Treasury Review of the Australian Payments System

Submission from Finder

Finder welcomes this Treasury Review into the Australian Payments System and we are grateful for this opportunity to provide input into the consultation.

Finder.com.au ("Finder", "we"), as Australia's most visited comparison website, helps Australians make better decisions about a range of complex products and services. More than 2.5 million Australians use our services, decision engines and educational material each month[1]. Finder compares over 1,800 brands across more than 100 product categories, including credit cards, home loans, transaction accounts, savings accounts, insurance products, superannuation, telecommunications, energy and shopping deals. From our startup roots to our current global success, Finder has remained an innovative and proudly independent Australian business. Our shareholders – Fred Schebesta, Frank Restuccia and Jeremy Cabral – have never lost sight of the transformative capacity of technology.

Payments form an integral part of the ecosystem that Finder helps Australians to navigate. We agree with the assessment in the issues paper that the existing regulatory architecture has allowed for some innovation to date, but that there is work still to be done to create an environment in which businesses are able to meet regulatory requirements in a straightforward and streamlined manner. We also strongly agree that the architecture should place end-users at the heart of regulatory design. Finder's mission is to help people make better financial decisions, and providing simple, secure ways to make payments and move money around the economy is a critical part of this.

This concise submission will focus on the areas that are relevant to the Finder business today and in the future. In particular, we touch on the need for streamlined regulation, clarity on third party payment initiation and an update to the ePayments Code.

Creating a vision for a streamlined payment regulation architecture

As outlined in the issues paper, there is an increasing interconnectivity and overlap between the regulation for payments, financial services, consumer data and lending in Australia. Given this convergence, we believe that the primary goal of this review should be to outline a simplified regulatory architecture for payments that standardise participants across all regulation types and allows for an increasing rate of innovation across all elements of the financial ecosystem. Consumers do not break up their personal finances into neat boxes for different products or services so neither should our regulatory system. If we get this right then innovative financial technology businesses like Finder will be able to use more of our finite resources to build products and services that will benefit

[1] 2.5 million average unique monthly audience (Aug 2019 – Jul 2020), Nielsen Digital Panel

Finder
L10/99 York Street
Sydney NSW

Australian consumers, and use less on ensuring that these ideas are feasible within the complex, multi-layered regulatory architecture that exists today.

One clear example here is in the market for cryptocurrency in Australia. We agree with the view in the issues paper that there is still not full clarity as to whether crypto-assets are governed as "financial products" and therefore subject to ASIC regulation, or whether they are other products that fall under general consumer protection laws governed by the ACCC. More clarity is needed in this space on regulatory frameworks and governing bodies and in our view this is particularly true around topics such as anti-money laundering and counter-terrorism financing.

We do not think we are particularly well placed to make specific suggestions on how best to streamline regulation in the payments space but we look forward to the Treasury team working on this inquiry, tackling this challenge head on. We know that financial services (and particularly financial technology) have been exciting areas of growth and innovation in Australia in recent years and, if we get the regulatory settings right, we believe that these sectors can help to improve productivity in the Australian economy in the years ahead.

Building for the future with third party payment initiation

Another area Finder is particularly interested in when it comes to the payments system is third party payment initiation. This topic is covered only in passing in the issues paper but we think it will be a critical part of the personal finance ecosystem in the coming years and, as such, should form an important part of this review.

As previously stated, Finder exists to help people make better financial decisions and we want to create tools that not only help people make these decisions, but that also help them to take action on them too. In many instances, payments play an important role when it comes to action initiation so we're particularly supportive of regulatory innovation that better enables third parties to simply and securely initiate payments on behalf of consumers in Australia. We can see a future where a consumer could have an app on their phone that not only identifies all the upcoming bills on their various accounts but recommends suggested switches to realise savings for those bills, whilst also identifying the lowest cost way for them to pay the bill before going ahead and completing the transaction. This final step would be made possible through third party payment initiation.

Of particular interest in this space is both the New Payments Platform (NPP) roadmap and the recent recommendation from the Treasury Inquiry into Future Directions for the Consumer Data Right (CDR) on action initiation through the CDR.

When it comes to the NPP, we see a platform that has already proved itself to be a popular and efficient solution to digital payments in Australia. According to the most recent month of Royal Bank of Australia data from October 2020, the NPP accounts for over 1.8 million payments a day in Australia and this number is growing quickly. The NPP roadmap also shows that it is looking to enable third party payment initiation through its Mandated Payment Service (MPS) by the end of 2021. Finder welcomes this development and we encourage this review to investigate the impact of the MPS on the payments regulatory architecture in more detail. In particular, we would welcome more clarity on the estimated cost of using the MPS for payment initiation for third parties. We would also welcome more clarity on what would be required to become a "Connected Institution" in the MPS and how this compares to getting accredited as data recipient for the CDR. According to the NPP's summary document on the MPS, it is planning to explore how requirements for Connected Institutions could align with the accreditation for the CDR, but we are sure there are more businesses like Finder that would welcome more clarity on this issue to assist with investment decisions over the coming years.

When it comes to the CDR, Finder welcomes the primary recommendation from the Inquiry into Future Directions for the Consumer Data Right report that calls for action initiation to be enabled through the CDR. As stated in our submission to this inquiry, we believe that a read-only version of the CDR gives consumers powerful insights about the way they spend money, but it is a write-access (or action initiation) enabled version of the CDR that gives consumers the power to act on these insights quickly. We also welcome the recommendation that CDR payment initiation should be designed to allow competition among payment systems in order to improve consumer outcomes. Again, Finder would welcome more clarity on how this proposed new role for the CDR would interact with other elements of the payments regulatory architecture. We are particularly interested in more clarity on how it could interact with the NPP MPS.

Clear next steps on the ePayments Code

One final area that Finder would really value more clarity on from this review is in relation to the ePayments Code administered by ASIC. Our understanding was that a second consultation paper on the Code was planned for July 2020 which would outline any intended updates to the Code for stakeholder feedback but this consultation has not materialised.

Given the impact that the current version of the Code has in relation to consumer demand for innovative financial technology products being delivered through digital data capture services, we think more clarity here would be very helpful. We note in particular that the interim report for the Select Committee on Fintech & Retech recommended that the Australian Government should not outlaw the practice of digital data capture. We also note that more recently, the final report from the Inquiry into Future Directions for the Consumer Data Right recommended that digital data capture should remain an option until CDR payment initiation is fully implemented as a viable alternative. To give confidence to consumers to use these tools, we would like to see these recommendations reflected in an updated version of the ePayments code that explicitly allows for digital data capture until all organisations providing a financial service in Australia are mandated to use CDR for data sharing and payments initiation.