Help gets your business ready.

Getting ready for the
New Payments Platform (NPP).

Effective as at 2nd July 2018.

Westpac Institutional Bank.

200 years
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Contents.

Getting ready for the NPP.

"It's the kind of development that only takes place once in a generation. It is a fundamental addition to our economy with the capability to support new applications and services which will provide value and utility to us all…"

Philip Lowe
Governor, Reserve Bank of Australia

NPP at a glance.

The arrival of the New Payments Platform (NPP) earlier this year marked one of the largest changes in the Australian payments landscape for over 20 years.

As Westpac will be enabling NPP services – PayID and Osko by Bpay™, to our Business, Institutional and Government customers soon, there are changes you need to be aware of if you download your account information via Corporate Online or receive it via WIBS.

This 'go to' guide for all things NPP will:

- Help you understand the changes
- Show the potential impact to your business
- List the actions you may need to take.

What changes will I potentially need to make?

You may need to add the new NPP transaction codes for when NPP transactions start to appear in your bank account statements so that your reconciliation system can easily identify NPP transactions.

This is required if your systems need every transaction code mapped for reconciliation purposes.

You can find the new transaction codes and prefixes to transaction narratives on page 15.

What will happen if changes are not made?

If changes aren't made to your respective systems, NPP payments may require manual reconciliation or create a reconciliation break.

Will my current bank account statement file format need to change?

No, there won't be any structural changes to your existing bank account statement file format and there's no requirement to change to a new format.

The contents of NPP data fields will be available in the existing file formats in its entirety or truncated due to field limitations. You can find details of how NPP data fields will display in existing file formats on page 16.

In the coming months, we will make more complete NPP data available in two new file formats, Enhanced CSV and CAMT.053 (ISO20022). While it isn't mandatory to move to these file formats, we believe that in the long term, as NPP usage and adoption increases; it will help with the reconciliation process.

To obtain file specifications and sample files, please contact your Westpac banker.

Please note that at a minimum, consider what changes to your bank account statements are essential for NPP readiness.

The NPP.

Overview.

The NPP is a world class payments infrastructure built for the Australian economy. It gives personal, business, institutional and government customers a platform to make fast, versatile and data-rich payments to meet the evolving needs of a 24/7 digital economy.

NPP is a platform that enables real-time clearing and settlement for simple or complex payment solutions, between people and businesses. It can simplify payments through an Addressing Service (PayID), as well as offer the ability to include extra information with payments.

The NPP has been collaboratively developed by New Payments Platform Australia Ltd (NPPA) and 13 founding financial institutions (NPP participants), of which Westpac is one. A large number of additional financial institutions connect to the NPP through one of these NPP participants. You can find out who these financial institutions are, on the NPPA's website (**www.nppa.com.au/consumers**).

The NPP will enable additional payment options to the existing payment methods we have in Australia, which financial institutions will continue to support, such as BPAY® (bill payments), RTGS, credit/debit cards, cash, cheques and direct entry.

There is no mandate to remove any of the current payments clearing streams however over time we anticipate that NPP may become the preferred option based on its benefits to both payers and payees.

The NPP comprises:

1 **The Basic Infrastructure (BI).** This includes software and hardware for switching, networking and addressing, provided by SWIFT.

2 **The Fast Settlement Service (FSS).** Provided by the Reserve Bank of Australia, this enables real time, line-by-line interbank settlement of transactions.

3 **Overlay services.** These are value adding payment services that use the Basic Infrastructure. The first innovative overlay service delivered via the New Payments Platform is Osko®.

NPP brands and features.

The NPP offers new payment capabilities to help the Australian public. The following is some of the NPP functionality that may be made available as the platform is progressively rolled out.

Please note, this capability is part of the industry standard which each NPP participant is expected to make available in a controlled manner.

Pay iD

PayID is the name given to the addressing service that allows the use of an alternate identifier when receiving or making payments instead of remembering a BSB and account number. A PayID is created by linking an eligible bank account to a unique identifier.

PayID identifier types that the infrastructure supports include:

- Phone (mobile and land line, both domestic and international numbers)
- Email address
- ABN/ACN/ARBN
- Organisational Identifier (free text e.g. your company name).

Please note that PayID types available may vary across NPP participants and depend on your customer profile. PayID registrations also need to meet industry and participant guidelines.

What are the potential benefits?

- Simpler addressing to make and receive payments to and from customers and suppliers instead of using BSB and account numbers
- The ability to capture alternate payment addresses from a service provider's perspective (e.g. capturing and storing PayIDs for your customers and suppliers instead of BSB and account numbers)
- Simpler identification/allocation of incoming payments directed to your PayID at a department/product level
- The transferable (portable) capability enables the owner of the PayID to manage changes to their underlying bank account and minimise disruption to payments directed to the PayID.

Osko

The first overlay service delivered via the NPP is Osko by BPAY™. Osko Payments allow consumers and businesses to send payments to and from eligible accounts at participating financial institutions with fast availability of cleared funds, rich data and confidence in delivery, 24/7. Payments can be made to BSB and account numbers or PayIDs.

This service has prescribed service level agreements (SLAs) across all participating financial institutions to ensure a consistent customer experience.

In the future, BPAY intends to roll out additional capability (such as payment requests).

The nature and timing of these services are currently subject to industry discussions.

SCT

An SCT or Single Credit Transfer is a basic NPP payment that doesn't have a guarantee of settlement in less than a minute or the provision of rich payment data and is not required to be identified by a specific brand.

The customer experience will vary between participants due to the lack of prescribed standards for SCTs. This is a building block capability of the NPP infrastructure to allow financial institutions who are interested in real time payments to begin their transformation.

While we don't expect a high volume of SCT transactions, it's a basic service that all NPP participants are required to receive should any one of the NPP enabled financial institutions use it.

How will Westpac enable the NPP?

Westpac has started to progressively roll out PayID and Osko capability in a controlled manner.

These services will be gradually offered to all of our eligible personal customers followed by our business, institutional and government customers. The roll-out will progressively flow to our other brands, St.George, BankSA and Bank of Melbourne.

This approach aims to build trust and confidence with our personal customers in this new clearing stream before enabling business, institutional and government customers. It also aligns with the industry's objective to ensure a safe and secure payments ecosystem.

For business, institutional and government customers, Westpac intends to progressively enable NPP functionality through our various channels:

1 Online banking:

Through our online banking platform, Corporate Online. Once enabled, the Osko Payment option will appear in the Corporate Online payment flow. The real time nature of an Osko Payment also means that when a payee/beneficiaries' account is not NPP eligible, enabled or closed, your business will know almost immediately.

The Corporate Online user guides will be updated soon to explain the new features.

2 File transmission:

Through Westpac Integrated Banking Service (WIBS), our direct connectivity batch based interface and PaymentsPlus. We would like to work with you to determine the best way to approach this integration, which could potentially use existing batch interface capability, taking into consideration your current systems and processes.

3 Application Programming Interface (API):

There are some brand new API capabilities. We would like to work with you to identify the best use of this service as it has the potential to allow simple and seamless integration directly into your systems and processes.

How do I get a PayID or PayIDs?

There are four PayID types which Westpac Group will make available depending on customer type (Personal, Business Bank, Institutional). These are:

- **Phone** (mobile and landline, showing domestic or international numbers)
- **Email address**
- **ABN** (or ACN, ARBN)
- **Organisational Identifier** (free text with mandatory rules).

Please note that each type of PayID will be enabled progressively. For our business, institutional and government customers we intend to initially enable the registration of ABNs as PayIDs, followed by Organisational Identifiers, email addresses and phone numbers at a later date.

A single PayID, or multiple PayIDs, can be registered to an eligible NPP enabled bank account, however you can't register the same PayID to multiple bank accounts. PayIDs offer many benefits which may require changes to your business. It would be useful to determine scenarios where your business may be able to leverage these benefits and identify the PayIDs you would prefer to use in preparation with your suppliers and/or customers.

We will contact you about PayID registrations. At that time, you will need to complete a PayID registration form that will allow us to perform relevant checks, prior to registering the PayID(s) against your eligible bank account. This form will also allow you to register multiple PayIDs. If your chosen PayID can't be registered due to an existing registration, we can also help you with the next steps to take.

NPP
considerations.

Initial impact to your business.

When Westpac enables business, institutional and government customers, all NPP eligible accounts will be able to receive NPP payments, as NPP payments can be made directly to BSB and account numbers.

Please note, there is no option to opt out of receiving NPP payments for most accounts. This means, if you've shared your account details with any clients or suppliers, once your bank accounts become NPP reachable in the coming months, you may start to see the Osko and SCT transaction types in your transaction listing online or in the bank account statements you receive.

As previously noted, currently, all the existing payment clearing systems remain valid and usable. Our view is that volumes of payments currently being processed through existing streams may gradually move to NPP as businesses and consumers decide to use the new way of paying and getting paid in the future.

In some cases large financial institutions have already defaulted their online consumer and small business payments (commonly known as Pay Anyone) to Osko/STC where payee/beneficiary accounts are with NPP enabled financial institutions.

That means if you receive payments from personal and small business payers you may see Osko/SCT Payments in your account(s) once they are NPP enabled.

There are new and increased lengths of data elements captured in NPP payments. Both Osko and SCT payments have similar data elements and content as detailed below.

Due to the additional data available with NPP payments, your bank account statements may look a little different for Osko and SCT transactions.

NPP data in current fixed file formats e.g. BAI2, BRS, MT940 may become truncated (based on field lengths) and filtered (to exclude special characters) due to their data field limitations.

Impacts to your current bank statement formats are highlighted in the following sections.

We recommend that your business reviews your current reconciliation processes to determine any impacts from potential NPP transactions.

Osko/SCT data fields	Format	Description
End to end identifier	35 characters	Used to carry an identifier visible to both payer and payee. This field is only available to businesses to use i.e. consumer customers cannot use this field.
Payment reference	Up to 280 characters	Can be viewed by the recipient of an NPP payment on settlement i.e. intraday visibility – it will not say 'TRANSACTION DETAILS NEXT BUSINESS DAY'. Supports special characters (UTF-8 character set) e.g. \☺/+#
PayID identifier	Based on PayID type registered (e.g. ABN)	Identifies the PayID the inward payment was sent to – only applicable when the payment was sent to a registered PayID.
Remitter name	Up to 140 characters	Identifies the payer to the payee/beneficiary.

Table 1: New NPP data elements

NPP capability checklist.

As a business that makes and receives payments through various ways, the NPP offers both a new payment type and new payment addressing method.

We recommend that you review the below capabilities in order and then use the suggested criteria to ascertain your priorities to help get NPP ready.

NPP capability	Considerations
1. Receive NPP payments	☐ Do you currently receive customer payments directly in to your bank account(s)?
	☐ Do you provide your bank account number to payers on a regular basis?
	☐ Are your payers predominantly large corporates, small businesses or consumers?
	☐ How automated are your reconciliation processes (i.e. manual effort versus a rules based application auto reconciling daily bank account information feeds, number of systems involved etc)?
	☐ Does your automated reconciliation process have a catch all process that allows for a number of unreconciled transactions to be manually reconciled?
	☐ Is there a need to receive cleared and irrevocable funds (i.e. not wait for 3 day clearing)?
	☐ How do you know when you receive a fast payment?
	☐ Do you need to know if payments are received immediately?
	☐ What effort is required for you to move towards utilising an account information file format that can accommodate full NPP payments information?
	☐ What criteria do you need to consider so you can get complete NPP payment information when you want to?
2. Make NPP payments	☐ Do you have a need to make urgent/last minute/emergency/out of hours payments?
	☐ Do you make RTGS payments?
	☐ Do you need to know if a payment was successful?
	☐ When/how do you confirm a payment was successful?
3. Use PayIDs as an alternate payment address	☐ Do you use multiple bank accounts (or segmented accounts) to separate receipts for internal departments or services?
	☐ Do your customers/suppliers prefer not to share their bank account details?
	☐ Would you like to be certain you are paying the right person/business?
	☐ Do you have difficulty keeping track of active customer/supplier bank accounts as they move banking providers?
	☐ Do you need a temporary bank account on a frequent basis e.g. for campaigns?

Criteria for consideration.

The following criteria might help you determine the amount of change required to enable each of the above suggested NPP capabilities.

Criteria

24/7 processing and connectivity.

- Business support for out of hours processing and weekends.
- Ability for existing ERP system update of statuses in real-time.
- Service Level Agreements (SLA) management.

Cost implication.

- ERP systems, staff applications and other software.
- Hardware.
- Change management e.g. staff training.
- Customer servicing.

Processing reengineering.

- Customer experience.
- Internal reconciliation and reporting.
- Downstream processes.
- Exceptions management.
- Changes to forms/workflow/ policies/legal agreements.

Treasury and revenue.

- Funds being received and sent 24/7.
- Liquidity management 24/7.
- End of day treasury processes.

Potential impact

NPP transaction details.

This table shows Westpac's NPP transaction codes and prefixes to transaction narratives:

Transaction Code	Auto Generated Base Narratives (Prefix)	Debit/Credit	Description	Related Transactions
887	DEPOSIT – OSKO PAYMENT	Credit	Deposit of funds for an inward Osko Payment receipt.	
874	WITHDRAWAL – OSKO PAYMENT RETURN	Debit	Withdrawal of funds for a customer or bank initiated Osko Payment return. See reasons below.	Return of inward OSKO Deposit (887)
817	WITHDRAWAL – OSKO PAYMENT	Debit	Withdrawal of funds for an outward Osko Payment.	
896	DEPOSIT – OSKO PAYMENT REVERSAL	Credit	Reversal of previously withdrawn funds for a failed outward Osko Payment. See reasons below.	Reversal of outward OSKO Withdrawal (817)
892	DEPOSIT – OSKO PAYMENT RETURN	Credit	Deposit of funds for an inward Osko Payment return receipt from a previous outward Osko Payment. See reasons below.	Return of outward OSKO Withdrawal (817)
886	DEPOSIT	Credit	Deposit of funds for an inward SCT payment receipt from a non-Westpac Payer.	
870	WITHDRAWAL – PAYMENT RETURN	Debit	Withdrawal of funds for a customer or bank initiated SCT Payment return.	Return of inward SCT deposit (886)
803	WITHDRAWAL	Debit	Withdrawal of funds for an outward SCT payment. N/A for customer initiated payments as Westpac will only enable Osko Payments.	
895	DEPOSIT – PAYMENT REVERSAL	Credit	Reversal of previously withdrawn funds for a failed outward SCT payment. N/A for customer initiated payments as Westpac will only enable Osko Payments.	Reversal of outward SCT withdrawal (803)
891	DEPOSIT – PAYMENT RETURN	Credit	Deposit of funds for an inward SCT payment return receipt from a non-Westpac Payer returning funds. N/A as Westpac customer cannot send an SCT.	Return of outward SCT withdrawal (803)

Table 2: Westpac NPP transaction codes

- The transaction codes are Westpac proprietary NPP transaction codes and may vary between each of the NPP participants.

- See examples of NPP transaction code linkages in the FAQ section.

- When payments are returned or reversed a reason code will be provided in the narrative – see "How are NPP returns and reversals different?" in the FAQ section.

Impacts to bank account statements.

There will be no structural changes to your existing bank account statement file format (known as exports for account information in Corporate Online).

The contents of NPP data fields (the table column names) will be available in the file formats in its entirety or truncated due to field limitations.

Bank statement file format	Tran code	End to end identifier	Payment reference	PayID identifier	Remitter name	Value date
BAI2	Yes#	Truncated	Truncated	N/A	Truncated	N/A
BRS	Yes	Truncated	Truncated	N/A	Truncated	N/A
BRW	Yes	Truncated	Truncated	N/A	Truncated	N/A
CAMT.053 (ISO20022)	Yes	Yes	Yes	Yes	Yes	Yes
CSV	Yes	Truncated	Truncated	N/A	Truncated	N/A
CSV Enhanced (new)	Yes	Yes	Yes	Yes	Yes	Yes
MT940	Yes	Truncated	Truncated	N/A	Truncated	N/A
OFX	N/A*	Truncated	Truncated	N/A	Truncated	N/A
QIF	N/A*	Truncated	Truncated	N/A	Truncated	N/A
SAP Multicash (v1&2)	Yes	Truncated	Truncated	N/A	Truncated	N/A
SerU	Yes	Truncated	Truncated	N/A	Truncated	N/A

Table 3: Westpac bank account statement impacts

#See FAQs "14. What are the NPP mapped BAI codes?"

*OFX/QIF formats use transaction types which will be "XFER" for all NPP tran codes

- Please note there will be no structural changes to your existing bank account statement file format, however the content of some data fields will contain the values discussed earlier e.g. new data fields, transaction codes etc.

- Westpac specifically intends to make **more complete NPP data available in the enhanced CSV and ISO20022 CAMT.053 file formats**. While it isn't mandatory to move to these file formats, we think that in the long term, as NPP usage and adoption increases; this will help with the reconciliation process.

- We intend to make the new CAMT.053 and CSV Enhanced file specifications and sample files available shortly. If you require a copy of the file specifications or your bank account statement file format is a custom version, please contact your Westpac banker.
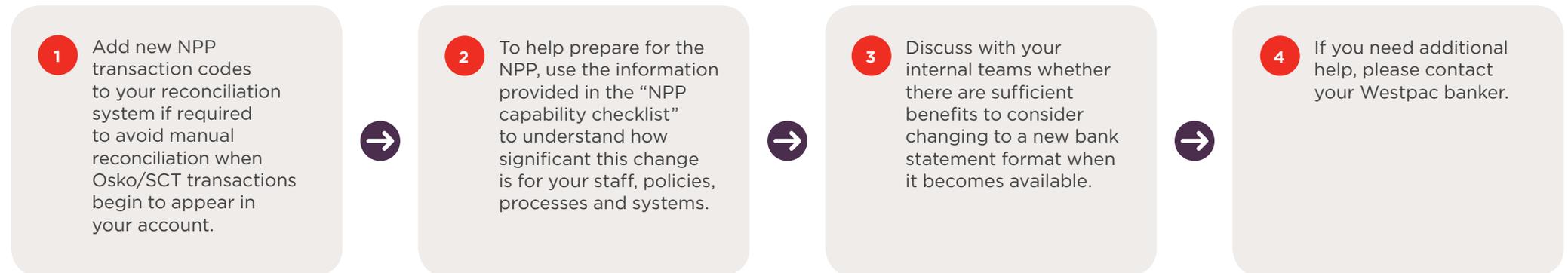
Next steps.

Start getting ready.

The initial impact to your business may be that some NPP transactions appear in your bank account statements.

To prepare you can follow these steps:

1 Add new NPP transaction codes to your reconciliation system if required to avoid manual reconciliation when Osko/SCT transactions begin to appear in your account.

2 To help prepare for the NPP, use the information provided in the "NPP capability checklist" to understand how significant this change is for your staff, policies, processes and systems.

3 Discuss with your internal teams whether there are sufficient benefits to consider changing to a new bank statement format when it becomes available.

4 If you need additional help, please contact your Westpac banker.

FAQs.

1 **How will the NPP change my bank statement?**

NPP payments can carry more payment information, including up to 280 characters of payment description. As a result, if you receive a fixed file format; such as BAI2, BRS, MT940 or SAP Multicash; the end of day electronic bank statement may have some truncated data content. CAMT.053 and CSV file formats will be enhanced to include complete NPP transaction information in the coming months. NPP transactions have new unique transaction codes that help you identify them (see the NPP transaction information section above). If you require sample test files, please contact your Westpac banker.

2 **What do I need to do to support these changes?**

The information provided in this guide will help you determine whether NPP payments will affect your current reconciliation process. If you have any automated reconciliation processes, a technical uplift may be required to ensure that these new transaction codes are accepted by your respective systems.

3 **When will these changes need to be completed and what are the ramifications if these changes are not made?**

We recommend you start planning for work to respond to these NPP changes as early as possible. A controlled progressive deployment of NPP to all Westpac personal customers will continue to ramp up in the coming months. Availability for business, institutional and government customers is expected after this. We intend to make bank account statement specifications and sample files available shortly.

If changes are not made to your respective systems, NPP payments may require manual reconciliation or create a reconciliation break.

4 **When will the sample bank account statements be available?**

We intend to make bank account statement specifications and sample files available shortly. Please contact your Westpac banker if you require a copy.

5 **What support is available?**

Please contact your Westpac banker to get more information or help with getting NPP ready.

6 **What will the bank charge for the use of NPP?**

Fees and charges for NPP transactions will be disclosed closer to the date we enable NPP for your accounts.

7 **Are there any limits on NPP transactions?**

Your usual Westpac channel limits and authorisation models will apply – there are no separate limits for Osko Payments.

FAQs. (Continued)

8 **How are NPP returns and reversals different?**

Returns.

As per current payment returns, this refers to a payer, payee or bank initiated return of funds.

Reasons could include a: request to return a mistaken payment, unreconciled/unidentifiable payment or bank error.

The key difference with other payment types is that this may be quicker, i.e. even on the same day due to new bank operational efficiencies.

Example:

Date	Tran code	Narrative	Value
21/10/2018	817	**WITHDRAWAL-OSKO PAYMENT** 1234567 21 OCT 2018 MARY ELECTRICITY PAYMENT 2395478	-1.00
23/10/2018	892	**DEPOSIT-OSKO PAYMENT RETURN** 1234567 23 OCT 2018 **MD06 REQUESTED BY PAYEE** 2395478	1.00

Sample return reason codes:

Reason code	Reason text	What this means
MD06	REQUESTED BY PAYEE	Return of funds requested by end customer (beneficiary of payment)
FR01	PAYMENT RETURNED	Returned as a result of fraud
FOCR	PAYER REQUESTED CANCELLATION	Returned in response to an accepted Request for Payment Return by the Payer
BE05	PAYEE IS NOT FAMILIAR WITH PAYER	The end customer (payee or beneficiary) did not expect to receive a payment from the sender (payer)

The above sample payment return codes are some of the commonly expected codes.

The complete list of return codes will be provided when sample files are made available. While we have made all attempts to maintain an alignment to the industry return codes; where there have been pre-existing Westpac return or reject codes, these have been mapped to alternate codes to avoid any confusion.

FAQs. (Continued)

8 **Reversals.**

NPP reversals occur when funds are returned to the paying bank account in a very short timeframe due to a failure to process an NPP transaction.

Reasons could include: unreachable beneficiary bank account, closed beneficiary account, or bank technical error.

The key point to note is that this can happen within seconds of a payment instruction being sent. The reason for the failure is important for the payer to know in order to take the right next steps e.g. an unreachable beneficiary bank account error suggests that this payment cannot be sent through NPP and may need to be sent through another payment method, such as RTGS or DE depending on the urgency of the payment.

Example:

Date	Tran code	Narrative	Value
21/10/2018	817	**WITHDRAWAL-OSKO PAYMENT** 1234567 21 OCT 2018 MARY ELECTRICITY PAYMENT 2395478	-1.00
23/10/2018	896	**DEPOSIT-OSKO PAYMENT REVERSAL** 1234567 21 OCT 2018 **AC14 ACCOUNT IS UNABLE TO ACCEPT PAYMENT** 2395478	1.00

Sample return reason codes:

Reason code	Reason text	What this means
AC14	ACCOUNT IS UNABLE TO ACCEPT PAYMENT	The payee (beneficiary) BSB and account number is unreachable via NPP. Make this payment through another payment type e.g. RTGS or DE.
AG03	PAYMENT TYPE NOT ACCEPTED ON ACCOUNT	The account to be credited exists but cannot accept payments using the NPP payment type. Make this payment through another payment type e.g. RTGS or DE.
CH21	UNABLE TO COMPLETE PAYMENT	We couldn't process this payment. Contact us for help.

The above sample of payment reversal codes are some of the commonly expected codes.

The complete list of reversal codes will be provided when sample files are made available. While we have made all attempts to maintain an alignment to the industry return codes; where there have been pre-existing Westpac return or reject codes, these have been mapped to alternate codes to avoid any confusion.

FAQs. (Continued)

9 **Can I continue using my fixed length file formats?**

Yes. While some NPP transaction information may be truncated or filtered, there will be some information to allow your current systemic reconciliation process to continue. While it isn't mandatory to move to a file format like CSV or CAMT.53 that supports complete NPP transaction data, we think that in the long term, as NPP usage and adoption increases; this would help with the reconciliation process.

10 **Which bank accounts are NPP eligible at launch?**

Most bank accounts will be enabled for NPP at launch however, a small number of special accounts such as Foreign Currency Accounts (FCA) won't be enabled. We will communicate with you and highlight any changes to the terms and conditions of the impacted accounts before NPP becomes available for your accounts.

11 **What types of payments can be sent as Osko Payments?**

A payment can be sent as an Osko Payment if:

- It is a single payment

- Made from an eligible NPP account

- You have sufficient available funds (at the time of authorisation for Corporate Online users or API submission)

- Making a payment to an NPP enabled financial institution

- The payment is dated for today (not future dated)

12 **Will my OSBSB (Off System BSB) solution be impacted?**

OSBSBs won't initially be enabled for NPP so there will be no impact to the BILAT file reporting. The settlement account (OSBSB linked on-system account) may be NPP enabled and may be impacted if your business has shared this with customers or suppliers to receive payments. We will let you know once we're closer to enabling OSBSBs for NPP.

13 **Can I make bulk Osko Payments?**

The initial Westpac offering to business, institutional and government customers will allow single Osko Payments only. Bulk capability is expected at a later stage.

14 **What are the NPP mapped BAI transaction codes?**

The Westpac NPP transaction codes will be mapped to the following Bank Administration Institute (BAI) transaction codes.

NPP Tran Codes	BAI Trans Codes
887	195
874	566
817	495
896	252
892	266
886	195
870	566
803	495
895	252
891	266

Things you should know.

200 years

proudly supporting Australia