

## Submission to APRA Governance Review – Uplifting Payments Governance through Education (PayEd™)

### Introduction and Executive Summary

PayEd™ – Education in Payments (PayEd) welcomes the opportunity to contribute to APRA’s Governance Review. As a specialist organisation focused on payments education and capability-building, PayEd™ is dedicated to bridging the knowledge gap in the payments sector. We applaud APRA’s efforts to strengthen board governance and believe that payments governance is an emerging frontier that warrants greater attention. This submission advocates for incorporating payments literacy and oversight into prudential governance standards, underpinned by targeted director education. In summary, we urge APRA to:

- **Recognise payments as a strategic board priority:** With Australia’s payments ecosystem rapidly modernising – moving to real-time platforms like the NPP – boards must elevate their oversight of payments strategy, operations and risks.
- **Leverage technology for better governance:** The rise of AI and automation in payments is making systems more efficient yet complex. Paradoxically, this creates both the need and the **opportunity** for boards to engage more deeply in payments oversight. Advanced analytics and real-time data can give directors unprecedented visibility into payment flows and risks, enabling practical and proactive governance.
- **Embed education-led capability uplift:** We recommend APRA explicitly encourage education and training for boards on payments. By developing knowledge frameworks such as the “PayEd™ Method” (outlined below), directors can gain the confidence and common language to ask the right questions of management. Education-led uplift will help close skills gaps and empower boards to fulfill APRA’s heightened expectations around risk oversight.
- **Position Australia as a global leader:** By integrating payments governance competencies into its prudential guidance, APRA can set a benchmark internationally. Australia has an opportunity to lead in strategic payments governance – much as it has led in payments innovation – with APRA’s guidance influencing peers in other jurisdictions.
- **Partner with specialists like PayEd™ :** Finally, PayEd™ stands ready to support this uplift through collaboration, tools and training. We offer our expertise to APRA and regulated entities to embed payments literacy at board level, ensuring that regulatory intent translates into effective practice.

We structure our detailed comments below in line with the above themes, and we thank APRA for considering our submission. PayEd™ is confident that aligning governance

standards with payments education will enhance the resilience, integrity and competitiveness of Australia's financial system.

Yours sincerely,

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A solid black rectangular box used to redact the signature of the Chief Education Officer.

Chief Education Officer

25 May 2025

## About PayEd™ and the “PayEd Method” for Payments Governance

**About PayEd™ :** PayEd™ is an Australian-based education company focused on training in all areas of payments. We work with banks, payment companies and boards to improve understanding of how payments systems function – from the basics of transaction flows to the complexities of emerging technologies. PayEd™ also *advocates for stronger payments governance across every organisation*, recognising that payments are not just operational plumbing but a strategic enterprise asset. Our team’s experience spans decades in payments and financial technology, and we have delivered training to some of the world’s largest payment firms and banks. This expertise underpins our framework for building payments capability at the board and executive level.

**The PayEd Method – Five Pillars of Payments Literacy:** PayEd™ has developed a capability-building framework (the “PayEd™ Method”) to uplift payments literacy and governance. The framework is structured around five key pillars, which together provide a holistic understanding of the payments domain:

- **1. Payments Landscape:** Covers the overall payments ecosystem and its evolution. This pillar educates directors on the key payment systems (e.g. cards, BECS, RTGS, NPP), instruments (cards, direct entries, digital wallets, etc.), and stakeholders (banks, regulators, fintechs, payment networks). It also addresses the regulatory architecture and industry initiatives shaping the landscape. By mastering the payments landscape, board members can better appreciate how industry changes (like the introduction of PayTo or the rise of real-time payments) impact their business strategy and obligations.
- **2. Information Technology (IT) in Payments:** Focuses on the technology underpinning modern payment systems. This includes understanding core payment processing infrastructure, APIs and integration, emerging technologies (such as AI-driven payment processing, machine learning for fraud detection, blockchain and digital currencies), and the challenges of legacy system replacement. Given that payments today are fundamentally technology-driven, directors need fluency in how IT changes affect reliability and innovation in payments. The PayEd™ Method equips boards to ask informed questions on systems resilience, vendor management, and IT investment for payments modernisation.
- **3. Risk, Compliance and Security:** Addresses the risk management aspects of payments, including operational risk, fraud and scams, financial crime compliance, and cybersecurity. This pillar ensures directors understand obligations around payment security standards, anti-money laundering (AML) in payments, data privacy, and the institution’s controls to prevent fraud and

scams. With payment fraud losses running into billions annually in Australia, and regulators pushing for stronger anti-scam measures on banks, boards must be able to oversee and challenge management on these risks. The PayEd™ framework provides directors with the knowledge to interpret fraud reports, incident trends, and compliance metrics, thereby strengthening the three lines of defence in payment operations.

- **4. Governance and Oversight:** Concentrates on the internal governance structures, policies and oversight processes for payments. This pillar ties directly into APRA's prudential expectations – it covers how boards should govern payment activities, the delineation of board vs management responsibilities, and effective oversight mechanisms (e.g. board committees for technology or operations risk, escalation protocols for payment incidents, independent reviews). We impart leading practices on board governance of payments, such as setting a payments risk appetite, regularly reviewing payment systems performance, and ensuring clear accountability for payment outcomes. The PayEd™ Method also emphasises the “tone from the top”: when directors visibly engage with payments oversight, management is more likely to prioritise and resource this area appropriately.
- **5. Economics of Payments:** Explores the business and economic drivers of payment services. Directors learn about the revenue models (fees, interchange, scheme rebates), cost structures (technology investment, operational costs, fraud losses), and competitive dynamics in payments. This pillar helps boards view payments not only as a cost center or utility, but as a strategic line of business with profit-and-loss implications and customer experience impact. In an era when new entrants and fintech innovations can siphon off payment revenues, directors need to evaluate the bank's payments strategy and investments with an informed commercial lens. Understanding the economics also helps boards ensure that pricing, innovation and risk management decisions in payments are sustainable and aligned with the institution's financial goals.

Each of these five pillars reinforces the others. Together, they give board members a comprehensive toolkit – a common language and mental model for discussing payments. PayEd™'s educational modules and workshops are built around these pillars to methodically raise directors' proficiency. We have found that once boards grasp this framework, they gain confidence to probe management on previously opaque or complex payment topics. We encourage APRA to consider how such structured capability frameworks could be referenced or encouraged in its governance standards or guidance.

## Technology, AI and the New Imperative for Board-Level Payments Oversight

**Efficiency Meets Complexity:** The accelerating adoption of automation and Artificial Intelligence (AI) in payments is transforming how payment systems operate. On one hand, AI and automation are delivering efficiency gains – streamlining manual processes, improving speed and reducing errors. For example, financial institutions are increasingly utilising AI-driven tools to gain real-time performance insights, enhance customer experience, and handle routine payment tasks with minimal human intervention. These technologies can flag anomalies in transaction flows or detect fraud patterns far more quickly than traditional methods, theoretically enabling a more controlled and transparent operation.

On the other hand, the very same innovations make the payments environment more complex and interconnected. An AI engine deciding to block (or permit) transactions based on learned patterns, or automated processes executing high volumes of payments across networks, introduces new kinds of **operational risks** and potential failure modes that boards need to understand. The complexity of algorithms, data integrations, and third-party fintech partnerships means oversight cannot be left to IT teams alone. *Governance must evolve in tandem with technology.*

**“More Vital – and More Possible”:** In PayEd™’s view, the net effect of AI and automation is that *board-level governance of payments has become both more vital and more feasible*. It is more vital because as automation takes over critical payment processes, directors must ensure there are proper controls, ethical guidelines, and risk mitigants around these technologies. A minor software glitch or unchecked AI decision in a payments system could lead to systemic outages or customer harm. The stakes are higher than ever, reinforcing APRA’s point that good governance is a “*pre-condition to sustainable success*” in any financial business.

At the same time, it is more *possible* for boards to engage practically with payments oversight now than in the past. Modern payments infrastructure can produce rich dashboards and data for oversight purposes – for instance, real-time fraud detection metrics, system uptime reports, and customer impact analyses are often readily available. Automation is reducing the drudgery of routine reporting, meaning management can focus on presenting insightful information to the board. In essence, boards of APRA-regulated firms now have the time and visibility to delve into payments issues: the mundane processing workload has shifted to machines, and what remains are higher-level questions of risk, strategy and resilience that rightly belong in the boardroom.

Crucially, regulators like APRA are increasing expectations that boards *do* engage. In its Governance Review discussion paper, APRA identifies shortcomings in some boards’ skills and capabilities, noting the failure in certain cases to take active steps like training

to address knowledge gaps. This is especially pertinent for technical domains. We submit that payments is one such domain where historically boards may have delegated oversight deep into management, but today that model is no longer tenable. With financial crime risks, customer experience, and even financial stability tied to payments, directors must be conversant and vigilant. Fortunately, the tools exist – from AI-powered analytics to targeted education – to make practical oversight achievable.

**Harnessing AI for Governance:** We also highlight that AI itself can be harnessed to assist boards in oversight. For example, anomaly-detection systems can provide directors with early warning signals of unusual payments activity, and automation can generate compliance reports on payment processing health for board audit committees. The combination of advanced technology and an educated board creates a feedback loop: technology gives the board sharper oversight instruments, and an informed board asks more sophisticated questions that drive management to leverage technology further for assurance. APRA’s guidance can spur this virtuous cycle by explicitly encouraging boards to utilise modern risk reporting and to invest in understanding the new “techno-operational” landscape of payments.

In summary, PayEd™ concurs with APRA’s stance that regulated entities need “*sound stewardship and vigilant oversight*” at the board level. We argue that nowhere is this more true than in payments, given its fast-evolving complexity. By acknowledging both the necessity and the newfound feasibility of board-level payments governance, APRA can help shift industry mindset: from viewing payments as a narrow operational issue to treating it as a strategic risk and opportunity that merits full board attention.

## The Strategic Importance of Payments in 2025: BECS Sunsetting, NPP, PayTo and Fraud Risks

Payments are now front and center in the strategic planning of financial institutions. We urge APRA to consider the following developments – all unfolding in Australia’s payments landscape – as key context for why director education and engagement in payments is so important:

- **BECS Sunsetting and Transition to Real-Time Payments:** The Bulk Electronic Clearing System (BECS), which for decades has been the backbone for Direct Entry payments (salaries, welfare payments, direct debits), is on a path to decommissioning. Industry has set a target date of June 2030 to retire BECS, migrating these traditional payment flows to modern infrastructure. BECS currently processes a vast volume of essential payments; the Reserve Bank of Australia has deemed it a “prominent payment system” where any significant disruption could cause serious economic harm. Its replacement will likely be through the New Payments Platform (NPP) and other fast payment rails. This migration is not a mere IT project – it is a fundamental transformation of how money moves in the economy. Boards must oversee the transition carefully: Are their institutions upgrading systems in time? What are the operational risks as they shift customers to new payment methods? How will the change affect customers (for example, the end of the familiar BSB/Account-based direct debits)? These strategic questions require board-level scrutiny. APRA’s governance expectations should explicitly recognise that such industry-level changes are strategic matters, not just operational ones. A director who is educated on the payments landscape will know to ask management: “What is our plan for the BECS sunset, and are we confident it’s on track with minimal risk?”
- **Escalating Fraud and Scam Threats:** The rapid digitisation and acceleration of payments (real-time payments, open banking interfaces, etc.) has unfortunately been accompanied by rising fraud and scam activity. Australia has seen scammers exploit faster payments to defraud consumers and businesses, often with devastating losses. In 2023, reported scam losses reached \$2.7 billion (albeit with a slight decline from the prior year). While collaborative efforts (such as the National Anti-Scam Centre) have started to stem the tide, the level of fraudulent activity remains unacceptably high. This is not only a consumer protection issue but a prudential concern: fraud can erode trust in the payments system and lead to reputational damage and financial losses for regulated institutions. Recognising this, authorities are moving toward stronger measures – for example, a forthcoming industry code on scam prevention with mandatory obligations on banks is being developed. Boards should be ahead of the curve in

this area, proactively ensuring their bank's fraud controls, customer reimbursement policies, and incident response plans are robust. Directors who are educated on payments risk and security will better grasp the importance of investments in fraud detection systems (like AI-based analytics) and will push for a "zero tolerance" culture on avoidable payment fraud lapses. APRA's governance standards could reinforce this by expecting that boards regularly review reports on payment fraud/scam trends and mitigation actions as part of their risk oversight duties.

- **Customer Expectations and Competition:** Beyond specific projects and risks, there is a broader strategic imperative: payments are increasingly core to customer experience and competition in banking. Consumers and businesses expect payments to be fast, convenient and secure. If an APRA-regulated institution lags in offering, say, real-time payments, or suffers outages that prevent customers from transacting, the damage to its brand can be quick and severe in a world of social media and agile fintech competitors. Moreover, tech giants and non-bank players are entering or expanding in the payments arena (digital wallets, "buy now, pay later" ecosystems, etc.), chipping away at banks' historical payments revenues. All this elevates payments from a back-office utility to a front-line strategic concern. We encourage APRA to weave this narrative into its governance framework: just as boards discuss strategy for lending or wealth management, they should be discussing payments strategy. This requires knowledge – a board educated in the economics of payments can weigh decisions on investing in new payments capabilities or partnering with fintechs. It also requires adequate time on the agenda – APRA might consider guidance that boards periodically receive a dedicated briefing on payments developments (akin to how some boards get an annual technology strategy update or cyber risk update).

In light of the above factors (BECS replacement, NPP/PayTo, fraud risks, competition), it is evident that *payments has become a strategic board-level issue in 2025 and beyond*. We believe APRA's Governance Review is timely to acknowledge this shift.

Strengthening governance isn't only about generic processes; it's also about focusing directors' minds on the right content areas. Payments is clearly one such area of growing importance. A prudentially sound institution in the modern era will be one whose board proactively governs payments risk and innovation. Through this review, APRA can signal to boards: "Don't treat payments as plumbing – treat it as a strategic asset and risk that you are expected to understand and oversee."

### **Education as the Cornerstone of Effective Payments Governance**

APRA's discussion paper rightly identifies gaps in director skills and calls for active steps to address those gaps through professional development. PayEd™

wholeheartedly supports this direction. In the context of payments governance, we see education not as a one-time event but as an ongoing capability uplift – an investment in making boards fit for purpose in a fast-changing domain. We recommend that APRA’s governance standards and guidance explicitly incorporate expectations around education-led capability building in key areas (with payments as a prime example).

**Closing the Knowledge Gap:** It bears repeating that no director can be expert in every technical facet of banking. The goal is a “strong cell of collective knowledge” on the board, where each critical field (be it cybersecurity, digital innovation, or payments) is sufficiently understood by the board as a whole. Currently, many boards may lack a director with a payments background, and some may not even realise the gap. APRA’s Proposal 1 on Skills and Capabilities would require boards to identify the mix of skills they need and address any shortfalls. We suggest that boards of entities with significant payment operations explicitly include “payments and payment systems knowledge” in their skills matrix. The **PayEd™ Method’s five pillars** could serve as a reference for the competencies encompassed by “payments knowledge.” This might range from understanding payment regulation and market infrastructure (Payments Landscape) to familiarity with payment technology and fraud risk (IT and Risk/Security pillars).

APRA can facilitate this by providing guidance or examples in a revised Prudential Practice Guide. For instance, a guidance note could say: *“When assessing board capability for ADIs, consider the institution’s business mix. For those with material payments activities, expertise or training in payments systems, retail payments products, and associated risks should be represented on the board or attained through development.”* Such guidance would validate to boards that investing in payments literacy is aligned with regulatory expectations. It would also encourage nomination committees to seek new directors or advisors with payments experience, and/or ensure existing directors undergo training. Notably, APRA observed that some boards in mutual banks had no directors with contemporary banking (let alone payments) experience. Education is a practical remedy to that situation when immediate recruitment of experts isn’t feasible.

**From Passive Briefings to Active Education:** We distinguish between passive exposure and active learning. It is common for boards to receive periodic management briefings on topics like cyber risk or digital strategy. While useful, those are often one-way informational sessions. In contrast, structured education – such as workshops, courses, or certification programs – is interactive and aimed at building a durable understanding. We advocate for an education-led approach whereby directors *actively engage* in learning modules on payments governance. This could involve case studies (e.g. dissecting a real incident of a faster payments fraud), scenario exercises (e.g. responding to a major payments outage), and Q&A with experts. The result is directors

who not only hear about an issue, but who have thought through their role in addressing it.

APRA's role would be to *encourage and normalise* such professional development. We note with approval that APRA explicitly suggests boards address skill gaps through training and not just rely on management or advisors. In practice, external specialists can be invited for deep-dive sessions; indeed CPS 510 allows boards to engage external expertise for this very reason. PayEd™ has, for example, conducted bespoke training for bank boards on the introduction of PayTo and what questions directors should be asking at each project milestone. We have seen the difference it makes when directors come out of a session equipped with a checklist of questions or considerations – their oversight becomes more penetrating and confidence improves. We encourage APRA to incorporate anecdotes or expectations of such training in its prudential guidance. For instance, revising Prudential Practice Guide CPG 510 could include: *“Boards should periodically undertake training or seek external expertise on complex or emerging areas of risk (e.g., payments technology, cyber threats) to ensure informed oversight.”* This aligns with APRA's intent to raise professionalism without necessarily mandating one-size-fits-all rules.

**Frameworks Like the PayEd™ Method Enable Confident Oversight:** Earlier we described the PayEd™ Method's five pillars. Frameworks provide directors with a mental map and common vocabulary. This is incredibly important in a field as jargon-heavy as payments. When all directors share an understanding of terms like “NPP,” “ISO 20022 migration,” “confirmation of payee,” or “payment gateway security,” the quality of board discussion improves. Directors can challenge management with pertinent follow-ups instead of feeling lost in technicalities. We have witnessed board meetings transform once a framework like ours is adopted – payments oversight shifts from a superficial review to an engaged dialogue. We urge APRA to support the use of such frameworks. Whether developed by PayEd™ or others, structured curricula and reference models for payments governance can fast-track a board's competency. APRA's endorsement (even indirectly, by citing the importance of frameworks and training) would incentivise more boards to seek out these resources.

**Confidence to Ask the Right Questions:** Ultimately, good governance comes down to asking the right questions of management and assurance providers. An educated board will know what questions to ask in the realm of payments. For example: *“How exposed are we to a failure of the NPP? What are our fallback arrangements?”* *“Have we updated our fraud monitoring to account for instant payments via PayID?”* *“What is our plan to participate in the RBA's new payments licensing framework – are there competitive risks if we don't?”* – These are the kinds of strategic and oversight questions that a director uninformed about payments might not think to pose. By advocating education-led capability uplift, APRA would be empowering boards to fulfill their fiduciary duties in the

payments arena. Rather than dictating specific technical requirements, APRA can create a culture where directors feel it is their *responsibility* to become conversant in key operations like payments. We believe this cultural shift – making payments governance a mainstream part of board development – will pay dividends in risk management across the industry.

In summary, we recommend the Governance Review explicitly acknowledge education and knowledge frameworks as critical tools for uplifting governance. APRA should encourage boards to integrate payments (and other technical domains) into their skills matrices and development plans. This education-led approach directly supports the objectives of the Review by ensuring directors have the “skills, knowledge and experience” to manage evolving risks. It moves the needle from governance being a compliance exercise to governance being an active, informed practice.

### **Australia as a Global Leader in Strategic Payments Governance**

The issues we discuss are not unique to Australia. Around the world, regulators and financial institutions are grappling with how to modernise payments and manage new risks. However, few jurisdictions so far have explicitly connected these developments to **board governance expectations**. This is where Australia, under APRA’s guidance, can lead.

**Setting a Prudential Benchmark:** If APRA embeds payments governance and director capability expectations into its prudential framework, it would set a pioneering benchmark. Other regulators often look to APRA’s innovations in prudential standards. For instance, APRA’s work on risk culture and governance reform post-Hayne Royal Commission has been observed internationally. By formalising the importance of payments oversight (e.g. via revisions to CPS 510 or accompanying guidance), APRA would again be at the forefront. We anticipate that non-APRA-regulated firms – such as fintechs or payment service providers outside the prudential perimeter – would also take note. They often follow the tone set for larger institutions. Moreover, global standard-setters like the Basel Committee and Committee on Payments and Market Infrastructures (CPMI) might incorporate elements of APRA’s approach into best practices for bank supervisors.

Concretely, APRA could include in its updated governance standards a commentary such as: *“Boards should ensure they maintain appropriate knowledge of material business activities – for example, payment operations in a bank or insurer with significant customer payment flows – and oversee these activities strategically.”* Even this high-level nod would be impactful. Additionally, when APRA conducts prudential reviews or thematic reviews, it could include an element of assessing how boards handle payments oversight. Over time, this builds a body of practice that can be shared globally. In a sense, Australia can become a proof of concept that elevating board

engagement in payments leads to better outcomes (fewer outages, better fraud control, more innovation, etc.).

**Positive Side-Effects: Innovation and Inclusion:** A strong governance stance on payments could also indirectly promote innovation and financial inclusion. When boards are engaged, they are more likely to champion investment in modern payment solutions and support industry-wide improvements. For example, a board educated on the benefits of the NPP and overlay services might push management to leverage those capabilities to serve customers better (such as enabling instant payments for remote communities or using PayTo to help customers avoid missed bill payments). Likewise, boards attuned to the economics of payments might identify sustainable ways to reduce fees or improve access, aligning with public policy goals. Thus, APRA's focus on governance can have ripple effects beyond just risk mitigation – it can drive a more forward-looking, competitive payments industry. Australia already leads in many payment metrics (e.g. high contactless card usage, progressive infrastructure like NPP). By adding governance excellence to that mix, Australia can claim leadership in not just *operational* innovation but also *governance innovation*.

**International Recognition and Collaboration:** We also note that global regulatory forums are paying increasing attention to operational resilience and third-party risk in payment systems. While those discussions often revolve around technical standards, Australia could introduce the dimension of board oversight into the conversation. APRA, through its participation in international bodies, could share its enhanced governance expectations as a case study. This may encourage peer regulators to similarly emphasise director competence in new technology and payments. In time, we could see an international consensus that bank boards should include payments expertise just as they include financial or audit expertise. Such a shift would be analogous to the way cybersecurity moved from an IT issue to a boardroom issue globally in the last decade – a change spurred by thought leadership from a few jurisdictions.

In positioning Australia as a leader, we are not suggesting a burdensome new obligation for directors, but rather showcasing what modern governance can look like. The payoff is a more adaptive and resilient financial system, one where oversight keeps pace with innovation. PayEd™ believes APRA's Governance Review can be a catalyst for this vision. By articulating expectations now, APRA will help future-proof Australian institutions for the coming waves of change (think central bank digital currencies, further fintech disruption, cross-border instantaneous payments – all on the horizon). Those that govern well will navigate these changes successfully; those that do not may stumble. We want Australia's banks and insurers to be in the former category, and global observers to take note of **“the Australian model”** of payments governance.

## PayEd's Commitment to Support Uplift in Payments Governance

As APRA considers these recommendations, PayEd™ offers its strong support and partnership to achieve the shared goal of improved payments governance. We understand that shifting industry norms and building new competencies is a considerable undertaking – one that requires collaboration between regulators, industry bodies, and experts. In that spirit, PayEd™ is prepared to contribute in the following ways:

- **Consultation and Advisory:** We are available to assist APRA (or industry associations) in developing guidance materials, case studies, or workshops that illustrate what good payments governance looks like. For instance, PayEd™ could help draft a practical guide for directors on “Key Questions for Board Oversight of Payments,” complementing APRA’s prudential standards. We can also provide input on training curricula that align with regulatory expectations, ensuring that any director education programs are fit-for-purpose and cover the necessary breadth (our five-pillar framework can be a template).
- **Training Programs and Tools:** PayEd™ has developed online learning modules, interactive workshops, and assessment tools specifically focused on payments knowledge. We are willing to work with APRA-regulated entities (or groups of them) to roll out tailored training for boards and senior management. This could take the form of in-house seminars or cross-industry roundtables on emerging payment issues. Our programs are designed to be engaging and efficient, respecting directors’ time while delivering meaningful competency improvements. We could, for example, collaborate with APRA to host a one-time series of director forums on payments oversight, similar to how regulators sometimes host “industry insight” sessions. By embedding our tools and content, APRA can jumpstart the capability uplift without each entity having to reinvent the wheel.
- **Ongoing Literacy Initiatives:** Beyond one-off training, PayEd™ advocates for continuous learning. We offer periodic updates (newsletters, webinars) to alumni of our courses about key developments in payments. If APRA’s guidance encourages directors to stay up-to-date, we can serve as a resource by keeping educational content current with the latest trends (such as new scam typologies or changes in the payments regulatory environment). PayEd™ is also exploring certification pathways for payments professionals; if there were interest, we could discuss a certification or credential for board members who complete a certain level of payments governance training – creating an extra incentive for directors to pursue expertise.

- **Collaboration with Other Stakeholders:** We recognise APRA's domain is prudential regulation, while payments oversight also involves bodies like the RBA's Payments System Board, AusPayNet, and the Australian Payments Plus (AP+) industry framework. PayEd™ has relationships across these stakeholders and can help ensure that governance education dovetails with broader payments industry initiatives. For example, as AusPayNet works on industry modernisation (licensing, BECS replacement, scam prevention – topics highlighted at the recent #AusPayments24 conference), we can feed those insights into training content for directors. This joined-up approach means directors won't learn in a vacuum; they will see how their governance role connects with national efforts and vice versa.

In offering our support, our tone is one of constructive partnership. We deeply respect APRA's mandate to ensure financial safety and stability. PayEd's mission of elevating payments knowledge is inherently aligned with that mandate – because a well-informed board is an effective guardian of an institution's resilience. We are confident that through collaboration, the ambitious ideas in this submission can be translated into concrete actions. Whether it is refining prudential guidance language, delivering pilot training sessions, or developing measurement metrics for governance capability, PayEd™ will contribute enthusiastically.

## Conclusion

PayEd™ thanks APRA for the opportunity to provide input into the Governance Review. In conclusion, we reiterate our key message: **as the payments landscape transforms, so too must board governance of payments**. By embedding expectations for payments literacy and oversight into its prudential standards and guidance, APRA can ensure that boards are not left behind by the pace of change. This will lead to stronger risk management, greater innovation, and protection for consumers – outcomes desirable to regulators and industry alike.

We support APRA's proposals to raise the bar on director skills and to require active gap-remediation through development. Our recommendations build on that foundation, applying it specifically to the payments domain which we believe merits special focus at this juncture. The confluence of AI-driven complexity, strategic industry shifts (NPP/PayTo, etc.), and heightened financial crime risks makes payments governance a litmus test for effective directorship in the 2020s.

Australia has an opportunity to blaze a trail in this arena. With APRA's leadership, what we foresee is an Australian banking sector where every board has the knowledge and tools to confidently govern payments. Directors will view payments as part of their strategic remit, engage in informed dialogue with management, and ultimately make decisions that foster a safe, efficient and forward-looking payments system. This will reinforce public trust and Australia's reputation in the global financial community.

PayEd™ stands ready to assist in turning these aspirations into reality. We are committed to working with APRA and all stakeholders to **embed payments literacy at the board level**, through whatever means are most effective. We are optimistic that APRA's Governance Review will herald a new era of capability uplift and that payments governance will be a shining example of the success of Australia's prudential framework.

*Confident in the constructive, education-led approach outlined above, PayEd™ looks forward to further dialogue with APRA. We are available to provide any additional information or clarification that may aid the review. Thank you for considering our submission.*

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