

# Overhaul of payments system to cover digital wallets, buy now pay later, cryptocurrency

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Credit: Liza Summer from Pexels

Treasurer Josh Frydenberg will announce on Wednesday a comprehensive reform of regulations governing the payments system, to bring it up to date with innovations such as digital wallets and

cryptocurrency.

The government says without the changes—the biggest in 25 years—Australians businesses and consumers could increasingly be making transactions in spaces beyond the full reach of Australian law, where rules were determined by [foreign governments](#) and multinationals.

It points out that in three decades [payment](#) methods have gone from cash to cheques, cheques to credit cards, [credit cards](#) to debit cards and now to "tap and go" via digital wallets on phones or watches.

Around a decade ago, cryptocurrency was a concept. Currently, there are more than 220 million participants in the worldwide crypto market, including many in Australia.

The planned reforms will centralize oversight of the payment system by ensuring government plays a greater leadership role. The treasurer will be given more power to intervene in certain circumstances.

Consumer protection will be strengthened, and more competition and innovation will be promoted.

The reform program will be in two phases. There will be consultations in the first half of next year on those that are most urgent and easy to implement. Consultations on the rest will be done by the end of the year.

The [government](#) says the present one-size-fits-all licensing framework for payment service providers will be replaced graduated, risk-based regulatory requirements.

There will be consideration of the feasibility of a retail [central bank](#) digital currency, and an examination of "de-banking" (where a bank declines to offer a service to a business or individual).

Frydenberg says the comprehensive payments and crypto asset reform program would "firmly place Australia among a handful of lead countries in the world.

"It is how we will capitalize on the opportunity for Australia to lead the world in this emerging and fast-growing area which has almost endless potential applications across the economy," he says.

"For businesses, these reforms will address the ambiguity that can exist about the regulatory and tax treatment of crypto assets and new payment methods.

"In doing so, it will drive even more consumer interest, facilitate even more new entrants and enable even more innovation to take place.

"For [consumers](#), these changes will establish a regulatory framework to underpin their growing use of crypto assets and clarify the treatment of new payment methods."

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