



Master Biller

BPAY Sales Training

November 2016

Agenda



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BPAY Today



BPAY Today



Over 150 financial institutions offer BPAY

BPAY payments volume increasing with year on year growth of over 5% per year

382 million payments through the Scheme worth ~ \$352 billion FY15/16

Over 45,000 Billers including 22,000 Sub Billers

87% consumer awareness*

Average daily payment volume 1.5 million transactions to value of \$1.3 billion

*Source: BPAY Usage and Attitude Study 2015



What are Master Billers



What are Master Billers?

A BPAY Master Biller acts on behalf of Sub Billers by facilitating the collection of BPAY payments for them. The Sub Billers pay the Master Biller for provision of these services.

There are 2 types of Master Biller:

- **Member Master Biller** – where the Biller Institution is the Master Biller
- **Master Biller** – where the Master Biller is a third party signed to the BPAY Scheme by a Biller Institution, e.g. DEFT

Each Sub Biller is required to sign a Sub Biller Agreement with the Master Biller

- This includes details of either the Sub Biller identifier or Biller Codes to be used by the Sub Biller and their account details for settlement

The Master Biller is assigned one or more Biller Codes

There are 2 Options for BPAY Master Biller

1. The Sub Biller uses the Master Biller's Biller Code and their Sub Biller identifier as part of their CRN
2. Sub Billers can now obtain their own Biller Code from their Master Biller

In Option 1 a Master Biller is required to have one Biller Code for each industry group that they will provide services to (e.g. rent, schools, dentist, etc.)

What are Master Billers?

For Option 1 each of the Master Biller's Biller codes must be for a different 'vertical'. Payers can then see an appropriate description against payments on their bank statements, for example:

- XYZ Co. Australia (Master Biller's own payments)
- XYZ Co. Payments Services Building
- XYZ Co. Payment services Manufacture
- XYZ Co. Payment services Medical

Currently the Majority of the Sub Billers are in the following markets:

- Rental
- Child care
- Accounting
- Strata Management
- Building services
- Payroll
- Retail

Master Biller Options

	Option 1 The Sub Biller uses the Master Biller's Biller Code and their Sub Biller identifier as part of their CRN	Option 2 Sub Billers can now obtain their own Biller Code from their Master Biller
Type of Master Biller	Current e.g. Franchisor	Facilitator e.g. Service Provider or Full Service e.g. aggregator
Invoicing	Underlying business	Underlying business or service provider/ aggregator
Biller code / CRN	Master Biller code Sub Biller identifier as CRN prefix	Own Biller code CRN
Reporting / reconciliation	Master Biller or Sub Biller	Master Biller or Sub Biller
Settlement \$	Sub Biller or Master Biller	Master Biller or Sub Biller



Scenarios

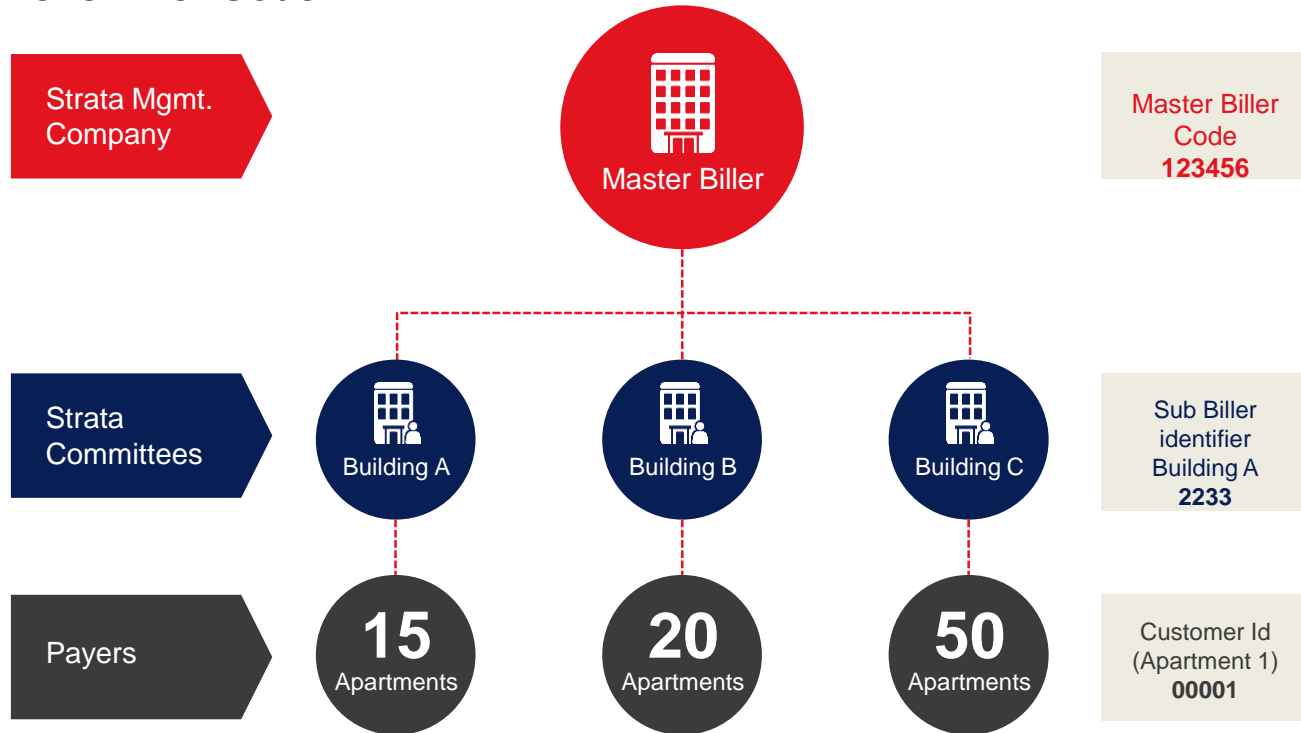


Example: Strata Management

Option 1 – using Master Biller’s Biller Code

To make a payment for Apartment 1 in Building A the Payer would use Biller Code **123456** and a CRN of **223300001n**

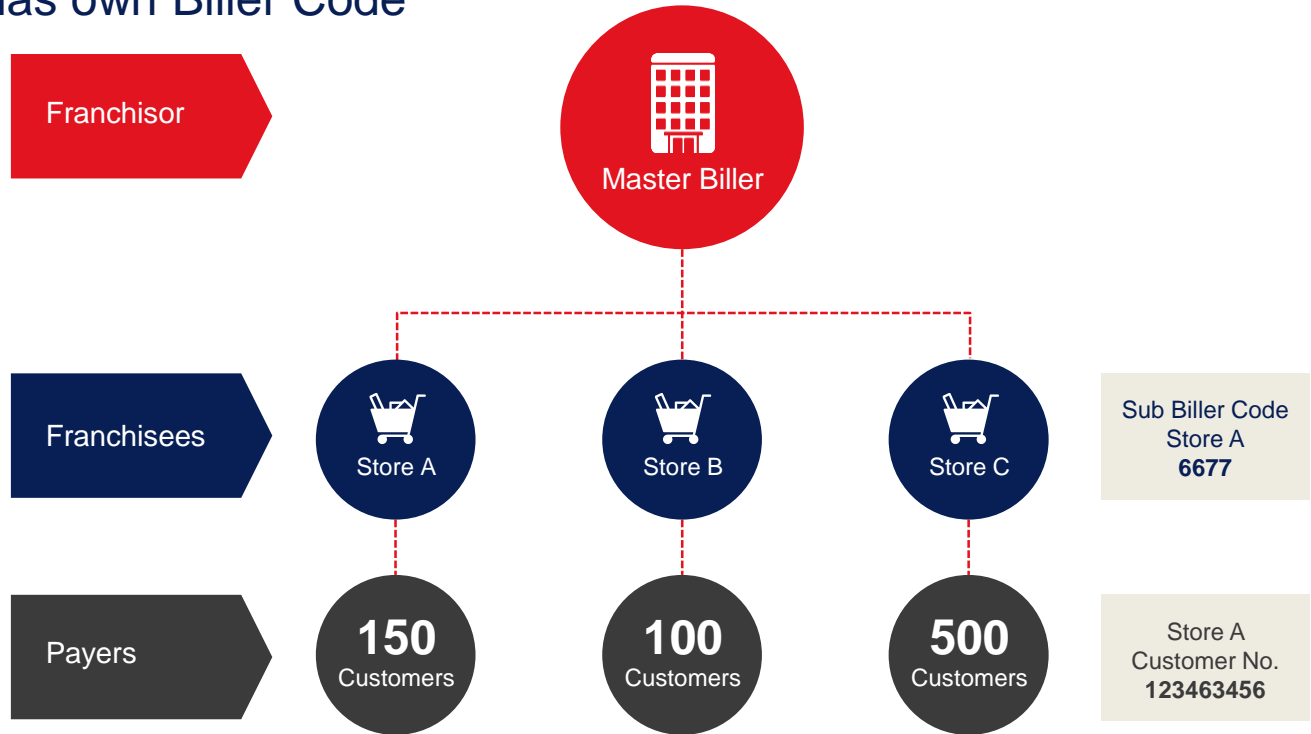
n = check digit on the customer number 223300001n



Example: Franchise Retail Stores

Option 2 – Sub Biller has own Biller Code

To make a payment for purchases from Store A the payer would use Biller Code **6677** and a CRN of **123463458n**



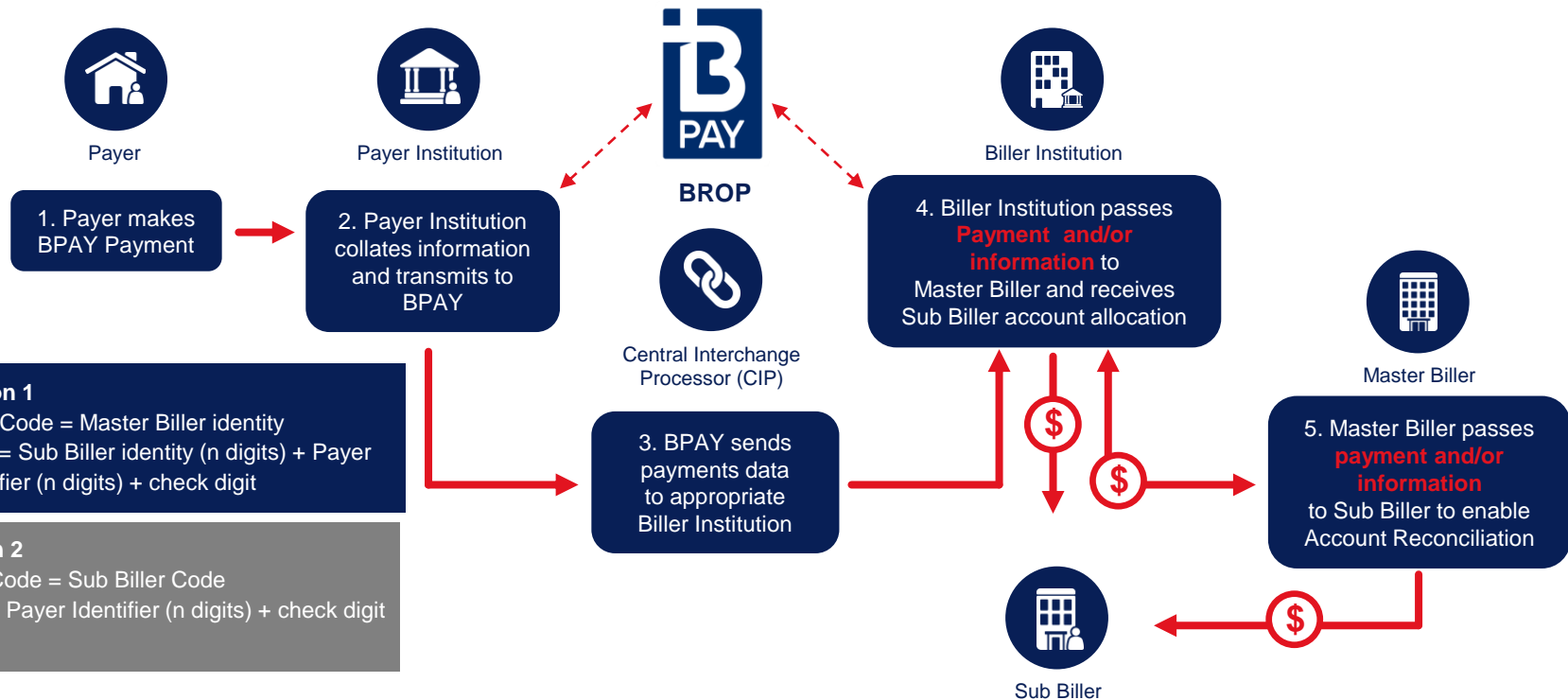
n = check digit on the customer number 12346345*n*



How Master Biller Works



How BPAY Master Biller Works





Benefits and Opportunities



Market Opportunities

Any market where a number of small companies work in a vertical market with a company that has a reason to offer them services

Companies that all use the same Software company

Companies that all use the same major supply company, for example a franchise group

Companies that are formed for a special purpose that do not compete with each other, i.e. Strata Title committees that employ a management company, to perform various services for them

Schools in an Association or with a particular affiliation (religious or curriculum based)

The key ingredients tend to be organisations that do not want to invest in too much infra-structure (IT systems, Accounting personnel)

They may also have 'difficulty' with the costs or requirements of becoming a credit card merchant

May not have the payment volumes to justify the investment

Billers Institution Benefits



Feature



Benefit

Aggregation of small organisations under a 'service provider'

BI works with one entity (Master Biller) and which ensures simpler onboarding of Small Businesses

Master Biller and Sub Biller enter Sub Biller Agreement

BI receives standardised documentation once it is completed by Sub Biller, reducing Account Management load

BI sends information on payments to Master Biller and funds to Sub Billers

Reduces risk to BI, while enabling Master Biller to add value to Sub Biller relationship

A Master Biller may deal with hundreds of Sub Billers

Creates for the BI future customers for other financial services

Additional functionality for Sub Billers

Opens up opportunities for SMEs who want their own Biller Code and CRNs

Greater visibility of Sub Billers via the BPAY Operations Portal

Improved visibility of Master and Sub Biller relationships

Master Biller Benefits



Enables the Master Biller to have a closer relationship with their Sub Billers by offering additional services and having visibility of their volumes/value



Feature



Benefit

Master Biller charges Sub Billers transaction fees

Additional Revenue Source, makes Sub Billers more 'sticky'

Daily Bank reconciliation file

Master Biller has visibility of Sub Biller BPAY payments volume and value

Payments through BPAY

Transactions are cleared funds overnight, no charge-backs, low cost

Automated reconciliation of Accounts Receivables

BPAY CRNs facilitate automated reconciliation

Easier identification of Sub Billers using own Biller Code

Improves the payment investigation process

Outsourced Billing services

Offers opportunity for 'Value Added' billing services to Sub Billers

Can offer Sub Billers more flexibility with their own Biller Codes

Provides Sub Billers flexibility with CRN format and min and max payment amounts

Benefits to Sub Billers



Benefit



Description

Reduced administrative load

Master Biller deals with Financial Institutions and analyses receivables transactions

Simplified operations

Master Biller can manage billing and collection services

Lower costs

BPAY transaction fees typically lower than merchant service fees for credit cards

Own Biller Code

Greater flexibility on how Sub Billers collect payments with own CRN and min/max amounts

Enables offering of preferred payment channel

The BPAY logo on invoices is well regarded by payers

Easier identification of Sub Billers on consumer statements

Provides an improved customer experience



Sign-up and Obligations



The Sign-up Process

1

All Master Billers are required to sign a “Master Biller Agreement”, even if they already have an existing BPAY Biller Agreement in place

2

The Master Biller Agreement is signed between the Master Biller and their Biller Institution

It must contain a pro-forma of the “Sub Biller Agreement”

3

The Master Biller is assigned one or more Biller Codes

Option 1 only

Master Biller is required to have one Biller Code for each industry group that they will provide services to (e.g. rent, schools etc.)

4

Each Sub Biller is required to sign a Sub Biller Agreement with the Master Biller

It should include details of the Master Biller Codes to be used by the Sub Biller and their account details for settlement or details of the Biller Code allocated to the Sub Biller

5

Details page for each Sub Biller must be passed to BI

6

The BI must maintain records of their Sub Billers and report to Scheme when required

So that the Scheme is aware of the companies using the Scheme and in case of any issues on error corrections or fraud



Key Requirements

- For Option 1 different vertical markets must use different Biller codes to avoid any payer confusion
- The Master Biller must provide details of disbursements to the Biller Institution covering funds distribution from the account within 24 hours of receiving the funds if settling directly with the Sub Biller
- The BI must hold the funds in a 'Trust or Clearing' account (if BI settling directly with Sub Billers) – funds must be deposited in the Master Biller's or Sub Biller's account depending on their Agreement
- The funds must be passed to the Sub Biller as gross funds, with no deductions for processing or other Master Biller fees

The fees between the Master Biller and Sub Biller are not part of the Scheme's business but funds received cannot have deductions made from them

Obligations



Biller Institutions

Sign Master Biller Agreement with Master Biller

Hold funds securely and pass funds to Master or Sub Billers as soon as practicable if using this method

Maintain records of Sub Billers and provide to Management Committee as required

Make payments to Master or Sub Billers in a traceable format if using this method

Ensure payment information is passed on to Master or Sub Billers within 24 hours of receipt

Guard against and report to Management Committee any suspected fraud by Master Billers or Sub Billers



Master Biller

Enter into a Sub Biller agreement with the Sub Billers they represent

Obtain all necessary information and authorisations in order to comply with requirements under rules of engagement, and to process payments on behalf of Sub Billers

Act in accordance with instructions from their Biller Institution to remove a Sub Biller for breaches of obligations, or suspected fraud

Provide their Biller Institution with details of each Sub Biller

Make payments to Sub Billers in a traceable format



Sub Biller

Promptly apply payments received to their customers' accounts

Promptly notify the Master Biller if they are unable to apply a payment

Maintain a fair policy for error corrections and exchange or return of goods or services

Report any suspected fraud to the Master Biller

Be bound by the Sub Biller Operations Manual Part 1

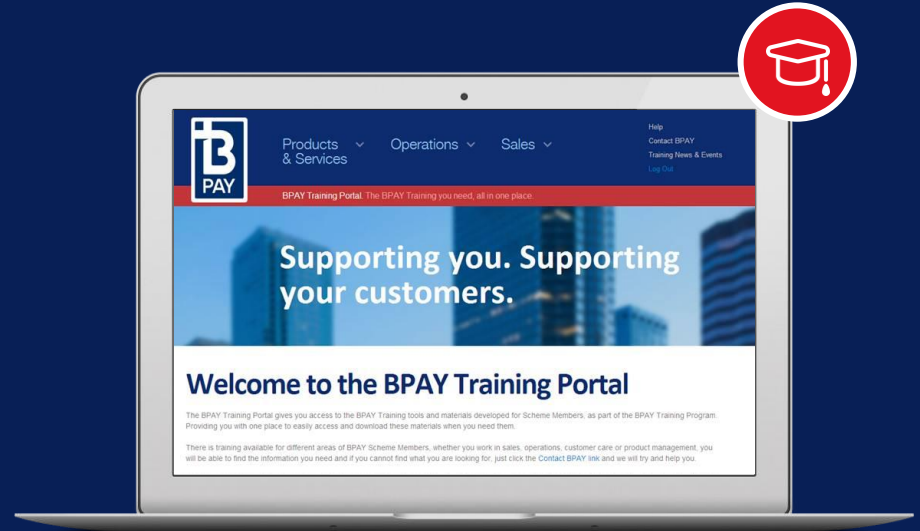
Where to get help and more information

The BPAY Training Portal is a 'one stop shop' to access the BPAY Training:

- Access via the Member area of www.bpay.com.au
- Obtain your Financial Institution username/password from your BPAY Product Manager
- Provides Product, Sales and Operations training
- You can also access directly via the BPAY Operations Portal

All materials can be run within the portal or downloaded, including:

- Power point Presentations
- Quick Reference Guides
- BPAY Training Videos
- Sales Training e-learning modules
- Operations 'How To' Guides
(Step-by-step Guides to all key Operations tasks)



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