

5 February 2023

A Strategic Plan for the Payments System

The Eros Association is Australia's industry association for adults-only retail, wholesale, media and entertainment.

We welcome the opportunity to make a submission in response to the Consultation Paper on A Strategic Plan for the Payments System.

Accessibility

The Consultation Paper recognises that there is now “decreased reliance on physical forms of payments such as cash and cheques, and increased reliance on contactless card payments and online transactions.”¹ However, many segments of the adult industry are still reliant on cash because of difficulty accessing electronic and online payment providers. This is an effect of de-banking: when a bank - or, in this case, a payment provider - declines to provide services or withdraws services. As the Council of Financial Regulators has argued, “the systematic de-banking of legitimate businesses across entire sectors can have significant impacts on affected businesses and increase their risk profile by forcing them to operate outside of the legal framework and conduct transactions exclusively in cash.”²

Furthermore, our customers increasingly do not want to pay by cash, meaning that they have difficulty purchasing goods and services when we have difficulty providing electronic and online payment options for them. It is a lose-lose scenario, and needs to change.

Unfortunately, the Payments System Board of the Reserve Bank of Australia appears to have said nothing on this, despite the practice of some payment providers refusing to provide services or withdrawing services from businesses within the adult industry.

We therefore make two recommendations to address this issue.

¹ The Treasury, *A Strategic Plan for the Payments Sector: Consultation Paper* (2022) 4.

² Council of Financial Regulators, *Potential Policy Responses to De-banking in Australia* (2022) 2.

First, we recommend that the ‘accessibility’ principle of the Strategic Plan for the Payments System³ include a provision that accessible payment systems are non-discriminatory. This would ensure that the Strategic Plan aligns with state and territory law that prohibits discrimination on the basis of profession, trade or occupation.⁴

Secondly, we recommend that the *Payment Systems (Regulation) Act 1989* should include accessibility in its public interest provisions⁵ as part of the flagged changes to the Act. This would ensure consistency with the principles of the Strategic Plan.

Service

We also believe that the principles within the Strategic Plan for the Payments System should better align with those recommended in the June 2021 Payments System Review, particularly on service. That Review recommended that “the regulatory architecture should serve the consumers, businesses, and governments that rely on the payments ecosystem for their day-to-day activities. The principle of service means placing the needs of consumers and businesses at the centre of policy development and implementation.”⁶

We therefore recommend that the Strategic Plan for the Payments System should include an additional principle of ‘service’, which accords with the recommendation of the Payments System Review. We believe this is important to ensure that the Payments System Review’s recommendation that consumers and businesses be at the centre of policy development and implementation is properly reflected in the Strategic Plan.

Privacy

We further believe that there is a need for privacy protections for those using payment systems,⁷ particularly with the emergence of Digital ID.⁸

We therefore recommend that the Strategic Plan for the Payments System should include consideration of the privacy impacts of any initiatives. Disappointingly, there is no mention of privacy in the Strategic Plan despite this being an acknowledged concern in the Payments System Review.

³ The Treasury, *A Strategic Plan for the Payments Sector: Consultation Paper* (2022) 8.

⁴ *Equal Opportunity Act 2010* (Vic) s 6(la); *Discrimination Act 1991* (ACT) s 7(1)(p).

⁵ *Payment Systems (Regulation) Act 1989* s 8.

⁶ The Treasury, *Payments System Review: From System to Ecosystem* (2021) 14.

⁷ The Treasury, *A Strategic Plan for the Payments Sector: Consultation Paper* (2022) 16-17.

⁸ The Treasury, *A Strategic Plan for the Payments Sector: Consultation Paper* (2022) 10.

Conclusion

The Eros Association welcomes the opportunity to assist in shaping the strategic plan for the payments sector.

If there is any way we can assist further in this, please don't hesitate to contact us.



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