



25 February 2022

Data Economy Unit
Consumer Data Right Division
The Treasury
Langton Crescent PARKES ACT 2600

Via email: elInvoicing@treasury.gov.au

Dear Treasury,

Supporting business adoption of electronic invoicing

The Australian Banking Association (**ABA**) welcomes the opportunity to make a submission to the Treasury consultation on supporting business adoption of electronic invoicing and specifically the option to introduce a 'Business eInvoicing Right' (**BER**) to accelerate business adoption of the Peppol international eProcurement framework.

There are undisputed benefits to the automated digital exchange of invoice information, and banks in Australia play an important role in encouraging suppliers and SME customers to adapt to eInvoicing.

The ABA's position

The banking sector supports and welcomed the Government Digital Economy Strategy,¹ which included \$15.3 million to enhance the value of electronic invoicing, helping businesses reduce costs and increase productivity. The ABA strongly supports initiatives aimed at increasing business awareness and accelerating the adoption of eInvoicing; however, considers it premature to mandate a BER at this point in time.

Across the economy, organisations currently adopt, or are considering adoption, a variety of well established, alternative, commercial eInvoicing solutions (some of which use the Peppol framework). These different solutions offer alternative invoicing formats and contain additional features and benefits that may be more suited for their customers and suppliers in that particular business sector.

In government mandating a BER, there is the risk this would favour existing eInvoicing software providers to the detriment of new and emerging solution providers/fintechs, who may seek to grow their market share in the coming years.

Innovation is thriving in Australia and in 2021, investment in Australian fintechs reached over \$2.5 billion.² Over 50 per cent of those Australian fintechs are in 'payments' and 'technology for businesses'.³

Equally, mandating a BER across the entire private sector may cause further disruptions to businesses experiencing skills shortages, impose significant regulatory and implementation costs, and limit future competition within the digital invoicing space.

¹ Australia's Digital Economy, <https://digitaleconomy.pmc.gov.au/fact-sheets/sme-digitalisation>

² Pulse of Fintech H2'21, <https://assets.kpmg/content/dam/kpmg/au/pdf/2022/the-pulse-of-fintech-h2-2021.pdf>

³ Fintech Australia Ecosystem Map, <https://ecosystem.fintechaustralia.org.au/>



Key Points

1. The Australian banking industry acknowledges the importance of innovation in payments and continues to make significant investments into digital innovation and online services to support the customer-led transition to a digital economy.
2. Businesses should be provided with sufficient time, support, and resources to adopt eInvoicing solutions, and policy initiatives should ensure they do not place an unnecessary burden on businesses or have a determinedly impact on competition for those companies who offer eInvoicing solutions.
3. The ABA advocates for a BER only to be considered after increased awareness and outreach campaigns have occurred, and the Government has assessed the benefits of mandating against potential drawbacks such as hindering future competition and innovation.

Further details have been provided in the appendix regarding actions that can be taken to increase awareness, implementation challenges and considerations should a BER proceed, and additional barriers to integration.

If additional information is required please contact me.

Yours sincerely

Lauren Worldon
Director, Business Engagement and Policy

About the ABA

The ABA advocates for a strong, competitive, and innovative banking industry that delivers excellent and equitable outcomes for customers.

We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.



Appendix

Actions to increase awareness and adoption

Government considerations:

1. Increased educational and awareness programs
 - The ABA welcomes the Government's announcement to increase Australian Peppol Authority (**APA**) funding to support educational activities and pilots. Activities such as these will ensure businesses have the appropriate time and support to become familiar with this new technology. Additionally, funding could be leveraged for increasing awareness campaigns and targeted initiatives focused on industries that currently have low adoption rates.
 - Partner with trusted advisers and the private sector to explore outreach activities and share best practices for how to increase awareness of eInvoicing, particularly for SMEs.
2. Standardise connections
 - Explore options to standardise data connections / messaging between businesses, software (i.e. accounting software) and invoicing solutions. This will make it easier to switch between commercial software providers and encourage competition for providers to offer innovative invoicing features in the future.
 - The Government should consider true B2B connection options without requiring user management. One of the limitations of existing eInvoicing platforms is that businesses need to "connect" by inviting users with individual email addresses. This becomes a user management burden and creates delays when an authorised individual has left the business. Peppol has the opportunity to eliminate this by implementing a single authentication process, not reliant on individual users.

Banking Sector considerations:

1. Education and Support
 - Banks could leverage their unique position to continue proactive outreach and educational support programs for business customers. This may include hosting webinars which provide customers with support on how to connect (integrate) multiple invoicing solutions in use by suppliers and sellers without mandating the use of a particular solution.
 - Supporting targeted private or public sector campaigns focused on industries that currently have low adoption rates and incorporating the benefits of eInvoicing in business customer communications.
2. Issue identification
 - Assessing if any implementation or onboarding challenges exist which are hindering adoption and then working with key stakeholders to make improvements.
3. Standardisation
 - Exploring options to create a single standard or protocol for invoicing, e.g. format for receiving payment orders or sending invoices that any system can read and pay against. This would reduce the cost of adoption for businesses and increase consistency across customers and suppliers.



Implementation challenges and considerations

Businesses will require sufficient time, support and resources to adopt eInvoicing solutions, and any policy initiatives need to ensure this does not place an unnecessary burden on the business.

The ABA would like to highlight the following potential implementation challenges and considerations if a business eInvoicing right is introduced:

1. Time and resources

- Software developments and tech builds occur many years in advance for large businesses, and should any amendments be required; businesses will need sufficient time to accommodate these changes.

2. Complexity and redundancy of existing investments

- Invoices are often issued in different methods, and some contain complexity that would require APIs or other types of integration which are difficult and costly to implement.
- Businesses should not be required to replace existing eInvoicing platforms. There needs to be a considerable period of time allowed for P2P software providers to adapt their platforms without requiring the need for businesses to invest in third-party “connectors”.
- All solutions must be 2-way integration, including the ability for the supplier to monitor the status of their invoices and payments. Collaboration and messaging ability between supplier and customer will be another important requirement.

3. Peppol compatibility and integration

- When considering enabling Peppol compatible EDI networks, the Government should work with major P2P software providers to seek input in Peppol Access Point designs and standards and encourage compliance to avoid the need for businesses to implement connector applications.
- Peppol is not an e-Procurement platform itself. Instead, it provides a set of technical specifications that can be implemented in existing eProcurement solutions and eBusiness exchange services to make them interoperable between disparate systems, trending globally and mostly used by government entities.⁴
- Large organisations currently adopt or are considering adopting a variety of well established, alternative commercial eInvoicing solutions, suitable for different invoicing formats and containing additional features and benefits which are more relevant to their customers and suppliers. Consequently, the Government should consider that as multiple systems are already enabled, Peppol enabled channels may not provide desired outcomes, and not all systems are currently compatible with Peppol.

4. Compliance with an eInvoicing mandate

- With any regulatory change, businesses must create processes and procedures to ensure their regulatory commitments can be achieved. ABA highlights specific issues with the proposed mandate. This can involve establishing teams for monitoring and oversight purposes and creating exception processes for when something falls outside the legislative framework, representing significant costs to the business.

⁴ Peppol, <https://peppol.eu/what-is-peppol/>

Barriers to integration

When considering the integration of eInvoicing and payments, members would initially be required to dedicate a significant amount of time and resources to assess which of their suppliers have a Peppol access point and if they intend to mandate Peppol in the future. This would determine the urgency in which members would need to work with their preferred platform to establish an access point for their organisation.

Furthermore, businesses with well-established, functioning order to cash (**O2C**) processes may be unmotivated to switch to a single protocol unless there are clear cost or simplicity benefits, and the technology is easy to integrate.