



4 July 2013

Mr Neil Grummitt
General Manager, Policy Development
Policy, Research and Statistics
Australian Prudential Regulation Authority
GPO Box 9836
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Via email: superannuation.policy@apra.gov.au

Dear Mr Grummitt

Draft Prudential Practice Guide SPG 280 – *Payment Standards*

I am writing on behalf of the peak superannuation industry associations – AIST, ASFA, ISN and FSC. Each of these peak bodies is making its own submission in relation to SPG 280 – *Payment Standards*. However, there are two key issues which all four peak bodies wish to recommend to APRA for inclusion within this Prudential Practice Guide.

1. Gateway Standards

We recommend to APRA that the following text along the following lines be included in the PPG.

The engagement of a gateway service is considered by APRA to be a material outsourcing activity. Gateway services are a matter in which the trustee Board should take a particular interest – whether the trustee Board is engaging a gateway service directly or indirectly through an administrator.

The *Superannuation Data and Payments Standard 2012* does not deal with either the services surrounding transmitting the data, such as inter-operability (how gateways transact with one another) or the establishment of a centralised register which would enable gateways to easily establish their identity. To overcome this, the Australian Institute of Superannuation Trustees, Association of Superannuation Funds of Australia, Industry Super Network and the Financial Services Council (the peak bodies) have worked with the Affiliation of Superannuation Practitioners (ASP) and the industry to create an industry endorsed gateway standard: *Superannuation Data and Gateway Services Standards for Gateway Operators transacting within the Superannuation Transaction Network* (“Gateway Standards”).

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From a superannuation fund perspective, development of the Gateway Standards has been a major step forward in ensuring the efficiency and sustainability of the gateway system. The Gateway Standard may be found at <http://www.aspaustralia.org/Home/?page=publications> as can the model agreement that a gateway may sign to adopt the Gateway Standard – *Memorandum of Understanding for participants in the Superannuation Transaction Network* (“Model Agreement”). A list of gateways that have signed the Model Agreement and have adopted the Gateway Standard can be found at the same location.

For RSEs outsourcing gateway services

The Trustee should review the proposed contract with its administrator with regard to:

- Compliance with the *Superannuation Data and Payments Standard 2012*.
- The steps the administrator is taking to ensure that it is able to deliver the required service. APRA expects that, as a minimum, this would include consideration of the signing the Model Agreement to adhere to the superannuation industry’s Gateway Standard.

For RSEs establishing themselves as a gateway

The Trustee should consider how it would comply with the *Superannuation Data and Payments Standard 2012* and form part of an efficient cohesive gateway network. APRA expects that this would, at a minimum, include giving consideration to signing the Model Agreement in order to comply with the Gateway Standards.

While superannuation funds still need to conduct their own due diligence processes, the Gateway Standards provide superannuation funds with a sound starting point when considering the capability of an outsourced service provider to facilitate compliance with the requirements of the *Superannuation Data and Payments Standard 2012*. An RSE seeking to establish itself as a gateway should also consider how it may meet its obligations should it not adopt the agreed industry standard.

2. Gateway Network Governing Body

We recommend to APRA that the following text be included in the PPG.

The *Superannuation Data and Payments Standard 2012* currently does not include gateway governance arrangements. The peak bodies are currently working on the establishment of a representative governing body to maintain and further develop the Gateway Standards, the Model Agreement and the centralised registers of gateways. While at the date of issuing this PPG the Governing Body is yet to be constituted, APRA notes that such a centralised governing body (once established) will assist the efficient, standardised operations of gateways. Once the governing body has been established, this PPG will be updated.

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We would be very happy to discuss these issues with APRA further.

Yours sincerely

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AIST

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