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Subject: The loss of local debit Eftpos is here – we must act now
Date: Monday, 13 May 2024 12:01:51 pm
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Dear Karen

I am reaching out to discuss a matter of significant concern for New Zealand's financial ecosystem—the loss of local debit Eftpos. Local debit Eftpos now accounts for only 20% of in-store payments, indicating a decline that could soon remove the only competitive constraint on Visa and Mastercard. This shift towards international card scheme products is accelerating, and it's imperative that we address the potential consequences of this trend.

The decline in local debit usage not only affects consumer choice but also has broader implications for our financial autonomy. As transactions increasingly move to international schemes, we risk becoming overly dependent on these systems, which could lead to higher costs for consumers and reduced competitiveness for local businesses. Despite the Commerce Commission and the Reserve Bank noting the undesirability of New Zealand's financial stability being solely in the hands of Visa and Mastercard, action on this issue remains lacking.

In your speech at the Payments NZ conference and subsequent letter to Payments NZ, you emphasized the need for scalable, real-time, peer-to-peer payments and highlighted New Zealand's outlier status amongst OECD countries due to the absence of real-time systems for retail payments. However, tangible progress in real-time and account-to-account payments has been hindered by commercial banks' reluctance.

Worldline has been working with the NZ banks on a contactless digital debit solution that could provide a replacement to the current mag stripe Eftpos utilising open banking API's, ISO standards (compatible with future real-time payments and CBDC platforms) and current acceptance infrastructure. Disappointingly the pace of the banks to prioritise a local debit solution is too slow and we have reached the point where we cannot continue alone without industry support.

You have highlighted the importance of advancing New Zealand's money and payments landscape and your insights on the potential responses from a regulator's perspective resonate with us. I believe it is in our collective interest to take proactive measures to support and revitalise local debit solutions. We propose a collaborative effort to develop a digital Eftpos solution, utilizing open banking APIs and ISO standards, to meet specific local needs and provide a competitive alternative to Visa and Mastercard. This solution would use current acceptance infrastructure and be compatible with future real-time payments and CBDC platforms. We are in discussions with your Money & Cash team regarding hosting an event at our Shortland Street offices. This event presents an opportunity for you to address our commercial bank and merchant customers about the ongoing digital cash consultation and your desire for real-time payments. Many of our high-volume debit retailers, such as grocery stores, fuel stations, and quick-service restaurants, are keen on exploring a cost-effective alternative to traditional payment networks like Visa and Mastercard. Your insights on the future of digital cash and eftpos would be highly valuable to them.

I look forward to discussing these topics with you further with the aim of working together towards a sustainable future for our payment systems.

Regards,

Maxine Elliott

Sent on behalf by Paulette John, EA to CEO

Maxine Elliott
Chief Executive Officer
Executive Team

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