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Australian Payments Plus & Australian Payments Network

Via email: [A2Avisionconsultation@auspaynet.com.au](mailto:A2Avisionconsultation@auspaynet.com.au) and [consultations@auspayplus.com.au](mailto:consultations@auspayplus.com.au)

**Re: Public Consultation on the Future Vision for Account-to-Account Payments in Australia**

To Whom It May Concern:

The Association of Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to submit this on behalf of our members and the broader business software industry.

DSPANZ has partnered with Australian Payments Plus (AP+) since 2023 to identify and develop requirements for the New Payments Platform (NPP) to support the payment interactions that Digital Service Providers (DSPs) facilitate through software. While many of these technical requirements have been captured through the working groups and workshops with AP+, the following commentary re-emphasises this feedback.

**About DSPANZ**

Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world-class business software sector in Australia and Aotearoa New Zealand. [Our members](#) range from large, well-established companies to new and nimble innovators working at the cutting edge of business software and app development on both sides of the Tasman.

As we move towards the future vision of account-to-account (A2A) payments in Australia, it will transform how Digital Service Providers (DSPs) facilitate payment transactions for businesses and employers.

DSP products facilitate hundreds of millions of payment interactions annually across salary, wages, superannuation, payroll deductions and invoicing, totalling hundreds of billions of dollars in value.

The sheer number of payments processed through DSPs creates unique requirements for our sector that need to be catered for when designing the future of A2A payments. At heart, DSPs are 'wholesale' consumers of payment services - employers are required to pay salary, wages and superannuation through the payment system. This relationship between software and employers creates a very different set of demands than 'one-off' retail interactions and needs to be recognised in designing the future payment system.

While the future of A2A payments will ultimately enable DSPs to deliver more secure, data-rich, and real-time payment functionalities to their customers, concerns remain unresolved that will dictate the pace of change.

For DSPs, the top priorities for the future A2A payments system are:

- **Cost effectiveness:**

The cost base of the Bulk Electronic Clearing System (BECS) provides a floor that underpins the operation of current DSP payment processing. The current significant price difference between BECS and the New Payments Platform (NPP) will create a cost barrier to transitioning to the NPP in the short term, while BECS remains an option for DSPs.

In the longer term, if this issue is not addressed, DSPs will need to make decisions about how to recover the extra costs of supporting compulsory salary, wages and superannuation through the NPP, which is expected to be hundreds of millions of dollars annually.

Consideration needs to be given to how compulsory payments (such as salary, wages, and superannuation) that occur on a weekly, fortnightly, or monthly basis should be charged.

The current retail-based, single-transaction approach will not be suitable for these types of payments. New thinking needs to be applied to accommodate large-volume, compulsory and wholesale payment processing.

- **Bulk processing capabilities:**

The large volume and regularity of data and payment processing through DSP products have resulted in the development of standards (such as Single Touch Payroll and SuperStream) that focus on maximising processing efficiencies.

With hundreds of millions of transactions facilitated through DSP products annually, bulk processing is a core requirement for supporting the transmission of data and payments.

The ability to send a single payment (eg to a super fund that includes payments for many individual member accounts) has the added benefit of aligning with SuperStream data requirements and minimising the costs associated with BECS processing.

For DSPs, the ability to support bulk processing remains a core component of future A2A payments. Ensuring that bulk payment services remain efficient, affordable and scalable enables DSPs to continue supporting the volume and value of the payroll and super payments they facilitate for customers.

- **Interoperability and standardisation:**

As identified above, DSPs process large volumes of data and payments and operate within regulated taxation and superannuation systems. The key to successful

processing within these confines is the development of standards that all participants adhere to and that underpin interoperability between all participants.

The banking sector has a history of not implementing common data standards or interoperability. For example, the existing ABA file requirements are similar but different between banks.

In a digital world, there needs to be complete alignment in the development of future A2A payment standards and interoperability with and between PSPs.

The lack of standards and interoperability transfers cost through to DSPs as they must integrate with multiple versions of similar (but ultimately different) services. This approach also creates confusion among employees who must navigate different requirements between banks, e.g. differences in the implementation of PayTo agreements.

Standardised formats simplify integration and support consistent implementations, reducing complexity and facilitating a seamless and consistent payment experience.

- **Enhanced validation and security are embedded in first-time interactions:**

The future design of A2A payments presents an opportunity to embed account validation (Confirmation of Payee) and utilise other data elements (PayID) that will enhance security.

The development of a common service standard that ensures COP (at a minimum) is applied by default when interacting with a new bank account would provide a simple but effective step in protecting payers from fraudulent activities.

- **Effective management of payment errors:**

While NPP offers new services that will enable the protection of payers, we highlight that mistakes will always occur.

The future A2A payment processing has been designed to be real-time and to minimise errors, but no system will achieve 100% operational compliance.

There needs to be consideration about the business processes that will support people where genuine errors have been made.

DSPANZ welcomes the opportunity to provide further feedback on our submission. Please contact Maggie Leese at [maggie@dspanz.org](mailto:maggie@dspanz.org) for more information.

Yours sincerely,

Signed by:  
  
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# End User Objectives

## **1. What are your views on the proposed end user objectives that should guide the development of an industry vision for A2A payments? Are there any other objectives that should be included?**

DSPANZ broadly supports the end user objectives that guide the development of the industry vision for A2A payments.

However, we recommend that "Standards and Interoperability" should be a stand-alone capability, given the importance of developing a common approach to supporting the future A2A payment vision. For example, the development of common "file formats".

Achieving interoperability across the core capabilities provided by Financial Institutions (FIs) and Payment Service Providers (PSPs) is paramount to how DSPs support a consistent experience for their customers in the day-to-day payments they facilitate in business software.

## The Current A2A Payments System

## **2. What types of A2A payments do you currently make and receive, or help to facilitate on behalf of your customers? For example, one-off transfers to other accounts, direct debits for recurring payments, in-app payments, etc. What types of services and providers do you use or rely on?**

DSPs act as intermediaries in payment transactions by supporting their customers in initiating, reconciling and handling exceptions, and embedding payment information across tax, accounting, payroll, super, business registry and invoicing experiences. As a result, they facilitate a variety of payments at differing frequencies, with a mix of once-off and recurring payments.

More specifically, DSPANZ members support 90% of employers in meeting their payroll and super obligations, including:

- Salary and wages
- Superannuation guarantee and super contributions
- PAYG Withholding
- Bonus payments
- Termination and redundancy payments
- Workers compensation
- Expense reimbursements
- Deduction payments (child support, salary sacrifice, union membership)
- State payroll taxes.

Across these experiences, our members facilitate millions of payment-related transactions each year, totalling billions of dollars in value.

DSPs can support recurring payments for salary and wages, as well as once-off payments for items that occur outside a regular pay cycle. The amounts for any recurring or once-off payment may vary in each pay cycle based on the employee's hours worked, award entitlements and additional payments or deductions.

Our members currently rely on the following services to process the majority of payments, with relationships existing with the major FIs:

- BECS system - direct credit, direct debit (Direct Debit Agreement),
- Transaction Negotiation Authority (TNA)
- ABA files for bulk processing - file generated in software and uploaded to banking platforms

The roll-out of NPP has commenced amongst DSPs, but from a very low base, leveraging FIs and PSP solutions:

- NPP
- COP
- PayTo agreements.

### **3. Do any of the A2A payments that you make and/or receive today have specific requirements that need to be highlighted for consideration?**

The payroll sector is a large user of bulk payment services today. The NPP must provide a bulk payment solution that is cost-effective and with a standardised specification for FIs to support.

The current \$25K PayTo limit applied by FIs and PSPs appears to have been set with retail use cases in mind. This limit will not support the large-scale payroll and super payments that DSPs facilitate for employers that can run into hundreds of thousands of dollars or more.

Further consideration needs to be given to whether a "wholesale" PayTo agreement should be developed with unique requirements specific to supporting employers to process these types of payments.

### **4. What elements of the payments experience matter the most to you? For example, speed, availability, cost, reliability, certainty, data capabilities (including real-time information), convenience, safety, interoperability, other factors? Why are these elements most important and other elements less important?**

The following elements of the payments experience are critical to DSPs:

- **Cost:** DSPs facilitate millions of payment-related transactions each year at varying frequencies. The cost of facilitating payments impacts DSPs' operating costs, which in turn affect the payment experiences they can provide to customers within software and the overall cost of software solutions.
- **Bulk service:** DSPs currently rely on bulk payments for payroll and super processing. A single transaction from an employer's bank account simplifies the reconciliation and ensures employee privacy.

- **Interoperability:** DSPs should not be required to support the different technical implementations to support a future A2A vision. There should be a single standard that all FIs and PSPs achieve conformance against.

DSPs could then integrate with one or all FIs or PSPs using a standard API interaction, removing the need to navigate different data requirements, formatting and reducing costs.

- **Reliability:** DSPs support their customers in meeting their business obligations and compliance deadlines. Ensuring that systems are available and operating over peak lodgement and compliance deadlines means that employers and businesses continue to meet their obligations and avoid penalties for late payments. We also recognise that in an increasingly digital economy, this amplifies the impact of outages and cyber incidents. High availability, contingency and recoverability arrangements are essential.
- **Certainty:** Customers want certainty that their payments will be successful and reach the intended recipients. Where payments are unsuccessful, fast notifications or information about failed payments allow DSPs to support their customers in resolving issues.
- **Security:** The ability of DSPs to validate accounts before customers make payments is increasingly viewed as a “core requirement” in the face of growing fraud and scams in Australia. For example, validating an employee’s banking details while they are onboarded or re-verifying if an employee makes changes to their information. DSPs may currently support workarounds, such as \$0.01 test deposits to validate accounts.
- **Data capabilities:** DSPs enabling more information (where required) in payments, help to support the reconciliation process. DSPANZ continues to work with AP+ on opportunities to further support the data capabilities that enable DSPs to facilitate payments to customers, providing them with streamlined experiences.

## **5. What do you consider is working well with A2A payments today? Are there any concerns or limitations with A2A payments today? How do these vary across the A2A payments systems today (giving particular consideration to legacy versus modern payment systems and happy path versus unhappy path payment scenarios)?**

Our members believe that the current costs in the BECS system and the availability of bulk processing options are working well today. It has been noted that the standard format for ABA files, which all banks can accept with only minor modifications, currently works well to support bulk payments.

In terms of the limitations with BECS, our members have raised the following:

- The need for the ability to validate accounts before payments are sent
- Providing real-time acknowledgement that payments have been received
- Impacts of banking cut-off times.

**7. If relevant, how does your experience or perspectives on A2A payments in Australia compare with that for other countries?**

Our members experienced in supporting A2A payments outside Australia have raised that the bank file formats can vary between banks, which makes it challenging for customers and DSPs to implement in software.

## Looking Ahead To The Future

**8. What are your needs and expectations for the future A2A payments system?**

As mentioned above, the cost of NPP payments and services, such as PayTo and COP, will considerably impact how DSPs continue to support payment experiences for their customers. Price parity between the NPP and BECS is critical for DSPs. There should also be reasonable costs for PayTo, COP and any future payment-related services to support their widespread use.

DSPs currently have limited to no visibility of FI's timelines for enabling core capabilities such as PayTo and COP. FIs being transparent about their technical roadmaps supports DSPs in developing their product roadmaps and investing in necessary changes.

With the growing prevalence of fraud and scams in Australia, a future A2A payments system must be resilient and prepared for new threat vectors that may exploit fast payments. Ensuring industry collaboration on information sharing and proactive measures will support stakeholders in preparing for, preventing, and responding to incidents.

**9. What types of payments or payment use cases would benefit most from improvement (in particular with specific requirements or constraints that need to be supported)?**

From our perspective, the high-volume, high-frequency compulsory payments (salary, wages and superannuation) that DSPs support should be considered as a unique category of payments that must be supported in the future A2A payments systems. There are improvements required, such as a bulk payments service and changes to the current PayTo limit, to support these payments moving forward.

As we have previously raised, DSPANZ believes there is an opportunity to consider a wholesale PayTo agreement that would support bulk salary, wage and superannuation payments.

**10. What capabilities and features must the future A2A payments system support? For example, the ability to support batch payments, payee validation, data capabilities including use of structured and data validation, any specific and user protections, various settlement arrangements, availability and resilience, international payments, etc.**

Our members have raised that the following capabilities and features must "be part of" the future A2A payments system:

- **Standard formats:** There should be standard NPP file formats and PayTo agreements that support DSPs in building these once and have them work across all FIs. Standard formats will support interoperability across the system.



- **Bulk service:** To continue facilitating bulk payments for payroll and super processing.
- **Account validation:** Supporting the validation of payees and account availability with services such as Confirmation of Payee. Account validation will be important across employee onboarding, payroll, super and vendor onboarding processes. There should also be instant feedback on closed accounts.
- **Increased PayTo limit:** The current \$25,000 PayTo limit is too low to support the value of payroll and super payments that DSPs facilitate. Developing a wholesale solution may be an alternative method to support DSPs.
- **Data validation:** Ensuring that payment messages are accurate, complete and meet any regulatory requirements before they are processed. Data validation will help reduce transaction errors, payment failures, and reconciliation issues.
- **Governance:** The right governance and controls are required to support conformance across the system and will guide how changes or new services are implemented.
- **Resilience:** In an increasingly digital economy, high availability and resilience are essential to support real-time payment experiences and enable DSPs to assist their customers in meeting their obligations.
- **Faster settlements:** Enabling quicker payment reconciliation and cash flow benefits to customers.
- **International payments:** With increasingly global business operations, DSPs support international payment capabilities to meet their customers' evolving needs.

#### **11. Are there any industry or global standards that the A2A payments system should be based on or seek to incorporate?**

The future A2A payments system should be based on the ISO 20022 standard. As it is a global standard, it will facilitate international interoperability.

#### **12. What more could be done to support access, promote competition and enable innovation in A2A payments, such as greater access for non-banks and intermediaries to offer innovative technologies and services? Does more need to be done in relation to setting industry standards (including in relation to resilience, security and the consistency of payment services) and ensuring interoperability?**

When considering how industry standards are set across the system, particularly in terms of security and data standards, it is important to align with the common requirements that DSPs already meet, such as the ATO's Operational Security Framework and international standards like ISO 27001. DSPANZ recommends further consultation with DSPs about how standards would apply to them.

We recognise that setting standards goes hand in hand with ensuring that the right governance arrangements are in place across the system.

#### **13. What should be the top priorities in relation to the payments experience when considering the future A2A payments system?**



As we have suggested throughout this submission, DSPs view the following as the top priorities for the future A2A payments system:

- Cost effectiveness
- Bulk processing capabilities
- Interoperability and standardisation
- Enhanced validation and security are embedded in first-time interactions
- Effective management of payment errors.

**14. What forces, such as technological developments, changing societal attitudes, regulatory barriers, operational approaches or evolving market conditions are likely to impact the A2A payments systems, and should be considered in the future Vision?**

Business software is integral to how businesses manage their day-to-day operations and meet their regulatory and legislative obligations, including as employers.

Business software is the core support that the majority of businesses first turn to for processing compulsory salary, wages, superannuation, and other related payments.

DSPANZ continues to advocate for price parity between the NPP and BECS to support the volume and frequency of payments that DSPs facilitate for customers. The potential costs in the system will significantly impact the payment experiences that DSPs provide to their customers and, ultimately, how these costs are recovered.

**16. Do you have any perspectives on the specific proposed elements of the vision that you would like to share, for example in relation to the purpose, guiding principles, success criteria or experiences?**

For DSPs, one of the guiding principles of the vision should be that the system is fit for purpose, catering to different types of payment interactions. For example, enabling bulk salary, wage, and superannuation payments, and ensuring these can occur at scale.

Success for DSPs is that the barriers currently preventing a successful transition from BECS to the NPP are addressed and removed. As we have raised throughout this submission, core barriers are a bulk payment service and price parity.