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Delivered via email: eInvoicing@treasury.gov.au

NPP Australia's submission on business adoption of electronic invoicing

NPP Australia welcomes the opportunity to provide a response to Treasury's consultation on business adoption of electronic invoicing (eInvoicing). NPP Australia manages the operation of the New Payments Platform (NPP), the country's real-time payments infrastructure.

The NPP was designed to support a digital economy. The platform enables Australian consumers, businesses, and government agencies to make and receive data-rich payments in real-time between bank accounts, 24 hours a day, 7 days a week, 365 days of the year. More than 76.5 million accountholders can now make and receive payments via the NPP, and this number continues to grow. The platform now processes approximately a third of all account-to-account credit transfers in the market.

Whilst invoicing and payments processing typically occur in separate domains, there are benefits in being able to link the two together for more seamless processing of invoices and their associated payments. The NPP can play an important role in supporting and enhancing eInvoicing in the Australian market. As real-time payments infrastructure, the NPP can be instrumental in helping Australian businesses get paid faster.

There are considerable benefits in using the NPP for eInvoicing:

- Speed:** payments are processed in real-time with funds immediately available in the recipient's bank account, helping to maximise cashflow for businesses
- Availability:** the platform is always available, processing payments 24 hours a day, seven days a week, 365 days a year, with no cut off times
- Data enriched:** data can be carried through from the invoice into the payment message for faster payment processing and more efficient reconciliation
- PayID:** enables simpler addressing and confirmation of payee

For any business, optimising cashflow is critically important. To benefit from real-time payments via the NPP, all a business needs is a bank account that is enabled to receive NPP payments. Today, there are more than 100 participating financial institutions. Businesses can also choose to register a PayID with their bank, enabling organisations sending them payments to confirm the payment is going to the right place before the payment is made, which helps to reduce mistaken payments and fraud. We continue to see strong growth in the registration and use of PayID with close to 10million registered PayIDs and payments to a PayID representing ~16% of NPP payments in early 2022. eInvoicing presents a significant opportunity for the Australian economy and can be further optimised by combining NPP functionality together with eInvoicing

Business eInvoicing Right (BER)

NPP Australia is supportive of the introduction of a BER to accelerate business adoption of PEPPOL eInvoicing. Like payments, eInvoicing requires a network effect and sometimes action is required in order to deliver this network

effect in a timely manner. In the development of a BER and any other regulatory methods to increase usage and derive the full benefits of eInvoicing, NPP Australia would encourage Treasury to take advantage of the already defined NPP usage in the Payment Means Guidance issued by A-NZ PEPPOL.

NPP Australia notes the implementation recommendations made for the BER which staggers the legal obligation on a business to provide a Peppol invoice on receipt of a valid request across three phases dependent upon the size of the business – commencing with large, then medium and lastly small business (all business). In considering an appropriate timeline for the implementation of the BER, NPP Australia recommends Treasury takes into consideration the work currently underway by AusPayNet regarding the future of the Bulk Electronic Clearing Stream (BECS) which governs Direct Entry payments. Following consultation with its large BECS members in 2021, AusPayNet in its Future State of Payments Action Plan¹, has suggested a timeframe of between five and six years is potentially achievable for the closure of the BECS Framework. With this in mind, there may be synergies for businesses in ensuring alignment to these two streams of work and timelines. This will help ensure the combined benefits of eInvoicing and NPP are realised in terms of reduced payment times and 24/7/365 payment system availability for all Australian businesses.

Further measures to support eInvoicing adoption and integration with existing business processes

There are significant benefits in being able to link eInvoicing together with payments processing to create a more seamless and integrated process:

<i>Operating Costs</i>	the cost of processing invoices and collecting payments are significantly reduced when the end-to-end Procure to Pay process is automated and integrated with the payment
<i>Faster payment time</i>	there is a faster payment turnaround time when the manual processes associated with invoicing are removed
<i>Improved cashflow visibility</i>	sending and receiving eInvoices results in better visibility of your cashflow and supports better informed business decisions
<i>Reduction in errors</i>	the removal of rekeying and double handling not only reduces the time spent on invoices, but reduces error and amount of manual rework
<i>Improved reliability & security</i>	when compared to traditional invoice delivery channels such as mail and email
<i>Reduction in fraudulent activity</i>	by the removal of human intervention that exists today in traditional invoicing processes

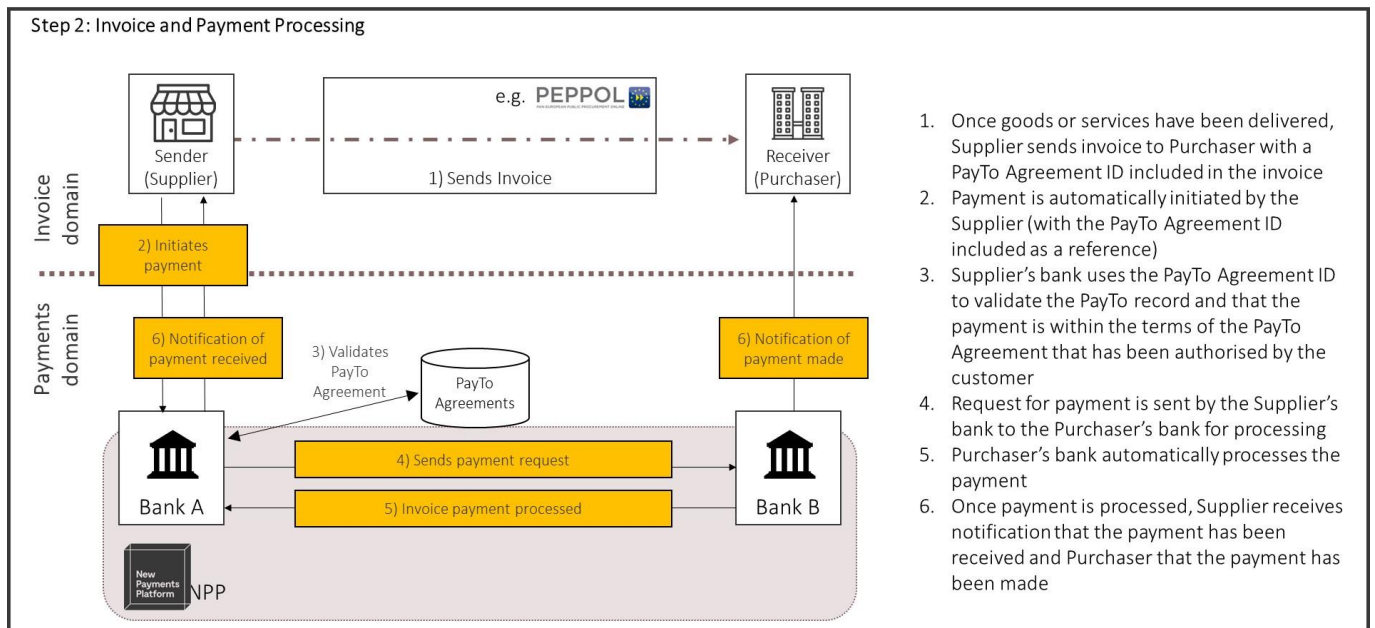
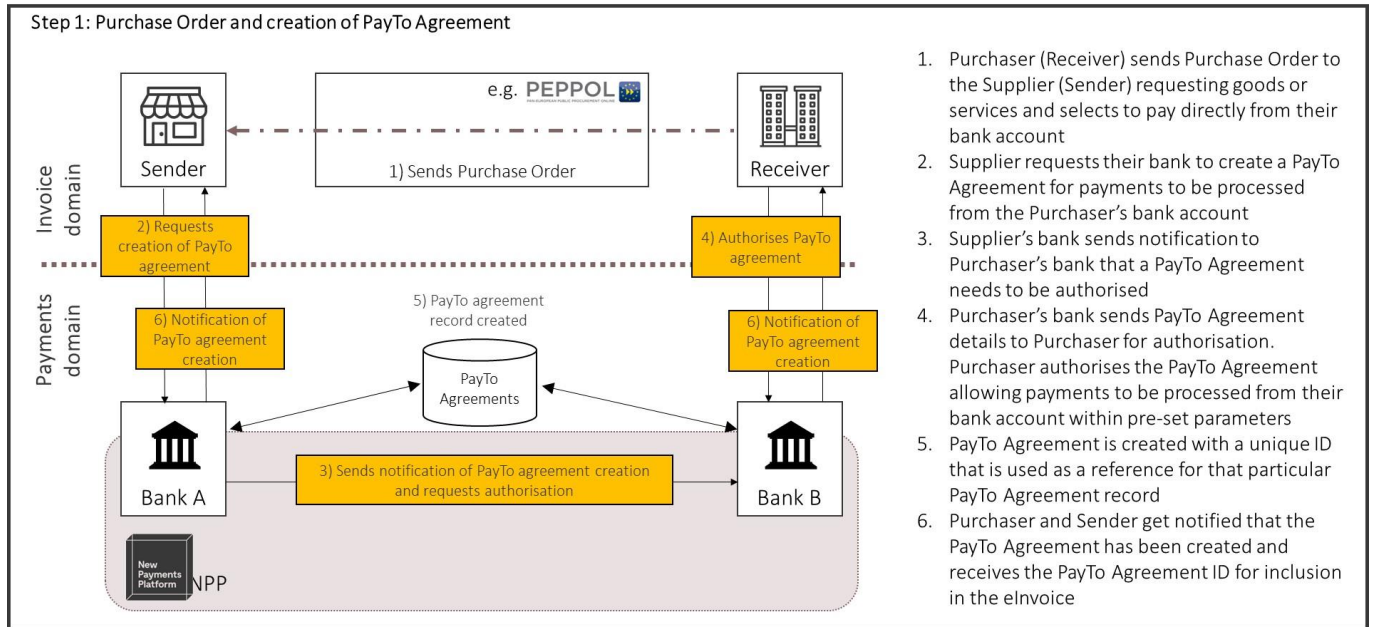
Integration between payments and eInvoicing will deliver benefits for both senders and receivers of eInvoices, and the capabilities and modern architecture of the NPP can make this possible. Maximum processing efficiencies for Australian businesses can be achieved by combining the two processes as outlined in NPP Australia's whitepaper on eInvoicing and the NPP², and as described in our previous submissions.

Specifically, there is an opportunity to deliver automated payments processing for eInvoice payments whereby Receivers have provided their authorisation (within certain pre-set parameters) for eInvoice payments to be automatically processed. As is prefaced in Treasury's consultation paper, NPP Australia is currently developing

¹ See [AusPayNet Annual Review 2021](#) on the Consultation on the future of BECS

² See [NPP Australia's whitepaper](#) on the NPP and eInvoicing

capability alongside the industry, referred to as 'PayTo'³. PayTo will enable third parties to initiate payments directly from the account holder's bank account with the creation of a digital payment arrangement or a 'PayTo agreement' in advance of those payments being processed. This means that businesses will be able to authorise third parties to make their invoice payments on their behalf as illustrated below:



This capability will start to be rolled out from mid-2022 and when combined with Peppol invoicing has the potential to transform the Procure to Pay invoicing and reconciliation process.

Analysis of overseas markets who have adopted eInvoicing shows that usability and a simple user experience are critical in getting large numbers of small and medium sized businesses to take up eInvoicing. The delivery of the NPP's PayTo service presents an opportunity for banks as well as third party service providers to offer a seamless customer experience for businesses when paying their invoices, thereby helping to drive adoption.

³ See the [PayTo website](#) for more information

Introducing eInvoicing in the Procure to Pay processing and integrating eInvoicing is not without its challenges, some of the most common of which are as follows:

<i>Legacy Systems</i>	multiple disparate systems for ordering, accounting, and paying that don't naturally support eInvoicing
<i>Supplier Adoption</i>	a sufficient number of suppliers participating in eInvoicing is key to achieving a return on investment in systems and processes
<i>Business case</i>	the end-to-end cost of processing a manual or paper invoice is often not well understood masking the full benefits of eInvoicing
<i>Multiple EDIs</i>	closed loop EDIs can mean that a business needs to sign-up to multiple eInvoicing programs which can be costly, time-consuming, and complicated.

To realise the full benefits of eInvoicing the readiness of government and large businesses, as the receivers of large volumes of eInvoices will be critical to creating an eInvoicing network and helping to address some of the challenges described above. It will also be important to have a range of providers offering solutions that support businesses of all sizes to send and receive eInvoices and overcome some of the identified challenges. Ensuring sufficient competition in this space will be important as will a broad range of providers, including banks, ERP providers, and cloud accounting software providers, supporting their customers, where synergies exist, between the existing services that they provide and eInvoicing. eInvoicing solution providers should be encouraged to look at both eInvoicing and payments together as they upgrade and enable their solutions and systems to support eInvoicing as synergies may exist in doing the two together and avoiding future re-work.

In order to fully extend the benefits of eInvoicing, NPP Australia also recommends that the following eInvoicing capability is considered in the future:

<i>Multiple invoice IDs within a payment</i>	the development of guidance, specifically for larger businesses, to capture more than one invoice reference in a single payment
<i>Cross Border Payments</i>	looking at interoperability of the NPP's International Payments business service together with the Peppol framework for receiving payments associated with offshore eInvoices

NPP Australia would welcome the opportunity to continue to work closely with Treasury, the ATO and the broader industry to drive business adoption of eInvoicing and ensure interoperability between the Peppol network and the NPP, with key benefits being reduced payment times for all Australian businesses, extended payment system availability 24/7/365 and more efficient processing of eInvoice related payments.

Yours faithfully



Katrina Stuart
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