must be a part of [the] conversation’ on sovereignty.”⁴

It’s also notable that the Real-Time Rail’s public policy framework, directed by the Bank of Canada and the Department of Finance, commits the system to fostering “fair and transparent pricing”⁵ (see **section 4**).

3. The vision should be more anticipatory of emerging technology changes

The vision is largely retrospective. It codifies the current understanding of A2A payments – what exists today, what works, what end-users expect. The technological environment is moving rapidly. Artificial intelligence in payments, agentic commerce, digital identity frameworks, asset tokenisation and machine-to-machine (**M2M**) payments are emerging now and will reshape how payments are made, by whom and on what terms over the next decade.

The vision should more explicitly anticipate these developments. Chapter 8 of the draft acknowledges these technologies as context but broadly treats them as background. Their implications need to be addressed in the substance of the vision – particularly in the system characteristics – so that the design of A2A payments accommodates change rather than catches up with it.

Interoperability with digital assets is an important example. The draft itself anticipates digital assets becoming a “parallel value layer” (chapter 8). Tokenised deposits, stablecoins and other digital assets will increasingly sit alongside A2A payments, and part of the system’s future value will depend on its ability to interoperate with them on terms aligned to Australia’s national interest.

The United Kingdom’s National Payments vision, published by HM Treasury in November 2024, is an example of this framing in practice. The UK vision is directed explicitly at supporting innovation, growth and

³ Payments Canada, “Expanded access to critical payment infrastructure will drive competition and growth for Canada”, media release, September 2025, quoting the Hon. François-Philippe Champagne, Minister of Finance and National Revenue.

⁴ Payments Canada, “Pay attention to payments”, October 2025.

⁵ Payments Canada, “Public policies”

continued adaptation to technological change, and provides a coordinated forward-leaning agenda for the FCA, the Payment Systems Regulator and the Bank of England.

Recommendation 3. The vision should commit explicitly to being anticipatory, with the system characteristics designed to accommodate rapid technological change.

4. Reframe the third end-user objective from ‘low cost’ to ‘cost effectiveness’

The 2025 consultation paper used “cost-effectiveness” for the same objective, anchored in the RBA’s Public Interest Framework, with reference to costs being reasonable, non-discriminatory and affordable. The findings report from that consultation recorded that several stakeholders observed “cost-effectiveness must mean more than just low transaction fees” and should consider the total cost of participation across the system.⁶ The draft vision has narrowed this to “low cost”. The reasons for this change are not set out.

The current “low cost” framing presents several issues versus a broader objective like “cost-effectiveness” or “value for money”.

4.1 “Low cost” does not align to the vision’s own definition

Section 3.3 of the draft defines “low cost” through four sub-points: affordable, competitive, predictable, transparent. Three of these are not, in themselves, about price level.

- *Competitive pricing* is calibrated to market alternatives and the value being delivered.
- *Predictable pricing* is about stability over time.
- *Transparent pricing* is about whether end-users can understand and compare costs.

The substance the vision is trying to deliver under this objective is broader than “low cost” suggests; the headline therefore misrepresents its substance.

4.2 “Low cost” is not aligned with established payment policy frameworks

Cost is a relative concept – measured against the service delivered and the cost of providing it. Mature payment policy frameworks reflect this. The RBA Payments System Board’s efficiency objective is expressed in cost-effectiveness and transparency. Canada’s Real-Time Rail public policy framework commits the system to “fair and transparent pricing” that “allows for fair competition among all participants to enable the development of innovative products and services that meet the needs of businesses and consumers at a competitive price point”⁷. In both frameworks, pricing is treated as a question of value.

4.3 The objective as presented could lead to unintended consequences

“Low cost” as a headline objective tends to be interpreted in practice as economic compression at the layer the system is funded from. Where that interpretation takes hold, the predictable consequence is that economic value migrates upward – to the value-adding services and capabilities that build on the core, such as digital wallets, gateways, identity and authentication. These services enhance the payment without being

⁶AusPayNet and AP+, Findings Report: Public Consultation on the Future Vision for Account-to-Account Payments in Australia, November 2025, section 3.1.3.

⁷ Payments Canada, “Public policies”.



the payment itself, and the commercial returns on them are less visible and less constrained. The participants funding the core infrastructure are then asked to invest in safety, resilience and innovation on diminishing economics.

The card system offers a direct parallel. Compressing interchange in Australia, the United Kingdom and Europe did not remove cost from the system so much as relocate it – into scheme fees and into the value-adding layers above the card rails, digital wallets and the global card schemes among them, which largely sit outside the regulatory perimeter and where end-user prices have not fallen in step.

Case study: India – low cost in the UPI

In 2020, the Government of India mandated a 0 per cent merchant discount rate (**MDR**) on UPI transactions. The consequences for the system have become increasingly invisible.

In its written submission to the Parliamentary Standing Committee on Finance in March 2026, the Department of Financial Services (**DFS**) stated that "the absence of MDR makes the UPI ecosystem financially unsustainable"⁸. The Government has spent approximately ₹1,500 to ₹3,500 crore annually in subsidies to partially offset costs the industry can no longer recover. Yet this compensating incentive scheme covers only 11 per cent of actual industry costs and 14 per cent of the MDR revenue forgone by the industry.¹

The DFS forecast that UPI's annual volume growth would fall from 42 per cent in FY 2024-25 to 25 per cent in FY 2025-26, "impacting long-term investment in infrastructure, security and merchant onboarding".¹ The Parliamentary Standing Committee recommended the re-introduction of MDR on a tiered basis.

Concentration in the value-adding app layer has been a parallel development. Two foreign-owned value-adding services – PhonePe (owned by Walmart) and Google Pay – together account for approximately **85 per cent** of UPI transactions by volume. As of November 2024, PhonePe held 47.8 per cent market share and Google Pay 37 per cent⁹. The 30 per cent market share cap NPCI introduced in 2020 has been extended three times because the dominant providers remain well above it¹⁰. While the zero-MDR principle still applies to standard account-funded UPI merchant payments, merchant costs have been introduced around UPI through PPI/wallet-funded transactions above ₹2,000, payment-gateway platform fees, merchant devices, and value-added services.

⁸ Department of Financial Services, Government of India, written submission to the Parliamentary Standing Committee on Finance, March 2026, cited in Medianama, "Parliamentary Committee Pushes MDR on Large UPI Merchants", 13 March 2026.

⁹ NPCI / Reuters data, November 2024, cited in Reuters, "NPCI delays UPI payments market share cap in relief for PhonePe, Google Pay", 31 December 2024.

¹⁰ NPCI circular extending the third-party application provider volume cap deadline to 31 December 2026, issued 31 December 2024.

4.4 What “cost-effectiveness” should mean

The third end-user objective should be relabelled “cost-effectiveness”, with the underlying definition including three elements:

- Prices reflect the cost of providing the service and the value end-users derive from it.
- Affordability of core payment functions is preserved, calibrated to service quality, customer protections and the obligations the price funds.
- Cost discipline applies across all layers of the system, including to value-adding services.

This reverts to the formulation in the 2025 consultation, retains the four sub-points already in the draft (affordable, competitive, predictable, transparent), and aligns the headline objective with the RBA’s Public Interest Framework and the language of comparable jurisdictions.

Recommendation 4. The third end-user objective in section 3.3 should be relabelled “cost-effectiveness”, with the substance updated as set out above.

5. The vision should engage more explicitly with ambiguities and potential tensions

The vision identifies five end-user objectives, six system characteristics and a set of governance principles. In places they are in tension with one another. At points, the vision either smooths over the tension or proposes a resolution that is itself underspecified. To illustrate:

5.1 Low cost, feature rich, and commercially viable

Section 4.7 of the draft presents the relationship between system characteristics and end-user objectives as one of alignment, with all six characteristics supporting all five objectives “*in a coordinated and balanced way*”.

In practice these are in tension. Building and operating a feature-rich payments system on a commercial basis requires investment that must be recovered through pricing. Figure 7 presents these characteristics as complementary to the end-user objective of low cost, yet in reality they are likely to diverge.

Tensions of this kind are inherent in any modern payments system; their existence is not the issue. The paper's treatment of them is. Section 4.7 presents the characteristics and objectives as jointly achievable, while section 4.5 of the same document acknowledges the trade-off explicitly: “*There may be a trade-off between keeping providers' costs and end-user prices low, and the commercial sustainability of a modern, feature-rich, safe and resilient A2A system.*” The vision should acknowledge the tension where it exists and provide more explicit detail on how it will be managed.

5.2 The public-private balance

The vision implies industry will design, deliver and fund the system, and that public sector agencies will participate in governance and “*uphold the public interest*”. How funding contributions relate to decision rights, and how the balance between industry-led delivery and public sector oversight is set, is not addressed.

Our position on this is set out in section 1 above. The point here is that the vision currently leaves the question open in a way that will see foreseeable challenges surface in the roadmap phase.

5.3 “End-user outcomes first” as a principle for managing trade-offs

Section 6.2 proposes principles for managing trade-offs in delivery. The first is: *“End-user outcomes first. Trade-offs should be resolved in ways that sustain or improve outcomes for end-users during the transition to the desired future state.”* End-user outcomes are produced by the system characteristics that support them. Subordinating those characteristics to end-user outcomes when trade-offs arise risks degrading the conditions that produce the outcomes. The principle should reflect that interdependence.

The vision should engage with these tensions explicitly, providing criteria for their resolution at the vision stage where possible. The *“end-user outcomes first”* framing in section 6.2 should be reconsidered so it reflects the interdependence between end-user outcomes and the system characteristics that produce them.

Recommendation 5. The vision should engage with tensions between system characteristics and end-user objectives explicitly and consistently, including by:

- Reconciling sections 4.5 and 4.7 so the trade-off between commercial sustainability and end-user pricing is acknowledged in both places.
- Resolving the governance and funding questions (**see section 1**).
- Reframing the *“end-user outcomes first”* principle in section 6.2 to reflect the interdependence between end-user outcomes and the system characteristics that produce them.

6. Commercial viability and system characteristics

Commercial viability determines whether the vision can be sustained. The most important reform to the commercial viability characteristic – that decision rights on shared infrastructure should reflect the contribution and operational risk borne by participants – is set out in section 1 above. Three further matters in the drafting of section 4.5 have been outlined below, with brief comments on the related system characteristics at the end of this section.

6.1 Pricing must support continued investment across the system

The four sub-points of the third end-user objective in section 3.3 (affordable, competitive, predictable, transparent) do not address the system’s capacity to fund the capabilities the end-user objectives demand. The commercial viability characteristic should reference that capacity explicitly, and the principle should apply across all layers of the system – core infrastructure and value-adding services and capabilities alike.

6.2 Core and value-adding functions are interdependent

Section 4.5 distinguishes between core capabilities, where industry should collaborate, and value-adding services, which should be left to competition. The two are not mutually exclusive. Value-adding services typically build on or depend on core capabilities, and many participants will be active in both. The governance

and commercial arrangements for each should be designed with this interdependence in mind. Participation in the collaborative development of core capabilities should not produce arrangements that embed competitive asymmetries or constrain participants from competing in value-adding services that depend on those capabilities.

6.3 Wallet and value-added service economics

Section 8.1 of the draft identifies that “digital wallets may become a central hub for payments” and that A2A systems “*may need to integrate with major digital wallet systems, with frictionless account linking, strong authentication, and clear authorisation, portability and user controls*”. The economic implications of this direction should be addressed in the vision.

The digital wallets used by Australians are mostly owned and controlled by offshore technology companies. The economic terms on which the A2A system integrates with these platforms – including the fees paid through them, the standards under which data is shared, and the party that sets those standards – will determine where the economic value of the system accrues over time. A vision that anticipates integration with digital wallets without addressing the underlying conditions will likely lead to economic value migrating away from the core services and infrastructure that depend most on sustainable economics.

The next generation of value-adding services and capabilities – identity, digital asset and agentic commerce platforms – will raise the same questions. The vision should commit to the principle that integration with these services is designed and governed so that the economic sustainability of the underlying system is preserved across all layers.

6.4 Other system characteristics

Accessible. We support the principle of broad participation by appropriately authorised payment service providers. We agree with the draft that access frameworks should “*apply proportionate financial, prudential, risk management, operational, compliance and technical requirements according to the activity being undertaken and the resulting risks to the system*” (section 4.4). We recommend that the section state explicitly that proportionality applies in both directions: obligations should be proportionate to risk, and governance and decision rights should be proportionate to contribution and obligation.

Appropriately standardised. We support the framing of standardisation as a means rather than an end, and the recognition that “*excessive standardisation could inhibit payment providers’ flexibility to compete and offer differentiated products and services*” (section 4.6). We note that standardisation should be set at the layer at which interoperability is required and should not be propagated into product features that should remain a basis for competition between providers.

Highly available and resilient. The ABA supports this characteristic, including its recognition of “*national interest considerations*” and “*appropriate security classification of critical A2A payments infrastructure*”. Section 2 of our submission sets out the broader strategic framing within which these considerations should sit.



Recommendation 6. The commercial viability characteristic in section 4.5 should be amended to:

- Reference the system's capacity to fund the capabilities the end-user objectives demand, across all layers.
- Recognise the interdependence of core and value-adding capabilities, and the potential implications this will have on the economic model of the A2A system.

Conclusion

The ABA thanks the A2A Payments Roundtable for its work in developing the vision – it is an important document. As we have outlined above, the investment, governance and capability decisions that follow it will shape the Australian payments system, and through it the broader Australian economy, for the next decade. The vision needs to settle the principles that will guide those decisions before the roadmap phase begins.

The ABA looks forward to further engagement with Treasury, the RBA, AusPayNet and AP+ on Australia's A2A payments vision.

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About the ABA

The Australian Banking Association advocates for a strong, competitive, and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.