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AusPayNet and Australian Payments Plus (AP+)

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## Public consultation on the future vision for account-to-account payments in Australia

The Super Members Council (SMC) thanks Australian Payments Plus and the Australian Payments Network for the opportunity to make a submission to this consultation. SMC advocates in the interests of over 12 million Australians with more than \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our name and organisational purpose reflect our role to be a strong voice for members, whose retirement savings must always be protected with strong consumer safeguards.

In 2022-23, Australians lost a staggering \$5.7 billion in unpaid super, harming 3.3 million workers. The average affected worker lost \$1,730 annually in unpaid super, with persistent underpayments meaning some could miss out on over \$30,000 by retirement. Australian workers deserve better. SMC welcomes the new A2A framework, which will enable super contributions to move rapidly, often in near real time, from employer to fund, minimising payment delays that can otherwise leave workers' super unpaid or at risk of loss.

The A2A framework will support greater transparency and inclusivity, as real-time payment data allows employees, funds and the Australian Taxation Office (ATO) to better track super entitlements and employers to more easily meet their obligations. The New Payments Platform (NPP) should ideally support rapid, safe, and accurate transactions - such as high-volume and bulk payroll and super contributions. This capability will become increasingly critical following the implementation of new payday super reforms.

As a part of a robust super system, contributions must be securely managed with strong fraud and scam prevention measures. Modern payment infrastructures like the NPP will have a positive impact on members' experiences in the super system. The A2A changes will preserve members' financial security while also building confidence and trust in the super system. The coordinated efforts across Australia's financial services sector will collectively enhance consumer protection and foster greater public confidence by reducing scam and fraud activity and combatting unpaid super.

This submission responds broadly to the consultation questions as they relate to the super system. SMC looks forward to working with all stakeholders as the consultation on A2A payments progresses.

### About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians who have over \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.



## A successful A2A system and its impact to super

Maintaining resilience and enhancing protection against scams and fraud activity are central priorities for Australia's super sector. Although not currently applicable to super, recent legislation such as the Scams Prevention Framework mandates a comprehensive, ecosystem-wide response to fraud and scams to detect, report and disrupt scammers. The A2A's end user objectives will support this endeavour and make our super system stronger by:

- **Real-time transaction monitoring:** The NPP will allow suspicious or anomalous activities to be detected and addressed faster with advanced real-time monitoring and artificial intelligence tools. This reduces the window for scammers to operate and enables quicker proactive responses for both super funds and members.
- **Confirmation of Payee (CoP):** Implementing the CoP system supports more efficient, secure, and reliable payment processing, reducing manual checks and the associated administrative workload while safeguarding members' funds from fraud and misdirected payments. CoP verifies that the name entered by the payer matches the name on the recipient's bank account before a payment is processed. By ensuring that before any funds are transferred, the sender can confirm the recipient's account name matches the intended payee greatly reduces the risk of misdirected, mistaken or fraudulent redirection of super payments to scammers. CoP will potentially lower the frequency of disputes and the need for administrative follow-up to resolve payment errors, saving time and resources for super funds.
- **Data-rich payments and transparency:** ISO 20022 messaging and PayID will encourage use of clear, structured payment data for all transfers. This will give super funds more detailed information to verify the legitimacy of outgoing and incoming payments, aiding fraud detection and improving the quality of error messaging to payers when payments cannot be accurately allocated and processed.

### Impact and relevance to Payday super reforms

The introduction of the A2A payments framework will deliver significant benefits to the implementation and success of payday super reforms in Australia. By facilitating timely and accurate super payments, A2A will advance the overall success and objectives of payday super, boosting retirement savings, reducing unpaid super incidents, and strengthening public trust in the system.

#### **Faster, near real-time payments of super benefits everyone**

The new A2A system will enable fast and detailed transaction data, making it easier for employees to verify both the timing and the amount of each super payment. Employer payment systems adapting to the new A2A system will result in faster, near-real-time payments assisting them to achieve compliance with the new payday super framework. This speed of payment aligns with the intent of payday super, where super must be paid within seven days of wages, ensuring employee accounts are credited within the strict mandated window. Quicker allocation reduces the opportunity for errors, missed payments, or theft of super, boosting worker protections and overall system fairness. This transparency makes it harder for unpaid super to go unnoticed. Prompt notifications and accessible payment records may empower employees to identify missing or short-paid super quickly. Issues can be raised with employers or the ATO while they are still recent, increasing the likelihood of prompt resolution and reducing the chance of persistent unpaid super. With improved access to up-to-date, digital payment information, workers are better equipped to track their retirement savings, advocate for themselves, and hold employers accountable.

#### **Enhanced data integrity and error resolution**

With the onset of payday super, there will be increased transaction frequency. The A2A framework will support improved error messaging, allowing employers and super funds to quickly detect and rectify issues such as incorrect account details or payment failures. This will strengthen employer compliance and reduce the administrative burden of error correction or reconciliation for both funds, employers and employees. This will have strong benefits for everyone across the system.

**Capacity for improved ATO compliance**

Near real-time transactions offer the potential for improved compliance enforcement by the ATO. Discrepancies and non-payments can be identified and acted on swiftly, potentially reducing the volume and impact of unpaid super.

**Capacity for growth and reliability**

The A2A framework must be capable of supporting the anticipated increase in payroll and super payment volumes with payday super. Existing legacy systems, like BECS, are batch-based and not optimised for this frequency or the required speed. The transition to A2A ensures the system remains resilient, reliable, and ready to help Australians and strengthen their retirement savings.