

SESSION 10

Real-Time SuperStream Payments

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A series of seven horizontal bars of varying lengths and shades of blue, stacked vertically, creating a decorative graphic element.

asfa
conference

1. A Digital Currency approach to paying SG Contributions

Payday Super is just around the corner

- Super must be paid on the same day as salary/wages
- SG contributions need to be received by the employees' Superfund within 7 calendar days
- Superfunds must allocate contributions to their Members or return the funds within 3 days (currently 20 days)
- The SuperStream data and payment standards will be revised to allow payments via the New Payments Platform

Payday Super will cause significant disruption to the Superannuation Industry

- The significant increase in the number of contribution transactions received by the Superfund will equate to a proportional increase in the number of errors needing correction
- The Superfund will have a maximum of 3 days to correct any errors or refund back to the Employer
- If there are errors, the Employer will need to correct and resubmit them within the legislated 7 days or face the potential of a SG Charge

The opportunity of Digital Wallets for Superannuation Contributions

- Payment and contribution data are pre-validated **prior** to sending to the Superfund
- Exceptions are reported back to the Employer in **real-time** for correction
- Payment of SG Contributions are made in **real-time**
- Payment and data travel down the same path **simultaneously**
- Allocation of Member contributions is **guaranteed** as all data is pre-validated
- **Removes** counterparty risk of funds in transit

2. So what is Digital Currency?

The path leading to where we are today

- In May 2023 Oban, ANZ, GROW Inc, HESTA, MUFG Retirement Solutions and Cbus participated in the **RBA Central Bank Digital Currency pilot** to test the use of digital currencies and wallets for streamlining employer superannuation contributions

<https://dfcrc.com.au/2023/02/28/superstream-payments/>

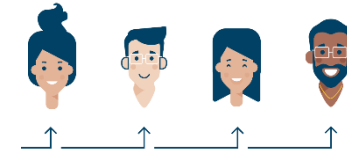
- The pilot and collaboration led to ANZ being awarded **Most Innovative Large Organisation** award by the AFR BOSS Most Innovative Companies 2024
- The next phase of the pilot announced tests on how smarter payments and wallets can turn a manual and error-prone process into a fast, programmable and pre-validated one
- Subject to the outcome of the pilot, ANZ will make a decision collectively if we wish to commercialise this for customers

Pilot Flow Diagram: Pre-Validated Payments & Matching

Integrating superannuation fund data with the modern payment system to increase the speed of contributions, auto-matching and pre-validation of payments



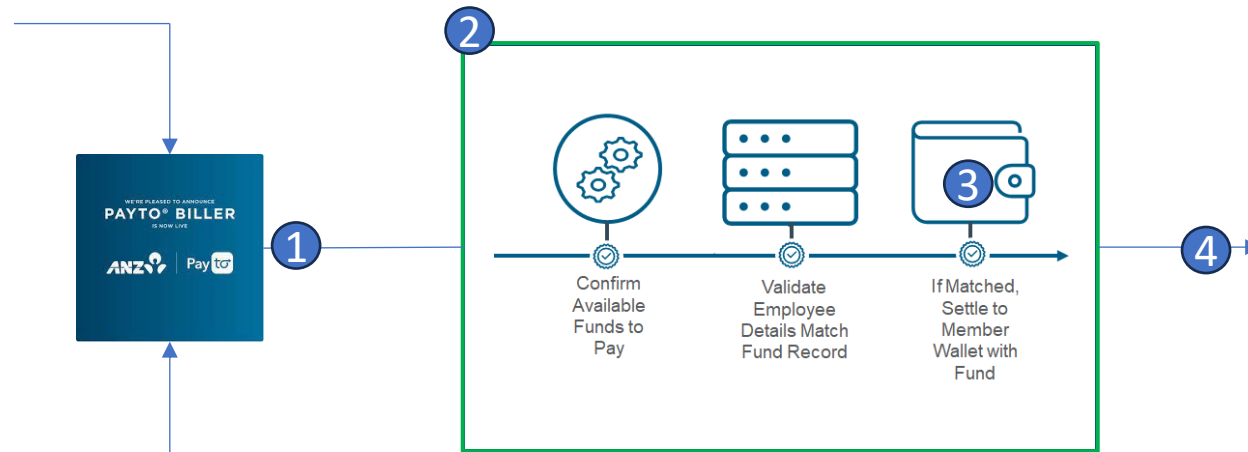
Payday Super



Member Contributions



Employer Contributions



Wallet Matching Solution

Member Allocation





Payday Super

How this is enabled by Smart Contracts & Wallets



Smart Contracts

Smart contracts are **digital contracts stored on a blockchain** that are automatically executed when predetermined terms and conditions are met. They are used to **automate the execution of an agreement** so that **all participants can be immediately certain of the outcome**.

In the case of Superannuation, smart contracts could be used to pre-validate the information an Employer is submitting about employees matches what is held by their Superfund. The agreement only executes if the details match, releasing the payment.



A\$DC



Wallets

For smart contracts to operate effectively, they rely on **digital money** that resides on blockchain (e.g. A\$DC) and paid to a predetermined destination in that agreement (e.g. wallet with the superannuation fund for members).

Collectively the **three components on the same network allow for this contract to take place**. These are the components that support the pre-validation process.

The pilot considers these services being made available to Service Providers (such as Gateways/Clearinghouses) and Fund Administrators so that they may improve the experience for their Employers and Superannuation Funds/Members.



3. Why Superannuation Funds should be excited

Benefit to Superfunds

- Superannuation fund receives **pre-validated** contributions **matched** at a member level
- Once received, allocation of contributions to Member accounts is **immediate**
- **FTE cost reduction** due to the elimination of member matching and/or contribution errors
- Elapsed time between the Employer SAFF file upload and the Superfund contribution allocation is **minutes** not days
- Member contributions are available for investment much sooner
- Materially better experience for a Superfund's employers and your employer servicing staff