

9 September 1996

Mr. Greg Smith  
The Secretary, Financial Systems Inquiry  
Treasury Building  
Parkes Place  
Parkes ACT 2600

Dear Greg

**The Centre for Electronic Commerce (CEC) at Monash University** provides this submission in response to the Government's Inquiry into Financial Systems in Australia, and offers to present to the Inquiry Members if appropriate.

The CEC recently released Australia's most comprehensive Report on Smart Cards, commissioned by the Australian Commission for the Future, and entitled "***Smart Cards and the Future of Your Money***".

The joint industry and academic team who researched, interviewed and conducted the analysis for the Report are considered amongst the leading experts in Australia in Electronic Commerce, electronic payment technologies, and associated strategies and systems. The Centre for Electronic Commerce has compiled a *comprehensive database* of information and references in this area, and the Centre's staff participate in many of the Committees currently considering the impact of new electronic payment mechanisms on business and the consumer.

The Report examined various stakeholders' (banks, other financial services, regulators, consumers, smart card manufacturers, retail industry) perspectives of the impact of electronic payment technologies, specifically smart cards, in the retail financial services sector. It presented a detailed investigation of the issues, particularly banking and regulatory, together with a series of conclusions, in an independent and balanced manner.

The financial systems in Australia will undergo rapid change as a result of advances in new technologies such as the Internet, smart cards and other forms of technology that are part of electronic commerce. Australian providers of financial products and services will experience new competitors as a result of overseas providers using the new technologies to promote their products. In addition Australian consumers, unaware of the potential risks, will be tempted to purchase financial products without the protections of the local regulatory environment.

The CEC, established by the School of Business and Electronic Commerce of Monash University, specialises in consulting, research and education services that have an electronic commerce focus. CEC work has encompassed:

- **the social impact of electronic commerce, specifically new payment instruments;**
- **future scenarios regarding possible implications for the existing payment systems;**
- **the impact of electronic commerce on small and medium sized enterprises; and**
- **the difficulties and options confronting governments attempting to set up a regulatory environment for payment systems using the Internet and smart card technologies.**

We would be pleased to present to the Inquiry Members on the findings of the Smart Card Report, or provide advice to the Secretariat on the implications, impact and significant current issues of electronic payment technologies on the financial system in Australia, should you consider this appropriate.

Contact details are as follows:

Email: [cec@buseco.monash.edu.au](mailto:cec@buseco.monash.edu.au)

Phone: (02) 9439-2282

Yours sincerely

John Mills  
Electronic Payments Systems Consultant