Australian Government

Financial Innovation Strategy

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Contents

Foreword

Australia has a sophisticated financial system, supported by strong institutions, deep capital markets, a large pool of managed funds and a skilled workforce. It helps Australians save, invest and manage their money, and supports the businesses and investment that drive our economy.

Australia starts from a position of strength, but technological change is reshaping financial systems globally and creating new opportunities, new business models and new challenges. To maintain Australia's position as a leading financial centre, our financial system must continue to evolve alongside these developments.

The Government's economic agenda is focused on lifting productivity and building a more dynamic and competitive economy. As recognised in the Government's productivity agenda, improving living standards will depend on our ability to adopt new technologies, support innovation and create the conditions for businesses to invest, compete and grow. Financial innovation will play an important role in supporting this agenda.

Australia has already taken significant steps to modernise the foundations of the financial system through reforms to payments, data-sharing, digital identity and the regulatory framework for digital assets. These reforms are helping to create the conditions for innovation and position Australia to benefit from the next wave of technological changes and market developments.

Advances in technology are creating new opportunities to deliver better outcomes for Australians. At the same time, they are creating new challenges that require a proportionate policy and regulatory response to ensure innovation continues to serve the public interest and maintain strong consumer protections across the financial system.

This Strategy reflects the Government's commitment to ensuring Australia's financial system remains innovative, trusted and globally competitive. It builds on reforms already underway and provides a foundation for future action.

I look forward to working with industry and the community to realise these opportunities.

The Hon Dr Daniel Mulino MP
Assistant Treasurer and
Minister for Financial Services

Government's vision

> **An innovative, resilient and trusted financial system harnessing rapid technological change to drive our productivity and economic prosperity.**

Global financial systems are changing rapidly. Advances in technology, the use of data, digital money, artificial intelligence (AI) and market infrastructure are reshaping how financial services are designed, delivered and used. These developments create opportunities to improve productivity, competition and access to financial services but also introduce new risks for consumers, markets and the resilience of the financial system.

Australia starts from a position of strength but must continue to evolve. Australia has a highly developed and sophisticated financial sector that is integrated with the global financial system. However, this position cannot be taken for granted. To remain competitive in global capital markets, Australia's financial system must continue to adapt as technology, business models and consumer expectations change.

Innovation is also an important tool for managing emerging risks. As bad actors increasingly use advanced technologies to target consumers and financial institutions, the financial services sector must be empowered to deploy new technologies to detect fraud, strengthen cybersecurity, improve identity verification and respond to threats more effectively. Supporting the responsible use of innovation can help protect consumers, strengthen market integrity and improve the resilience of the financial system.

This Strategy provides a coordinated agenda for action. It establishes a vision for how Government, regulators and industry can support innovation, manage emerging risks and ensure Australia's financial system remains modern, competitive and resilient.

Successful implementation of this vision will require coordinated action across Government, regulators and industry. Realising the benefits of innovation will depend on fit-for-purpose regulation, effective public-private collaboration, modern and interoperable digital infrastructure and practical pathways for innovation to move from experimentation to adoption at scale.

Government will provide stewardship while maintaining principles-based and technology-neutral regulation. It will work with regulators and industry to ensure that policy settings, regulatory frameworks and enabling infrastructure remain responsive to technological and market developments, while maintaining appropriate consumer protections. Comparable activities and risks will attract comparable regulatory outcomes regardless of the technology used.

Industry will play the leading role in driving innovation. While Government and regulators establish the conditions for innovation, its commercialisation and uptake will depend on the competition, investment and ingenuity of Australia's private sector. Industry will develop new products and infrastructure, identify practical use cases, invest in capability and scale successful innovations.

Innovation can support productivity, competitiveness and prosperity. By maintaining the conditions for safe and beneficial innovation, Australia can harness technological change, capture new economic opportunities and strengthen its long-term productivity, competitiveness and prosperity.

Principles for financial innovation

The Strategy is guided by 3 connected principles for effective financial innovation. These principles describe how Government, regulators and industry can support innovation, manage risks and ensure policy settings keep pace with technological, business and market developments.

Government Leadership

Sets the strategic direction for financial innovation in partnership with industry and regulators

Proportional and fit-for-purpose regulation

Supports responsible innovation through engagement, guidance and proportionate regulation

Collaboration between public and private sectors

Enables coordinated initiatives, such as thematic sandboxes and pilot programs, to generate practical insights and inform policy settings, fostering a culture of innovation that enables a dynamic and competitive private sector

Government leadership provides strategic direction. Government has a central role in setting priorities for financial innovation and working with industry and regulators to ensure Australia remains productive, competitive and well placed to capture future opportunities.

Proportionate regulation supports innovation while maintaining safeguards. Regulatory settings should provide clarity for firms through engagement, guidance and proportionate obligations, while maintaining consumer protection, market integrity and financial stability.

Public-private collaboration helps turn emerging opportunities into practical outcomes. Coordinated initiatives, including thematic sandboxes and pilot programs, can generate practical insights, strengthen shared understanding of emerging technologies and inform future policy and regulatory settings.

Together, these principles provide the foundation for the priorities and initiatives that follow.

Role of financial innovation in the Australian economy

Financial innovation can strengthen Australia's core economic infrastructure. Australia's financial system helps households save, borrow, invest and manage risk; supports businesses to access capital and grow; and enables governments to finance public services and broader economic activity. As technology, data and market infrastructure evolve, innovation will be central to ensuring this infrastructure remains efficient, competitive and resilient.

Innovation drives productivity, competition and consumer outcomes. Financial innovation involves the development and adoption of new products, services, processes and market infrastructure, often enabled by technology and data. It can support more personalised services, better risk management, faster decision-making and more efficient delivery of financial products and services. It can also lower costs, expand consumer choice, support inclusion and enable new entrants and business models that improve pricing and service quality for households and businesses.

Australia's competitiveness depends on keeping pace with global innovation. Financial innovation is increasingly global in nature, and Australia cannot insulate itself from developments in technology, data, payments, digital money and market infrastructure. As financial systems evolve internationally, Australia's long-term competitiveness will depend on its ability to adopt beneficial innovation, attract investment and manage emerging risks effectively.

Innovation can improve market efficiency and system resilience. New products, services and infrastructure can support more effective financial intermediation across payments, lending, insurance, investment and capital markets. In capital markets, for example, innovation can improve capital allocation, price discovery, trading, clearing, settlement and custody, while reducing frictions for issuers and investors. These capabilities can also strengthen resilience by improving the adaptability and operational capabilities of financial institutions, markets and service providers.

The policy challenge is to enable beneficial innovation while managing risks. Innovation can introduce or amplify risks relating to consumer protection, cyber security, operational resilience, market integrity, financial crime and financial stability. These risks can affect individual users and firms, and may become systemic as technologies, infrastructure, business models and data ecosystems become more deeply interconnected. Policy and regulatory settings therefore need to preserve trust, integrity and stability without stifling innovation that benefits the economy and community.

AI illustrates the broader opportunity-risk trade-off. AI can improve prediction and decision-making in areas such as credit assessment, fraud detection, insurance, compliance and market surveillance. However, it also raises questions about governance, accountability and oversight as established decision-making processes become more automated. Maintaining trust will require innovation to be accompanied by appropriate judgement, transparency and consumer safeguards.

The evolving global landscape

Australia's financial innovation agenda must respond to a rapidly changing global environment. Global financial innovation is being shaped by advances in technology, data, payments, digital identity, AI, new forms of digital money and financial market infrastructure. Jurisdictions are increasingly treating these developments as interconnected, with policy attention shifting to the shared infrastructure, standards and regulatory settings needed to support safe adoption at scale.

Data-sharing initiatives, including open finance and more interoperable data frameworks, are also becoming important foundations for competition, AI-enabled services and reduced friction across financial markets. In payments and market infrastructure, governments, central banks and industry are pursuing real-time payments, cross-border payment interoperability, tokenisation and programmable financial services. These initiatives are reshaping how value moves within and between financial systems, with a growing focus on faster, more efficient and integrated markets.

Digital money and tokenised markets are changing how financial assets are issued, traded, settled and held. Jurisdictions are exploring stablecoins, tokenised deposits and central bank digital currencies, alongside efforts to tokenise real-world assets such as bonds and money market funds. Together, these developments are creating opportunities for more efficient, interoperable and integrated financial markets. A 2026 Digital Finance Cooperative Research Centre report cites estimates that full-scale tokenisation of real-world assets could deliver global savings of more than US$2.7 trillion per year, noting that forward-looking estimates are subject to considerable uncertainty.[1]

AI and automation are extending the frontier of financial services but remain at different stages of maturity. Advances in AI are enabling increasingly automated financial services and workflows, including systems that can support product comparison, retrieve and verify information, manage financial positions and initiate transactions. However, fully autonomous agents in finance remain largely experimental and have not yet achieved the reliability required for most real-world financial applications. Over time, AI may support a wider range of financial activities and more automated forms of service delivery. International organisations, including the OECD and the Financial Stability Board, are examining governance, accountability and operational safeguards that may be required as AI systems take on more complex and consequential functions.

Greater digitisation is also increasing cyber, fraud, scams and operational risks. Cyber threats, fraud and scams are becoming more sophisticated as financial activity becomes more digital and interconnected. Reflecting one dimension of this threat, Chainalysis estimates that around US$17 billion was lost globally through cryptocurrency-related scams and fraud in 2025.[2]

These global developments reinforce the need for an ecosystem that can adapt, coordinate and scale safely. Fit-for-purpose regulation, interoperable infrastructure and effective public-private coordination will be essential to support innovation while preserving trust, market integrity and financial stability.

1 Digital Finance CRC | Unlocking Australia's $24b Digital Finance Opportunity
2 Chainalysis, *Crypto Crime Report, 2026: Scams*

Building an innovation-enabling financial ecosystem

Australia can build on its strong financial system foundations to support the next wave of innovation. Australia has a well-functioning payments system, trusted financial institutions, deep and liquid currency and bond markets, sophisticated capital markets and a vibrant fintech sector. As technology, business models and consumer expectations evolve, these strengths provide a platform to support innovation, attract investment and improve productivity across the economy.

Financial innovation requires more than technology adoption. It encompasses new products, services, business models and ways of working that improve outcomes for consumers, businesses and the broader economy. Realising these benefits requires clear strategic direction, effective public-private collaboration and policy and regulatory frameworks that help innovation move safely from experimentation to adoption.

Government, regulators and industry each have distinct roles in enabling responsible innovation.

- **Government** provides policy direction and fit-for-purpose legislative frameworks that give firms the certainty to invest, develop and scale innovative products and services. It must also innovate as a participant in the financial system in some instances, including in fixed income markets where it dominates issuance.
- **Regulators** provide clarity, identify unnecessary barriers and support safe development of new products and services. Through close engagement with industry and visibility across market developments, regulators can identify where existing frameworks create legal uncertainty, practical barriers or unintended consequences.[3]
- **Industry** remains the primary driver of innovation and investment. Firms are best placed to identify emerging opportunities, develop new products and services, invest in new technologies and business models, and scale successful innovations. Government and regulators should create the conditions for firms to innovate, compete and grow without picking winners or underwriting commercial risk.

The following priorities set out how this ecosystem will be supported in practice. They focus on coordination, practical innovation pathways, trusted data sharing, adaptive regulation, modern payments and settlement infrastructure, and safeguards that maintain trust and resilience.

3 New Statements of Expectations for APRA and ASIC to focus more on growth | Treasury Ministers

Coordination and collaboration

Successful implementation will require sustained coordination across government, regulators and industry. Financial innovation depends on the ability to identify emerging opportunities early, address barriers to adoption and respond to technological change as it occurs. To support this, the Government will establish a Financial Innovation Committee.

The Committee will provide a strategic forum for government, regulators and industry to share insights on emerging technologies and market developments, consider where policy, regulatory or market settings could be improved, and help inform strategic priorities for financial innovation.

The Committee will complement existing coordination mechanisms rather than replace them. Existing forums, including the Council of Financial Regulators, the RBA's industry and advisory forums, ASIC's industry engagement and consultation processes, and other cross-sector forums, will continue to play an important role.

Together, these mechanisms will help ensure policy and regulatory settings remain responsive to technological change, support the responsible adoption of innovation and contribute to a more dynamic, productive and competitive financial system.

Actions

- The Government will establish a Financial Innovation Committee to identify strategic priorities and opportunities for collaboration between government, regulators and industry that support financial innovation. Government agencies will also continue to coordinate and engage with industry through existing forums, supporting a coordinated whole-of-government approach to financial innovation.

Building innovation pathways and thematic sandboxes

Innovation pathways are needed where new business models do not fit neatly within existing frameworks. Financial innovation often involves technologies, market structures or business models that create uncertainty about how obligations apply. This can discourage investment and slow adoption, even where safeguards remain necessary to protect consumers, maintain market integrity and preserve financial stability.

Regulatory sandboxes can help firms and regulators test innovation safely. When implemented effectively, sandboxes allow firms to test innovative products and services with appropriate safeguards while giving regulators practical insight into new technologies, barriers and future policy needs. Internationally, regulators are increasingly using both general-purpose and thematic sandboxes to support safe testing and regulatory learning.

The Government and ASIC will modernise the sandbox framework to better support testing and adoption. Building on the Enhanced Regulatory Sandbox (ERS) Review,[4] the Government and ASIC will repeal the existing ERS legislative framework and replace it with a more flexible model administered through ASIC's existing powers. These reforms will improve the testing environment, strengthen regulatory engagement and help successful innovations scale within the regulatory system.

Thematic sandboxes can address issues that cut across technologies, sectors and regulators. The ERS Review also identified a growing role for targeted sandboxes in strategically important areas such as AI, tokenised assets, digital money and digital financial market infrastructure. Potential use cases include AI-assisted financial advice, automated insurance underwriting, tokenised market infrastructure and new settlement arrangements. Targeted testing can help identify practical barriers, assess how existing frameworks operate and inform future policy responses. It can also foster collaboration between regulators and industry and support the development of appropriate consumer safeguards.

As announced in Budget 2026–27, we are also building on the findings of Project Acacia by establishing a Digital Financial Market Infrastructure (DFMI) sandbox to provide a regulator-supported environment to trial innovative market models and infrastructure. It will enable participants to assess how these models interact with existing trading, clearing and settlement arrangements, and identify whether adjustments to regulatory settings may be needed to facilitate innovation while maintaining market integrity and stability.

Together, these initiatives will help firms move from testing to responsible adoption. They will provide greater clarity, generate practical regulatory insights and support firm-led innovation while maintaining appropriate consumer protections and market integrity.

Actions

- Government and regulators will modernise Australia's regulatory sandbox framework by implementing the recommendations of the ERS review, including replacing the current legislative framework and strengthening pathways from testing to adoption.
- Regulators will develop targeted thematic sandboxes in priority areas, including AI-enabled financial services and digital financial market infrastructure.

4 Independent review of the Enhanced Regulatory Sandbox – Final report | Treasury.gov.au

Government-enabled data sharing and open banking

Trusted data sharing is becoming core infrastructure for financial innovation. Data is an increasingly important input to financial services and a foundational enabler of competition, personalisation and productivity. Secure access to data can reduce information asymmetries, improve risk assessment, support more tailored products and services, and enable emerging technologies such as AI. Data-sharing infrastructure allows information to move safely and efficiently between consumers, businesses and service providers, creating opportunities for more innovative and competitive financial services.

Open banking provides a practical mechanism for consumers and businesses to use their data more effectively. Delivered through the Consumer Data Right (CDR), open banking gives consumers and businesses a secure way to share data and access better products and services. By providing a trusted framework for data sharing, the CDR can reduce friction and support higher-value use cases across lending, financial management and advice.

The Government is improving the CDR so it is easier to use and better targeted to high-value use cases. Reforms are focused on reducing compliance costs, increasing consumer uptake and supporting practical use cases. This includes changes to how business consumers nominate representatives to share data, expanding third-party disclosures, implementing a de minimis threshold in the banking sector and continuing the rollout of the CDR to the non-bank lending sector.

Government-held data can unlock further benefits where it can be shared safely. Treasury, jointly with the ATO, is developing a business case to explore whether taxpayers could share ATO-held tax data through the CDR. Improving access to tax data could reduce administrative burden, support new services and improve outcomes for consumers and small businesses.

Together, these reforms will strengthen the CDR as a practical foundation for data-enabled innovation. They will support more efficient financial services, improve consumer and business control over data, and enable future AI-enabled products and services that rely on secure and interoperable data access.

Actions

- The Government is improving the CDR by changing how business consumers nominate representatives to share data, expanding third-party disclosures and implementing a *de minimis* threshold in the banking sector. These priorities will help reduce CDR costs, increase consumer uptake and support higher-value use cases.
- The Government is developing options for taxpayers to safely share ATO-held tax data through the CDR. This could give taxpayers greater control over their data and support access to a wider range of services.

Adaptive regulatory frameworks

Regulation needs to adapt as financial innovation evolves. Settings that are appropriate today may become outdated as technologies, business models and market structures change. Adaptive frameworks provide clear, proportionate and predictable settings that give firms confidence to invest and grow, while maintaining safeguards for consumers, market integrity and financial stability.

Recent reforms are modernising key parts of Australia's regulatory architecture. Australia has already taken significant steps to update its frameworks for digital assets, payments and digital money:

- **Digital assets:** The Government has legislated a new licensing framework for digital asset platforms and tokenised custody platforms, commencing on 9 April 2027.[5] The framework will bring key intermediaries within Australia's financial services regulatory framework, require appropriate licensing and tailored obligations, and support consumer protection and tokenised financial markets.
- **Payments and digital money:** The Government has expanded the RBA's regulatory perimeter[6] and is progressing a modern, risk-based payments licensing framework.[7] These reforms will align obligations with the risks of payment activities, provide greater certainty for new payment technologies and regulate payment stablecoins as tokenised stored-value facilities.

Further work will be needed as new technologies mature and scale. As tokenised assets, new forms of digital money, AI-enabled services and new market infrastructure develop, they may raise questions about how existing frameworks apply and whether targeted policy, regulatory or legislative responses are needed. The Government and regulators will continue to monitor developments and assess where further action may be required.

Project Acacia highlighted several areas that may warrant further regulatory consideration as tokenised assets, new forms of digital money and digital market infrastructure evolve including legal certainty, settlement finality, licensing, custody arrangements and operational resilience.[8]

Building on this work, ASIC is reviewing financial market infrastructure and clearing and settlement frameworks to identify legal uncertainties, practical barriers and potential regulatory adjustments for tokenised market infrastructure. Where legislative reform is not required, ASIC will consider whether licensing, supervisory or other processes create unnecessary implementation barriers.

The Better Regulation Roadmap will support broader regulatory efficiency. Through the Roadmap, the Council of Financial Regulators and other financial sector regulators are pursuing targeted reforms to improve regulatory efficiency while maintaining financial stability, consumer protection and market integrity.

5 ParlInfo, Corporations Amendment (Digital Assets Framework) Bill 2025
6 *Treasury Law Amendment (Payments System Modernisation) Act 2025*
7 Australian Government, *Payments licensing reforms*, 2026
8 RBA and DFCRC Release Findings from Project Acacia | Media Releases | RBA

Actions

- Regulators will use sandbox testing and industry engagement to identify regulatory uncertainties, legal questions and practical barriers affecting emerging technologies such as tokenisation and AI-enabled financial services. These insights will be translated into targeted regulatory relief, guidance or inform future policy and regulatory reform.
- The Government and regulators will finalise regulations, guidance and implementation arrangements to support commencement of the Digital Assets Framework on 9 April 2027.
- The Government will introduce legislation for the updated payments licensing framework and support implementation of the new licensing regimes for payment service providers and digital asset intermediaries.

Modernising money, payments and settlement infrastructure

Modern payments and settlement infrastructure will determine how financial innovation scales. Payments and settlement systems determine how consumers, businesses, financial institutions and markets transfer value, settle obligations and manage risk. As financial services become more digital, these systems will need to support faster, more interoperable and more programmable ways of moving money and financial assets.

The next Strategic Plan will set direction for payments, digital money and settlement modernisation. Since 2023,[9] the Government has progressed major reforms to payments regulation, licensing and digital assets, with the next Strategic Plan building on these foundations to guide the next phase of payments modernisation.

New technologies are increasing demand for real-time, interoperable and programmable capabilities. Advances in AI, including agentic systems that may act on behalf of consumers and businesses, could increase automated and machine-to-machine transactions. Over time, this may increase demand for payment and settlement infrastructure that can support real-time execution, interoperability and programmable services while managing operational, consumer and market risks.

Project Acacia highlighted some of the practical issues that will need to be addressed as these technologies and market models develop. The pilot identified questions relating to settlement arrangements, infrastructure readiness and industry-regulator coordination as new forms of digital money and tokenised assets emerge. These findings underscore the importance of ensuring that Australia's payments and settlement infrastructure can support innovation while maintaining trust, resilience and financial stability.

9 Australian Government, *A Strategic Plan for Australia's Payments System*, 2023

The RBA will continue engaging with industry on how central bank money and settlement services can support the development of tokenised finance in Australia. This will include consultation on the capabilities identified through Project Acacia to inform options for modernising the Reserve Bank Information and Transfer System. Following the passage of the Government's payments licensing reforms, the RBA will also review its Exchange Settlement Account policy to consider whether, and in what circumstances, direct participation by non-bank payment service providers in payment systems may be appropriate.

As part of the productivity agenda announced in the 2026–27 Budget, the Government is further considering the concept of a digitally native Australian Government Bond. This preparatory work includes preliminary policy analysis and market testing. It reflects the potential role of directly issued digital bonds in supporting digital financial innovation.

Actions

- Regulators will build on Project Acacia by developing a DFMI sandbox to support testing of tokenised assets, digital money and market infrastructure in the second half of 2027.
- The Government is further considering the concept of a digitally native Australian Government Bond through policy analysis and market testing.
- The Government will consult on a new Strategic Plan for Australia's Payments System in the last quarter of 2026. The Strategic Plan will complement the National Financial Innovation Strategy by providing specific strategic direction for payments modernisation.

Promoting a safe, trusted and resilient system

Trust and resilience are preconditions for financial innovation to scale. Consumers, businesses and investors will only adopt new financial products, services and infrastructure where they trust the underlying system. Emerging technologies can strengthen the security, efficiency and resilience of financial services, but these benefits depend on effective safeguards around identity, data protection, cyber security, governance and risk management.

Greater digitisation is changing the nature and scale of financial system risks. Scams, cyber incidents and operational disruptions can affect multiple participants across interconnected systems and sectors. AI can strengthen fraud detection, compliance and cyber security, but can also lower the cost and effort required for malicious actors to deploy scams and cyber-attacks. This increases the need for robust risk management and ongoing investment in resilience.

Safeguards must evolve as innovation becomes embedded across the financial system. New technologies, business models and market structures may create new forms of interconnectedness and system-wide risk. Maintaining financial stability will require ongoing monitoring of emerging risks and coordinated action by government, regulators and industry so innovation can be adopted safely and with confidence.

Responsible adoption of AI in financial services

AI adoption must be supported by strong governance and accountability. AI is already being used across financial services to support fraud detection, scam prevention, customer service, credit assessment, compliance and cyber security. Over time, it is expected to enable increasingly automated financial activities and new forms of digital commerce.

As adoption increases, governance, accountability, consumer protection, cyber security and operational resilience will become increasingly important. APRA has emphasised the need for board and senior management oversight of AI-related risks,[10] while ASIC has highlighted risks relating to consumer harm, scams, cyber resilience and market integrity.[11]

The Government supports the responsible adoption of AI across the financial system. Existing frameworks for financial services, consumer protection, privacy, AML/CTF, cyber security, operational resilience and prudential risk management provide important safeguards, while firms remain responsible for managing the risks arising from their use of AI.

Consistent with the National AI Plan, the Government will work with regulators and industry to monitor AI-related risks and opportunities and ensure policy and regulatory settings remain fit for purpose as technologies and business models evolve.[12]

Scams Prevention Framework

Scams prevention is central to maintaining trust in digital finance. The Scams Prevention Framework[13] establishes a coordinated, whole-of-ecosystem approach to scams prevention across sectors targeted by scammers, including banks, telecommunications providers and digital platforms. It will support financial innovation by strengthening trust in digital services, payments and online transactions, ensuring greater digital participation is accompanied by appropriate safeguards.

Digital identity and trust

Digital identity can reduce friction while strengthening trust and security. Digital ID complements the digitalisation of financial services by providing individuals and businesses with a trusted, secure and reusable way to verify their identity online. The ongoing review of the Digital ID Act and expansion of the Australian Government Digital ID system to the private sector provides an opportunity to increase Digital ID adoption, reduce the need to repeatedly collect sensitive identity information, streamline onboarding, strengthen authentication and support safer digital interactions. Together with open banking, these capabilities can help disrupt scams, reduce impersonation and build trust in digital services, payments and online transactions.

10 APRA, APRA letter to Industry on Artificial Intelligence (AI), 2026
11 ASIC, ASIC calls for urgent cyber uplift as AI accelerates cyber threats, media release, 2026
12 Department of Industry, Science and Resources, *National AI Plan*, 2025
13 Scams Prevention Framework – Protecting Australians from scams | Treasury.gov.au

Cyber and Operational Resilience

Cyber security and operational resilience are foundational to a trusted digital financial system. As financial services adopt new technologies and pursue greater speed and efficiency, reliance on external service providers, digital infrastructure and technology platforms is increasing. Technology firms increasingly support critical functions across payments, data, communications and financial market infrastructure, meaning disruptions can have significant consequences for consumers, businesses and the broader financial system.

Interdependencies across critical infrastructure increase the potential for cascading disruption. Financial services are increasingly reliant on telecommunications, data storage and processing, and space technologies. While operators are required to manage material risks to their own operations, disruptions in one sector can quickly affect the availability and continuity of payment, settlement and other financial services.

Australia's cyber security and resilience agenda provides an important foundation. The Government is strengthening capability across businesses, communities and critical infrastructure, with particular attention to cyber threats, operational disruptions, third-party dependencies and concentration risks.

Cyber risk is consistently ranked among the top risks to the Australian financial system. The Council of Financial Regulators, through its Cyber and Operational Resilience Working Group, is pursuing initiatives to strengthen financial system resilience, including assessing risks from AI, quantum computing and third-party service providers.

Cryptographic resilience will become increasingly important as financial infrastructure digitises. As payments, identity, data-sharing and settlement systems become more digital, the financial system will need to prepare for emerging quantum computing risks. This will require continued action by industry, regulators and government to strengthen encryption standards and support the transition to quantum-resistant security measures.

Actions

- The Government will work with regulators to manage AI-related risks, including governance, consumer protection, cyber security, operational resilience and third-party dependencies through the National AI Plan.
- The Government will strengthen information sharing and coordination across Government, regulators and industry to identify, monitor and respond to emerging AI-related financial risks and vulnerabilities.
- The Government is strengthening obligations on banks, telecommunications providers and digital platforms to prevent, detect, disrupt and respond to scams, while improving practical protections for consumers and businesses under the Scams Prevention Framework.

Glossary

Term	Definition
AFS licence	An Australian financial services licence, which authorises a person or business to provide specified financial services in Australia.
Agentic commerce	A form of online shopping and commerce where AI agents act on behalf of customers or businesses to research, negotiate and/or complete purchases.
Agentic systems	AI-enabled systems that can act with a degree of autonomy to perform tasks, make recommendations or initiate actions on behalf of users, businesses or other systems.
AML/CTF	Anti-Money Laundering/Counter-Terrorism Financing. The Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (AML/CTF Act), and the AML/CTF Rules aim to prevent money laundering and the financing of terrorism.
APRA	The Australian Prudential Regulation Authority, Australia's prudential regulator for banks, insurers and superannuation entities.
Artificial intelligence (AI)	A machine-based system that, for explicit or implicit objectives, infers from the inputs it receives how to generate outputs such as predictions, content, recommendations or decisions that can influence physical or virtual environments. AI systems vary in their levels of autonomy and ability to adapt after deployment. AI is used across the financial system for a range of functions, including payments, lending, investment, customer service, risk management, fraud detection and regulatory compliance.
ASIC	The Australian Securities and Investments Commission, Australia's corporate, markets, financial services and consumer credit regulator.
ATO	The Australian Taxation Office, the Australian Government agency responsible for administering taxation and superannuation systems.
Central Bank Digital Currencies (CBDCs)	A digital form of a country's sovereign currency issued by that country's central bank.
CFR	The Council of Financial Regulators, Australia's main coordinating body for financial regulation, comprising APRA, ASIC, the RBA and Treasury.
CFR Plus	The Council of Financial Regulators working with other financial sector regulators and agencies on cross-cutting regulatory issues.
Consumer Data Right (CDR)	Australia's data portability scheme that allows consumers to consent to sharing data about them to receive a good or service in the banking, energy, and non-bank Lending Sectors.
Credit licence	An Australian credit licence, which authorises a person or business to engage in specified credit activities in Australia.
Cryptographic resilience	The ability of digital systems to maintain secure authentication, encryption and data protection as cyber threats and computing capabilities evolve, including risks from quantum computing.

Term	Definition
Data-sharing frameworks	Rules, standards and infrastructure that allow data to be shared securely, with appropriate consent, governance and safeguards.
Digital asset intermediaries	Businesses that provide services involving digital assets, such as issuing, dealing, arranging, custody, trading or other intermediation activities.
Digital Financial Market Infrastructure (DFMI)	Financial market infrastructure that uses digital technologies, including distributed ledger technology, tokenisation, programmable platforms or digital money, to support the issuance, trading, clearing, settlement, custody or transfer of financial assets and obligations.
Digital ID	Provides individuals with a trusted, reusable and secure way of verifying their identities online against official records.
Digital money	Digital representations of money or monetary value that can be used to make payments, settle transactions or transfer value.
Digital token and digital assets	A digital token is a controllable digital object that can be possessed and transferred. A digital asset is the bundle of legal, contractual or economic rights represented by that token.
Digitally native bond	A bond that is issued, recorded and transferred directly on a digital platform or distributed ledger, rather than being issued in conventional form and later represented digitally. A digitally native bond may allow aspects of issuance, ownership records, coupon payments, settlement and reporting to be automated or integrated with digital money and other tokenised market infrastructure.
Distributed ledger technology	Technology that enables records of transactions or ownership to be shared, synchronised and maintained across multiple participants or systems.
Enhanced Regulatory Sandbox	A framework administered by ASIC, allowing eligible businesses to test certain innovative financial services or credit activities without first obtaining an Australian financial services licence or Australian credit licence.
Exchange settlement accounts	Accounts held at the Reserve Bank of Australia that are used by eligible institutions to settle payment obligations in central bank money.
Financial intermediation	The process by which financial institutions and markets connect savers, investors, borrowers and users of capital.
Financial Market Infrastructure	Key components of the financial system that deliver services critical to the smooth functioning of financial markets, including trading venues, payment systems, clearing and settlement facilities, securities depositories and other systems used to record, transfer and settle financial assets and obligations.
Fintechs	Businesses that use technology to deliver financial products and services or improve the provision of financial services.
Interoperability	The ability of different systems, platforms, networks or infrastructures to connect, exchange information and operate together effectively.
New Payments Platform (NPP)	Australia's real-time payments infrastructure, introduced in 2018, which allows consumers and businesses to make and receive fast payments that are secure and data-rich.

Term	Definition
Open banking	A system that allows consumers and businesses to securely share banking data with accredited third parties to access products and services.
Open finance	The broader extension of data sharing beyond banking to other financial products and services, enabling more integrated and data-driven financial services.
Operational resilience	The ability of a financial institution, market, system or infrastructure to prevent, respond to, recover from and adapt to operational disruptions.
Payment	A transfer of monetary value.
Payment instrument	Facilities or things customers use to make payments, which can include cards, cheques and electronic funds transfers including online banking and payment facilities.
Payment service provider (PSP)	Organisations that provide stored-value facilities (SVFs), payment instruments or other services involved in making or receiving a payment.
Payment stablecoin	A stablecoin used or intended to be used for payments, including where the right to redeem stored value is attached to or exercisable by the holder of a digital token.
Payments ecosystem	The integration and interlinkages of various payment systems, providers, and instruments.
Programmable financial services	Financial products and services whose operation, conditions or execution can be automated through software-defined rules. Programmable financial services can enable transactions, payments, reporting, compliance and other financial activities to occur automatically when specified conditions are met.
Programmable platforms	Digital platforms that use software-defined rules to automate financial activities, transactions or processes when specified conditions are met.
Project Acacia	A joint initiative exploring how innovations in digital money and existing settlement infrastructure might support the development of Australian wholesale tokenised asset markets.
Quantum-resistant security measures	Security methods designed to protect information and systems against risks posed by future quantum computing capabilities.
RBA	The Reserve Bank of Australia, Australia's central bank. It conducts monetary policy, determines payments system policy, works to maintain a stable financial system, operates the core of the payments system and provides banking services to the government.
Real-world assets	Financial or physical assets that exist outside a digital platform and may be represented digitally through tokenisation.
Scams Prevention Framework (SPF)	A whole-of-ecosystem framework to prevent, detect, disrupt and respond to scams across sectors targeted by scammers.
Settlement finality	The point at which a transfer or settlement of funds or assets becomes irrevocable and unconditional.
Stablecoins	A type of digital asset that represents a right or claim attached to a reference asset such as a fiat currency or another asset.

Term	Definition
Stored-value facilities (SVF)	Facilities that enable customers to store value for the purpose of making future payments.
Thematic sandboxes	Targeted testing environments focused on particular technologies, business models or policy questions that may cut across multiple sectors or regulators.
Third-party dependencies	Reliance by financial institutions, markets or infrastructure providers on external service providers, technology platforms or other entities to deliver important functions.
Tokenisation	Tokenisation is the process of creating a digital representation of a financial or real-world asset that can be held, transferred and traded on a digital platform.
Tokenised stored-value facilities (SVF)	Under the proposed payments licensing reforms, a tokenised SVF is a type of SVF where the right to redeem a particular amount of funds is attached to, or exercisable by, the holder of a digital token.
Tokenised deposits	Digital tokens representing commercial bank deposit liabilities that can be transferred and settled on programmable platforms.
Wholesale CBDC	A central bank digital currency designed for use by financial institutions or market participants, rather than the general public, to support wholesale payments or settlement.