

# The Rise of Real-Time Payments in Australia: An Evolution in Motion

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The Reserve Bank of Australia (RBA) has long stood at the forefront of payment system evolution, guiding the financial landscape to meet the demands of a rapidly changing digital economy. In the vast payments ecosystem administered by the RBA, there are six prominent payment channels, each addressing unique transactional needs. One that has undeniably caught the spotlight is real-time payments. Since its inception in 2018, real-time payments have shown remarkable growth, expanding at an impressive rate of over 20% annually, as reported by the RBA. This development speaks to the intrinsic appeal of instantaneous transactions – the convenience and immediacy are unmatched.

“Real time payments have reset the strategic focus of our industry, opening a new world of capability and opportunities.” **Trent Gunthorpe, Chief Product Officer, ASL**

## Bridging the Gap: The Advent of PayTo

With the introduction of PayTo last year, the canvas for real-time payments expanded dramatically. PayTo is not just a tool; it is an embodiment of innovation in the financial space, offering a myriad of new use cases. This platform has efficiently bridged existing gaps, providing consumers and businesses the control and flexibility to make payments suitably accommodating both consumers and businesses.

## Real-Time Payments vs. Card-Based Payments

The Silent Tug of War - While the Australian market has historically leaned heavily towards card-based payments – credit and debit cards being an ingrained part of the consumer psyche – the current trajectory suggests a potential shift in the making. The surge in real-time payments, accompanied by capabilities like PayTo, has set the stage for a new chapter in the financial world. This is not to claim the imminent downfall of card payments – their ubiquity and established user base remain strong – but the increasing adaptability of real-time payments signals a paradigm shift. The value proposition is simple: Why wait for days for a transaction to clear when it can be settled within seconds?

## The Potential Migration of BECS Direct Entry to Real-Time Platforms

Another crucial element in the discussion surrounding Australia's payments evolution is the potential migration of the Bulk Electronic Clearing System (BECS) Direct Entry payments to real-time platforms. The BECS system has been a backbone of the Australian payments infrastructure for decades, facilitating batch processing for payments. This includes everything from salary payments, government benefits, to utility bills and more. Its efficiency and reliability have made it a trusted mechanism for large-scale transactions. However, as the financial landscape is rapidly changing and demands for instant gratification grow louder, the BECS Direct Entry system faces the pressures of modernisation. The rise of real-time payments provides a compelling case for a potential migration.

## A Peak Yet to be Reached: The Innovation Landscape

The recent COBA conference illuminated the vast potential of real-time payments. A prevailing sentiment during discussions was that we are only scratching the surface. The innovations seen thus far, as groundbreaking as they might appear, represent just the tip of the iceberg. Fintechs, start-ups, and established banks are diving deep into the potential applications of real-time payment platforms. From immediate peer-to-peer transfers to on-the-spot e-commerce settlements and even innovations in the gig economy where real-time payments could revolutionise the way freelancers and contractors are paid – the horizon looks promising.

## Challenges and the Road Ahead

Despite the optimism, the industry must also grapple with challenges. Security remains a top concern. The instantaneous nature of real-time payments leaves little room for error, and the industry needs to ensure robust cybersecurity measures. Moreover, public awareness and adoption can be stumbling blocks. It is one thing to build sophisticated platforms but ensuring that everyday Australians trust and use them is a different challenge altogether. Yet, with the collective efforts of the industry, these challenges are not insurmountable. As technology advances, the integration of artificial intelligence and machine learning can further enhance the security and efficiency of real-time payments.

## Conclusion

In a world driven by the need for speed and convenience, real-time payments in Australia represent the next frontier in banking and finance. While they currently occupy a smaller portion of the market compared to traditional card-based systems, their potential cannot be underestimated. As Australia continues its march towards a more digitised financial landscape, it is clear that real-time payments will play a significant role in shaping the future. For consumers, businesses, and financial institutions alike, the age of waiting for payments may soon be a thing of the past.

**ASL** provides fast and easy connectivity to the Australian payments eco-system. Their solutions integrate with all legacy & digital payment rails to streamline & secure the movement of money. From New Payments Platform (NPP), PayTo, Direct Entry (DE), BPAY, RTGS, PEXA, Card Schemes, Merchant Acquiring, Austraclear & Financial Crime Management. They are an ADI with direct connection into the NPP & COIN network.