



**DEPUTY PRIME MINISTER  
TREASURER**

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Dear Direct-Entry Payments System User,

On 1 July 2012, new arrangements will commence to make it easier for consumers to switch their personal transaction accounts between financial institutions.

As a user of the direct entry payments system, your organisation may currently collect payments from your customers' bank accounts ("direct debits") or send payments to your customers', employees' or suppliers' bank accounts ("direct credits"). Under the new arrangements, if a consumer wishes to switch financial institutions, he or she will have the option of signing a single form that authorises the transfer of their regular direct debits and credits to their new account, and which informs associated debtors and creditors of the new account details. As an added feature, consumers will also be able to cancel direct debits using a separate form.

From 1 July 2012, you may begin to receive these forms from your customers' financial institutions, via your own "sponsor" or "user" financial institution (from whom you will have received this letter). Each form will contain all the information you need to update your records. For instance, each *Notice of Variation of Account Details* form will be signed by your customer and include their new BSB and account number. The Bulk Electronic Clearing System (BECS) Procedures require these forms to be actioned promptly. You should also notify your customers when their records have been properly updated.

The Australian Payments Clearing Association (APCA) has prepared the enclosed information package to help you understand the new process in more detail. Please note that your customers may still choose to advise you of their new account details directly, rather than through the new arrangements, and you should continue to process these requests as usual.

The new arrangements form part of the Government's *Competitive and Sustainable Banking System* package of reforms. I am confident that they will enhance the ability of Australian consumers to switch banking providers and further strengthen competition in the banking sector. If you have any queries, I invite you to contact your sponsor or user financial institution. Further information about the new arrangements and their impact on direct entry payments system users can also be obtained from APCA at (02) 9221 8944.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wayne Swan', written in a cursive style.

WAYNE SWAN

[Enclosure]