

23 January 2026

The Hon Ed Husic MP | Chair  
House of Representatives Standing Committee on Economics  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

Sydney

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Dear Chair

## Inquiry into schemes, digital wallets and innovation in the payments sector

APRA welcomes the opportunity to contribute to the Committee's inquiry into schemes, digital wallets and innovation in the payments sector. To assist the Committee with this inquiry, this submission outlines APRA's role as a prudential regulator in the payments sector.

### About APRA

APRA is an independent statutory authority established under the *Australian Prudential Regulation Act 1998* (APRA Act). APRA is responsible for the prudential regulation and supervision of financial institutions and for promoting financial system stability in Australia. APRA also serves as Australia's resolution authority and a data collection authority for the financial system. As Australia's prudential regulator, APRA oversees superannuation funds (excluding self-managed superannuation funds and exempt public sector superannuation schemes), insurers (life, general and private health) and authorised deposit-taking institutions (ADIs) operating in Australia.

### APRA's role in the payments sector

While the RBA is the primary regulator of payments systems, APRA currently supervises several types of payment system participants, all under the ADI regulatory umbrella: banks, credit unions, purchased payment facility (PPF) providers and special service providers (SSPs) that provide key payment services to other entities.

- PPF providers that APRA regulates are a type of stored value facility (SVF) provider and form a sub-set of ADIs that can only undertake a limited range of activities. They store users' funds such that those funds are widely available to make payments, but they are not permitted to perform financial intermediation by lending those user funds. There are currently two licensed PPFs in Australia: Wise Australia and PayPal Australia.
- SSPs (Cuscal, Indue, ASL<sup>1</sup>) are ADIs that provide services to other financial institutions including banks, credit unions and payment service providers to facilitate clearing and settlement of payments.

APRA's mandate is to protect the financial safety of institutions and the stability of the Australian financial system. Making payments successfully is critical to maintaining confidence in the financial system. Accordingly, APRA expects ADIs to appropriately manage operational risks related to payments activities.

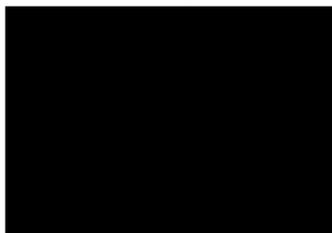
<sup>1</sup> Note Cuscal and Indue have agreed to a merger, whilst ASL have been bought by Banking Circle, a European bank.

The Government is currently developing legislation to reform the regulation of payments service providers (PSPs)<sup>2</sup>. Under these reforms, a list of regulated payment functions will be established under ASIC's Australian Financial Services Licence regime. Provision of SVFs will be one of those regulated functions. APRA's regulatory perimeter will expand to capture large providers of SVFs (to be known as Major SVFs) including "Tokenised" SVFs (issuers of AUD referenced stablecoins), which hold an aggregate of greater than \$200 million of user funds which can be redeemed for Australian Dollars. Existing APRA authorised PPF providers are expected to transfer to become Major SVFs, ASIC will be responsible for regulating all other SVFs, as well as other PSPs that undertake any of the other regulated payment functions.

To assist the Committee, Annex A provides further information about APRA's role in regulating payments systems participants

APRA recognises the importance of the issues the Committee is exploring for the Australian community and looks forward to assisting the Committee with its work on this Inquiry.

Yours sincerely



<sup>2</sup> [Payments licensing reforms | Treasury.gov.au](https://www.treasury.gov.au)

## Annex A

### APRA's current role in the payments sector

Our role in the payments sector is in the licensing and regulation of Authorised Deposit-taking Institutions (ADIs), which includes institutions offering a broad range of banking services to the more limited purchased payment facility (PPF) providers and special service providers (SSPs).

The *Banking Act 1959* sets out APRA's powers to establish and enforce prudential standards for ADIs (including PPF providers). To meet its mandate, APRA's prudential standards are designed to ensure that ADIs are well governed, prudently managed and financially sound. There is a range of prudential standards applicable to ADIs and a corresponding standard for PPF providers (APS 610 Prudential Requirements for Providers of Purchased Payments Facilities).

In practice, APRA's power to license ADIs also impacts access to some payments systems. Payment systems operators set their own access rules, and some payments systems such as the new payments platform (NPP) require entities to be ADIs to be eligible for direct access to clear and settle payments.

#### Payment Systems

In September 2025, Parliament passed amendments to the *Payment Systems (Regulation) Act 1998* (PSRA). The objective is to introduce greater flexibility to the regulatory framework for payment systems.

- APRA's role under the reforms is limited to where the Minister determines that it would be in the national interest for a payment system to be regulated by APRA on the basis of financial system stability risks. In this case, the Minister could nominate and direct APRA as a 'special regulator' for a 'special designated payment system'. To date, APRA has not been designated as a 'special regulator'.
- If designated, a 'special regulator' would have the power to impose access regimes or create standards under the PSRA.

### Outside APRA's perimeter

APRA does not regulate:

- Card-based payment schemes and digital wallets such as Apple Pay and Google Pay that do not store value; and
- stablecoin issuers.

### APRA's role in the payments sector under the Government's proposed changes to payments legislation.

#### Licensing of certain payment service providers

In December 2023, the Government issued for consultation proposed changes to the licensing of payment service providers. The proposal aims to simplify the regulatory framework, support competition, enable proportionality and introduce greater flexibility to adapt the framework to evolving risks.

- The reforms would introduce stored value facilities (SVFs) as a new class of regulated product, replacing PPFs. Under the proposal, APRA would regulate Major SVFs (holding at least \$200 million AUD stored value) while smaller SVFs would only be subject to ASIC regulation.
- APRA would also be responsible for regulating 'Major Tokenised SVFs' that issue digital tokens that reference the value of the Australian Dollar. These tokens are often referred to as stablecoins. APRA's regulatory perimeter threshold for Major Tokenised SVFs will be the same as Major SVFs.

The Government's consultation process has been completed, and draft legislation is being released in tranches, with 'Tranche 1A' already published and consulted on in 2025.