

Digital Transformation Agency
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By email only: digitalidentity@dta.gov.au

Australian Payments Network (AusPayNet) welcomes the opportunity to respond to the Digital Transformation Agency's release of the *'Trusted Digital Identity Bill'* (TDI Bill) and supporting materials. AusPayNet recognises that a well-functioning digital economy requires convenient and secure mechanisms for individuals and organisations to build trust online and supports initiatives to achieve such an outcome.

AusPayNet Membership and Role

AusPayNet is the industry association and self-regulatory body for the Australian payments industry. We manage and develop procedures, policies and standards governing payments in Australia. Membership of AusPayNet is open to participants in, and operators of, Australian payments systems.

AusPayNet currently has over 140 members, including financial institutions, operators of Australia's payment systems (including card schemes), merchants, and financial technology companies.

Aligned with its vision of convenient and secure payments for all, AusPayNet's purpose is to enable competition and innovation, promote efficiency, and control and manage risk in the Australian payments ecosystem.

Introduction

AusPayNet recognises the DTA's vision for a digital identity system to provide whole-of economy solutions to connect local, state, territory and private sector services. AusPayNet also sees the benefits which may be derived across the entire digital economy by expanding the availability of digital identity services beyond the Australian Government and into the private sector by the use of systems such as those set out in the TDI Bill as well as other offerings which exist in the commercial market.

Alongside this, AusPayNet is of the view that there may be other frameworks, in addition to the TDIF, that should be taken into consideration. By way of example, AusPayNet continues to work with our members to review and refine the TrustID Framework, which was developed by members of the Australian Payments Council.

The TrustID Framework is an open, contestable framework that when operational, can be used by different organisations to offer a range of interoperable identity services to individuals and private sector entities. In

practice it would allow them to establish their credentials online with an accredited preferred service provider and then to use those credentials to verify who they are when interacting online. The Framework is not a digital identification solution in and of itself; it comprises rules and guidelines for organisations (which meet certain accreditation requirements) to design, build and operate digital identity products and services.

The governance and accreditation aspects of the Framework remain in development. Aware of the evolving nature of digital identity (discussed below), AusPayNet is taking time to work with members to review the Framework to ensure its alignment with decentralised digital identity solutions and the wider digital economy context.

In leading the work on this open, contestable Framework, AusPayNet worked in consultation with commercial and government organisations, including the DTA, to ensure interoperability between the TrustID Framework and other digital identity models such as the DTA's Trusted Digital Identity Framework.

Principles Based Approach

Through our work on TrustID, we established a number of key principles which we believe to be central to the development of a successful and accessible digital economy. Whilst we note a number of the below considerations are included in the TDI Bill and supporting material, they are highlighted here to provide context for the recommendations made in this submission.

Data Economy Context

Digital identity systems and services will play a fundamental role in the emergence of the data economy in Australia, through developments such as the Consumer Data Right and new payment and e-commerce systems. The ability of a person to prove their claim as to who they are in a digital context is a critical component in efficient use of these systems. It is important that digital identity systems such as those underpinned by the TDI Bill and the Trust ID Framework facilitate connection and interoperability and contemplate the potential for multiple systems and service types.

Staged Development Process

As a result of the emerging nature of this context and the need for systems to be flexible as they evolve to meet future needs, it is important to consider utilising a staged development path, rather than looking to straightaway create a system in a final form. Such staged development will better allow systems to accommodate changing technologies and ensure development in a way that is citizen centric.

Broad Stakeholder Participation

It follows from the above that it is important that a broad range of stakeholders are consulted in the development of any digital identity system and that consideration be given to the models which have already been tried and tested in other jurisdictions.

Ensuring a Citizen Centric Approach

In support of the objective of promoting innovation, and to encourage greater adoption of digital services, it is critical that users are given the choice to use non-government digital identity services, including commercial services such as those anticipated under the TrustID Framework.

Whilst the guide to the TDI Bill expressly does not prevent entities participating in or being accredited under other digital identity systems or frameworks, we believe more detail could be provided around how the existence and use of multiple systems would occur in practice. Some questions to consider may be:

- To what extent can the participants of various systems interact with one another?
- Is there a possibility for accreditation in one system to be recognized in another?
- How will the systems interact to ensure that there aren't significant contradictions in liability models?
- Will accreditation have the effect that the TDI Bill/Rules apply to all digital identity systems that the accredited entity uses?

The answers to the above questions have implications from a competition perspective because the extent to which, and how, parties will be able to interact with one another across systems may impact adoption rates by both potential participants and end-users. AusPayNet considers that more decentralised and citizen-based approaches are likely to have better outcomes for end-user consumers and the wider digital economy.

By way of example, some States are progressing their own digital identity initiatives with varying degrees of collaboration with the private sector and the Federal Government. AusPayNet has observed a shift in overseas jurisdictions also, notably in Canada where the CIO Strategy Council, a private sector entity with a citizen centric approach, leads the development of the technical specification for the national digital identity framework¹.

As the framework will involve the management of critical consumer personal data, there is the need for a streamlined privacy approach across entities handling that data. The TDI Bill should look to adopt a more uniform consent management approach in support of better user experience and citizen centricity.

Interoperability and Technological Neutrality

AusPayNet is supportive of digital identity solutions which will ensure interoperability and technological neutrality. Whilst the TDI Bill and supporting materials speak to ensuring interoperability within the Trusted Digital Identity System and Framework themselves, they do not appear to specifically contemplate how the System and Framework will remain interoperable with other available digital identity systems and frameworks. AusPayNet is of the view that interoperability is a critical requirement for the successful operation of digital identity verification services. Neutrality and interoperability are often used interchangeably, however there are small but distinct nuances in each term. Where neutrality usually refers to the concept of "non-discrimination" in that "competing services or alternatively different data packets should be treated equally"², interoperability is usually used to refer to the "ability to transfer and render useful data and other information across systems, applications and devices."³

¹ CIO Strategy Council; September 2020; 'CIO Strategy Council Announces New National Standard For Digital Trust and Identity', Accessed 26 October 2021 <<https://ciostrategyCouncil.com/cio-strategy-council-announces-new-national-standard-for-digital-trust-and-identity/>>

² Wood, S; June 2014; '*Platform neutrality and interoperability*'; Plum Consulting; Accessed 7 October 2021; <plumconsulting.co.uk/platform-neutrality-and-interoperability/>

³ Ibid

Interoperability supports end-user choice and convenience, by enabling users to make digital transactions with any other user regardless of the technology, product or services used. A good example of the benefits of interoperability in payments is the 'honour all cards' rule, enabling a user to use their debit or credit card at any ATM or EFTPOS terminal. This is made possible because the underlying infrastructure and messaging for these payment systems is designed to be interoperable. AusPayNet recommends that the DTA further consider interoperability of the TDI Bill and supporting material from the wider context of how it may work with other systems and frameworks being proposed by both the State governments and the private sector.

Cross-Border Payments

Interoperability with overseas frameworks is also important to efficiently ascertain the digital identities of overseas consumers of Australian products and services. Mutual recognition is necessary to support the G20 roadmap on enhancing cross-border payments. Interoperability would involve applying clear standards to minimise friction while maintaining the safety and security in transactions. This would help to address the issues in cross-border payments of high costs, limited access, and insufficient transparency.

Emerging Technologies

AusPayNet supports a technologically neutral framework that remains effective alongside rapidly emerging technologies. This is because digital identity verification services could increasingly leverage such technologies for greater accuracy without requiring excessive personal details. This is aligned with the TDI Bill's focus on privacy as well as the ability to verify attributes and credentials. One example is in the combined use of on-device machine learning, digital wallets and QR codes to verify identities within the mobile phone and check with the consumer for only the essential data required.

Conclusion

AusPayNet appreciates the opportunity to respond to the consultation and to contribute our insights from the perspective of the payments industry and the wider digital identity context. We welcome a streamlined, interoperable and technology neutral approach to digital identity generally and the proposed regulatory environment. AusPayNet recommends that the DTA establishes a permanent working group to oversee the continuous development of the framework with the private sector. We would also welcome the opportunity to engage further with the DTA on the issues raised in this submission.

Please contact Ms Daniela Fabiano, Legal Counsel, (dfabiano@auspaynet.com.au) or Ms Siew Lee Seow, Policy Manager, (sseow@auspaynet.com.au) or if you have any further questions.

Yours sincerely



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