



Submission in response to
The Treasury consultation
paper

**Winding down
Australia's cheques
system**

Public Version

February 2024

EXECUTIVE SUMMARY

1. Optus welcomes the opportunity to provide feedback on The Treasury's consultation paper, *Winding down Australia's cheques system* (the Consultation Paper).
2. Optus supports the Government's objective to wind down Australia's cheques system. However, we note there are certain limited circumstances where cheques remain in use for payments. Cheques remain beneficial where a large volume of payments is required to be made, particularly where such payments are unable to be provided via the original payment method (for example, for former customers or where details are no longer current).
3. In addition, cheques remain a secure way of providing payments without needing to contact customers / former customers and requesting updated financial details. This is important in an environment where Government and organisations are taking steps to reduce and disrupt scam activity.
4. It is important that the transition period allows sufficient time for organisations to investigate and implement other secure forms of payment and strategies for providing such payments as cheques are being phased out.

PROPOSED CHANGES

5. The Consultation Paper seeks feedback on the proposed staged winding down of use of cheques in Australia as part of the Government's strategic plan for Australia's Payments System.
6. The Government is seeking to achieve a coordinated, whole of economy approach. To achieve a smooth transition there are 6 proposals:
 - (a) Sufficient grace period for consumers and businesses to make necessary adjustments to transition to alternate payment methods;
 - (b) Education and support for cheque users by financial institutions, industry associations and consumer groups;
 - (c) Reasonable access to bank branches or participating Bank@Post outlets during the transition period to assist with education;
 - (d) Appropriate alternatives for all existing uses of cheques; Governments eliminating key legislative barriers; and
 - (e) Government ending their own cheque issuance.
7. The potential staged transition plan is:

Figure 1 Proposed timeline for winding down the cheques system

| Year | Action |
|----------|---|
| 2025 | Cease issuance of bank cheques |
| 2026 | Cease issuance of commercial and government cheques |
| 2027 | Cease issuance of personal cheques |
| End-2028 | Cease acceptance of personal, commercial and government cheques |
| End-2030 | Cease acceptance of bank cheques, close cheques system |

Source: *The Treasury, Winding down Australia's cheques system*

8. Optus supports the proposal to close Australia's cheques system but notes there are several circumstances where cheques are still used that the Government may not have fully considered. In considering the closure of the cheques system, there needs to be sufficient support and alternative options available for organisations that still use cheques.

Cheques currently have use in certain circumstances

9. There are still circumstances where Optus continues to receive and use cheques. In most cases there should be sufficient time to implement alternatives.
10. However, there may be further circumstances that may not have been considered where cheques continue to be used. This is where refunds are to be paid to a large volume of customers or former customers and the refund is unable to be paid via the customer's original payment method.

11. Where Optus needs to refund a customer, this would normally be done via the original payment method (such as, credit card) to credit a customer's account. However, this may not be possible for a range of reasons, for example if:
 - (a) the customer has paid in store or at Australia Post (including by cash);
 - (b) the customer's credit card details used for the original payment have changed / are no longer current;
 - (c) the customer has left Optus and Optus no longer has card details for them;
 - (d) a customer's autopayment or BPay account details have changed;
 - (e) where multiple methods of payment may have been used for the one charge.
12. Optus notes it does not provide mass refunds by electronic funds transfer. This is because currently bank transfer requirements do not include an account name, only the BSB number and account number so there is no validation to ensure that the correct person is receiving the money.
13. This means such a process is more vulnerable to fraud and Optus' own fraud prevention measures mean any process for electronic transfers is highly manual, meaning it cannot be performed for a large volume of refunds. Optus uses cheques to refund a large number of customers (such as tens of thousands of customers), where Optus cannot provide the refund by the original payment method by crediting the account.
14. Optus is also unable to provide a refund where a customer's card details have changed. Optus cannot simply apply the refund to the new card. This would not comply with Payment Card Industry (PCI) requirements. While there remains the risk of cheque fraud, Optus currently has well-established procedures in place to detect this.
15. As long as Optus has the customer's name and address, a refund can be provided by sending a cheque to the customer.
16. Optus notes that where large volumes of refunds may need to be provided to existing and former customers, if cheques were not available Optus would have to contact these customers and seek financial details to provide a refund. Such communication is the kind of communication subject to impersonation by scammers in an attempt to obtain a customer's financial details. Increasing these communications to Australians would be counter to efforts to reduce and disrupt scam communication and activity which the telecommunications industry and Government have been working hard to achieve.
17. Optus is investigating alternative options to using cheques, however, we note it may take some time to develop and implement processes for such alternatives.
18. Therefore, while Optus supports the withdrawal of cheques, Optus hopes the government will allow sufficient time during the transition for organisations to investigate and implement secure payment alternatives and strategies for providing such payments, particularly for circumstances where large volumes of payments must be made.