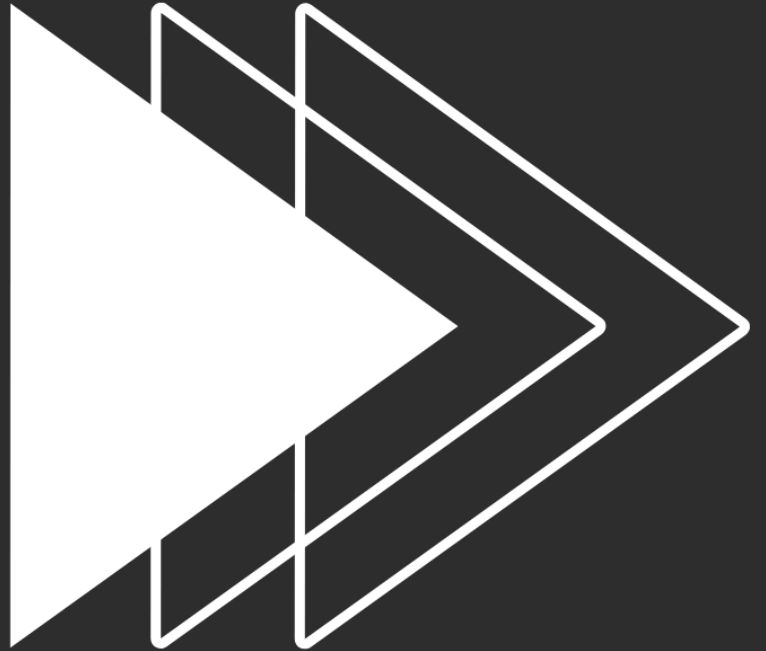


# SUBMISSION



**23 February 2024**

Submission to the Senate Finance and  
Public Administration Reference  
Committee



23 February 2024



Senate Finance and Public Administration Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

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**Zepto's submission to the Senate Finance and Public Administration Reference Committee inquiry into supporting the development of Sovereign Capability in the Australian Tech Sector**

Zepto commends the Senate Committee for looking at developing sovereign capability in the technology sector. While Zepto is yet to procure to government, as a scaling Australian financial infrastructure company powering real-time account-to-account payments for enterprise businesses, we have aspirations to partner with the public sector in the future.

Australia stands at the precipice of a financial revolution, with a golden opportunity to position itself as a global leader in payments innovation. We have been working very closely with the Commonwealth Treasury on the payment systems and licensing reforms that have the potential to drive competition and innovation within the Australian payments sector.

At the heart of this evolution is the rising prominence of Australia's real-time payments infrastructure, the New Payments Platform (**NPP**), which presents an opportunity to transform Australia's financial ecosystem, and in turn, our economy. In late 2023, the Governor of the Reserve Bank of Australia — Michele Bullock, confirmed that the payments industry, through AusPayNet, had set a target date of 2030 for the retirement of Australia's legacy BECS payments framework. In no uncertain terms now, Australian payments are undergoing once-in-a-generation reform and modernisation.

The Commonwealth Government is the largest processor of BECS payments in Australia and therefore the transition away from BECS to the NPP over the next 6 years will be a significant and challenging project for the Government. As one of Australia's leading providers of account-to-account payments and as the only non-ADI to be connected directly to the NPP, Zepto is well placed to assist the Government with this transition.

In line with the Government's initiative to support homegrown technology and innovation, we request that the following be considered:

- **Adequacy of Current Procurement Policy Settings**

As it stands, the procurement landscape in the Commonwealth Government is fragmented and characterised by overlapping platforms which are managed by different agencies. This leads to inefficiencies in the procurement process and increased administrative burden for both Government and industry. This presents



acute challenges for small businesses in the technology sector (like Zepto) who simply do not have the time and resources to navigate such complex processes and systems.

Measures such as: simplifying the procurement process via one unified platform; providing clearer guidelines to industry on the procurement process; improving transparency in the evaluation of bids; having a more flexible procurement process where companies can provide an oral pitch or presentation in the first instance; and providing training and resources to help small businesses to navigate the procurement process successfully could make a real difference to businesses like ours in the technology sector.

- **Challenges Faced by Smaller Tech Companies**

Small businesses are the backbone of the Australian economy, and the Government can help support their growth by ensuring that procurement processes are fair and accessible. Small tech companies often struggle to compete with larger companies on Government procurement due to a disparity in resources and bargaining power. This creates an uneven playing field that can limit the opportunities available to small businesses. For regionally head-quartered companies like ours this challenge is even greater as access to key Government stakeholders often plays out in major cities.

Awarding Government contracts in the digital transformation space to smaller players in the technology sector presents a win-win for Government and the sector. It obviously presents a significant revenue opportunity for smaller technology companies like Zepto. At the same time, it presents a more advanced and cheaper service for Government - noting that fintechs like Zepto are at the cutting edge of payments technology and innovation which places us at a competitive advantage to the industry's larger players, such as banks. Further, securing opportunities within Government will help drive the growth of Zepto and the technology industry in Australia more generally which will translate to more homegrown jobs in our industry.

- **Engagement and consultation between the Australian Government and Australian tech companies**

The Government has made significant investments in developing world-leading digital infrastructure in Australia - the Consumer Data Right (**CDR**) and the NPP being prime examples. This has also led to an emergence of Australian fintech companies who have built their businesses on providing specialised and leading solutions in these areas.

CDR and NPP use cases need to be developed to help drive awareness and adoption. We would welcome an avenue for specialised Australian technology innovators to engage with the Government on proof-of-concepts to build use cases that not only leverage the infrastructure that the Government has invested so heavily in building, but that also reduce costs and improve digital services and experiences for Australian consumers and businesses.

Australia is uniquely placed to develop a booming fintech industry which will provide jobs and opportunities for people right across our nation. With over 800 fintech companies, Australia has one of the world's most exciting and dynamic fintech industries. In fact, the Australian fintech industry has grown from a \$250 million industry in 2015 to a \$45 billion industry in 2023.

Ensuring that the Australian public sector taps into the innovation on its own doorstep will not only benefit the Government but also enable our fintech community to continue to thrive. The Government should be looking to leverage new payment technologies that will reduce costs and improve digital services and experiences for Australian consumers and businesses.

We would welcome the opportunity to meet to discuss these matters further. If you require further information or have any questions, please contact our Canberra-based Head of Government Relations, Emily Curlewis on 0408 491 725 / [emily@zepto.com.au](mailto:emily@zepto.com.au)

Yours sincerely



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**About Zepto:** [www.zepto.com.au](http://www.zepto.com.au)

Zepto is an infrastructure payments business which facilitates bank account to bank account payments for businesses in real-time by connecting them directly to their customers' bank accounts. Our mission is to deliver value for businesses and their customers by pioneering a more competitive, efficient and secure payments ecosystem.

Zepto was founded in 2017 in Byron Bay by four local entrepreneurs who had experienced the frustrations and debilitating impacts of legacy payments infrastructure in their successful tourism business. Since then, Zepto has grown from a start-up to an award-winning payments technology company employing people across Australia and processing approximately \$50 billion in account-to-account payments each year.

Zepto was the first non-bank fintech approved to connect directly to the New Payments Platform as a Connected Institution and the first non-bank payments provider to become an Accredited Data Recipient in the Consumer Data Right. Zepto was named FinTech Organisation of the Year at the 2023 Finnies Awards as well as being named NSW Business of the Year and receiving the Excellence in Innovation Award at the 2022 Business NSW Awards.

As a remote workforce headquartered in Northern Rivers, in regional New South Wales, Zepto is providing job opportunities for many people across Australia and adding value to the economy as we scale.