Reserve Bank of New Zealand
Te Pūtea Matua

Modernising New Zealand's Retail Payment System.

18 August 2026

Issues paper

Contents

1. Executive Summary

This Issues Paper sets out key issues we have identified with New Zealand's retail payment system, makes the case for change, and discusses the need for legal and governance reforms, building on previous work from across the public and private sectors. We are seeking feedback to test the issues we've identified, and the proposed areas of work needed to address these.

Payment systems are the plumbing of the economy

Payment systems are core underlying economic infrastructure, and their performance is crucial to support resilience, productivity and maintaining trust in the financial system. Each year, around $2 trillion of retail payments flows between New Zealand banks. Given the scale and centrality of payments, even small improvements can lift national productivity, enhance innovation and global competitiveness, and strengthen economic resilience. By contrast, an outdated system constrains economic growth.

Our payment system faces a number of issues

While New Zealand's retail payment system remains reliable for many users, it is increasingly falling behind modern global standards, and has several structural issues that are hindering ongoing modernisation. Various consultations, engagements and studies across both public and private sectors have consistently identified common issues, which we divide into 2 key categories outlined below.

System performance and capability gaps

- Reliance on legacy platforms restricts competition and innovation.
- Our payment system increasingly lacks modern features seen in other systems worldwide.
- The lack of a modern domestic payment system poses risks to our economic resilience and increases reliance on offshore payment providers.

Strategic leadership gap, fragmentation and misaligned incentives

- There is no entity with the mandate (or group of entities with aligned mandates) to provide system-wide strategic leadership.
- The fragmented regulatory framework of payments is difficult to navigate.
- Incumbent incentives are misaligned with broader public interest objectives.

The costs of an outdated system to our economy are significant

Indicative RBNZ analysis suggests that payments modernisation could deliver economic benefits in the order of $0.7 billion to $1.3 billion, or around 0.16% to 0.30% of GDP, if performance gains were comparable to those estimated in other jurisdictions, such as the UK.[1] These benefits would result from lower transaction costs, increased productivity and enhanced competition.

[1] For an estimation of payments modernisation's economic benefits in the UK, see ey.com/content/dam/ey-unified-site/ey-com/en-uk/generic/documents/ey-uk-account-to-account-payment-infrastructure-03-2025.pdf

While delivering these gains would require investment in new underlying infrastructure, the overall net impact of payments modernisation will depend on policy choices that are yet to be made, including platform design and system governance arrangements. International experience suggests that modernisation initiatives have generally delivered sizable net social benefits over time, with efficiency gains significantly outweighing transition costs. Given the scale of potential benefits — and the opportunity costs of inaction — further policy development is warranted.

Now is the time to act

Developing options (including choosing to maintain the status quo) and implementing any changes will take time. As other countries modernise their payment systems to combat fraud and scams, support efficient real-time cross-border transactions and adapt to emerging payment technologies, New Zealand risks becoming less competitive and less connected to the global economy. Modernising the payment system would strengthen economic resilience and economic sovereignty, and better prepare New Zealand for technological and geopolitical change.

The Minister of Finance has endorsed the Reserve Bank leading modernisation

The Minister of Finance has endorsed the Reserve Bank "…leading efforts to deliver the strategy for payments modernisation in New Zealand, including development of a strategic proposal and coordinating with key agencies and industry participants to achieve this".

This decision followed advice from the RBNZ, with support from the Treasury, Ministry of Business, Innovation and Employment (MBIE), Commerce Commission, Financial Markets Authority (FMA), Government Chief Digital Office (GCDO) and Public Service Commission (PSC). It reflects the close alignment between payment system outcomes and RBNZ's monetary and financial stability mandates, settlement operations, and wider policy interests as a central bank.

We have set up 2 workstreams to progress payments modernisation.

- The first workstream will examine the technical and platform requirements needed to modernise the payment platform/infrastructure, to inform the further development of options.
- A separate workstream focuses on reforming strategic leadership, regulatory coordination and system governance, across the retail payment system.

We cannot do this alone

This Issues Paper sets out the key issues we have identified with New Zealand's retail payment system. It makes the case for change, and discusses the need for legal and governance reforms, building on previous work across the public and private sectors. We are seeking feedback to test the issues we've identified, and the proposed areas of work needed to address these. Further analysis and engagement with stakeholders will be required before preferred options can be identified and developed.

Submissions and enquiries

The Reserve Bank of New Zealand – Te Pūtea Matua invites submissions on this Issues Paper from all those with an interest in the future of New Zealand's payment system by 27 October 2026.

You can either:

- complete our online survey at https://consultations.rbnz.govt.nz/rbnz/payments-modernisation-issues-paper
- email your submission to futureofmoney@rbnz.govt.nz

Publication of submissions

We will publish your submission on the Reserve Bank's website.

We will make all information in submissions public unless you indicate you would like all or part of your submission to remain confidential. Please refer to our policies for storing and sharing your information — the Reserve Bank website privacy policy and the engagement privacy information. If you would like part of your submission to remain confidential, you should provide both confidential and public versions of your submission. Apart from redactions of the information to be withheld (i.e. blacking out of text), the 2 versions should be identical. You should ensure that redacted information is not able to be recovered electronically from the document; the redacted version will be published as received.

If you want all or part of your submission to be treated as confidential, you should provide reasons for this information being withheld if a request is made for it under the Official Information Act 1982 (OIA). These reasons should refer to the grounds for withholding information under the OIA. If an OIA request for redacted information is made, we will make our own assessment of what must be released, taking your views into account.

We may also publish an anonymised summary of submissions received in respect of this consultation paper.

Engagement questions

The current state of New Zealand's payment system

Q1	Do you agree with our description of the performance and capability gaps in New Zealand's payment system? **(Section 3.1)**
Q2	Do you agree with our description of the strategic leadership gap and misaligned incentives in New Zealand's payment system? **(Section 3.2)**
Q3	What benefits do you think payment modernisation can deliver? Are we missing any key benefits? **(Section 3.3)**

Acting for a well-functioning, future-proof payment system

Q4	Which parts of the current payment system are functioning well, and what factors do you see as contributing to this performance? **(Section 4.1)**
Q5	Given emerging technologies, what are the key considerations for a modern payment system in New Zealand to ensure it can remain adaptable into the future? **(Section 4.1)**
Q6	Do you agree with our principles for strategic leadership and reform? Are there any additional principles we should consider? **(Section 4.2)**
Q7	What do you see as the key trade-offs to consider for the future of the payment system? **(Section 4.3)**
Q8	Do you agree with our key questions for considering potential options? Are there any additional questions at the system or platform level that you think are important? **(Section 4.4)**
Q9	Do you have any feedback on criteria that we should use to assess future options to modernise the payment system? **(Section 4.4)**

2. Introduction

2.1 Payment systems are the plumbing of the economy

Payment systems enable everyday transactions across the economy. Around $2 trillion of retail payments flows between New Zealand banks annually. The way the payment system is structured — how it works, who can use it, the terms of access, and how resilient it is — directly shapes competition, innovation and efficiency across the economy.

Because payments are so central to economic activity, they are a particularly powerful driver of growth and innovation. Conversely, even brief outages can quickly undermine public trust and have impacts well beyond the directly affected parties. Their economic importance also means they influence the effectiveness of monetary policy, financial stability, and broader social outcomes such as inclusion, fairness, trust and public safety.

Worldwide, the payments landscape is evolving rapidly. Consumer preferences are changing, new digital platforms are emerging, and there has been rapid growth in artificial intelligence (AI) and 'tokenisation' technologies that allow assets, money and financial claims to move across digital networks in a secure, standardised way. Geopolitical risks have also evolved, and a global push towards better cross-border payments and integrated digital public infrastructure are further accelerating change. Amidst these uncertainties, other countries are continuing to adapt by upgrading their capabilities.

2.2 Key terms and overview of the system

In this paper, our focus is on retail payments — that is, payments between individuals, businesses and government — which are often low in value but high in volume. We do not cover wholesale payments between financial institutions, which operate under different systems and rules.

For most people, retail payments feel quick and simple — whether tapping a card, paying online, or sending money to friends. Behind the scenes, however, every payment depends on a complex series of coordinated steps and shared services that ensure money moves safely and reliably between people and businesses. It also involves a diverse range of interconnected participants, including financial technology providers (fintechs), card schemes (such as Visa and Mastercard), banks, the central bank, and others. In this section, we define some key terms. A more comprehensive glossary is provided in **Appendix C.**

2.2.1 We distinguish between the payment system and a specific payment platform

The **payment system** is what makes payments possible, from initiating a payment to its final settlement between banks and the receipt of funds by the receiver. It includes all instruments, arrangements, rules and institutional frameworks that enable retail payments, as well as the stakeholders that participate in the system.

By a **payment platform/infrastructure,** we mean the core 'back-end' infrastructure, such as processing, clearing or settlement systems, that combines to enable others to build products and provide services to users.[2]

[2] Note that while platform or infrastructure refers primarily to the enabling technology of the payment system, it also encompasses technical and operational rules, standards and processes (e.g. API standards), which parallel regulatory rules at a system level (e.g. legal finality of payments, CDR framework).

Box 1

'Back-end' payment system components

The back-end of the payment system comprises authorisation, clearing and settlement.[3]

Authorisation

Once a payment instruction has been sent, the payer's funds holder (i.e. bank or other financial institution) checks that the payer has the correct amount of funds available to make the payment and the authority to approve it. This includes checking that there are no restrictions on the account or account holder that may prohibit the payment.

Clearing

If the payment is authorised, it can be cleared. Clearing is the process of validating payment information, ensuring it meets standardised payment messaging requirements, and establishing the payment obligations between institutions. In many payment systems, cleared funds may be made available to the payee before final settlement occurs.

Settlement

Once the payment is cleared, it can be settled. Settlement is the final exchange of funds from the payer's bank to that of the payee.

Strategic leadership applies across the system. It means the ability to set direction, coordinate action and own system outcomes — for example, through a strategic plan and associated accountability mechanisms, distinct from day-to-day operations or entity-level regulation.

System governance refers to structures, roles, mandates and decision-making arrangements through which system-level leadership is exercised, and the retail payment system is overseen on an ongoing basis.

2.2.2 The retail payment system involves many stakeholders

In the public sector, the **Reserve Bank of New Zealand** operates and oversees the settlement system. **Other government agencies** hold various mandates under different pieces of legislation.

Box 2

Payments, money and the Reserve Bank

Payment systems are of fundamental importance to the RBNZ. Sound and efficient payment systems support the transmission of monetary policy, facilitate the movement of money, and contribute to financial stability. By contrast, inefficient or ineffective payment systems can inhibit the RBNZ's ability to achieve its objectives. Failures or disruptions in payment systems can multiply across the financial system.

For these reasons, central banks globally often play a leading role in supporting sound payment systems. A key reason is that wholesale payment systems typically settle in central

[3] For more detail on how payments work in New Zealand, see https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/bulletins/2022/new-zealands-payment-landscapea-primer.pdf

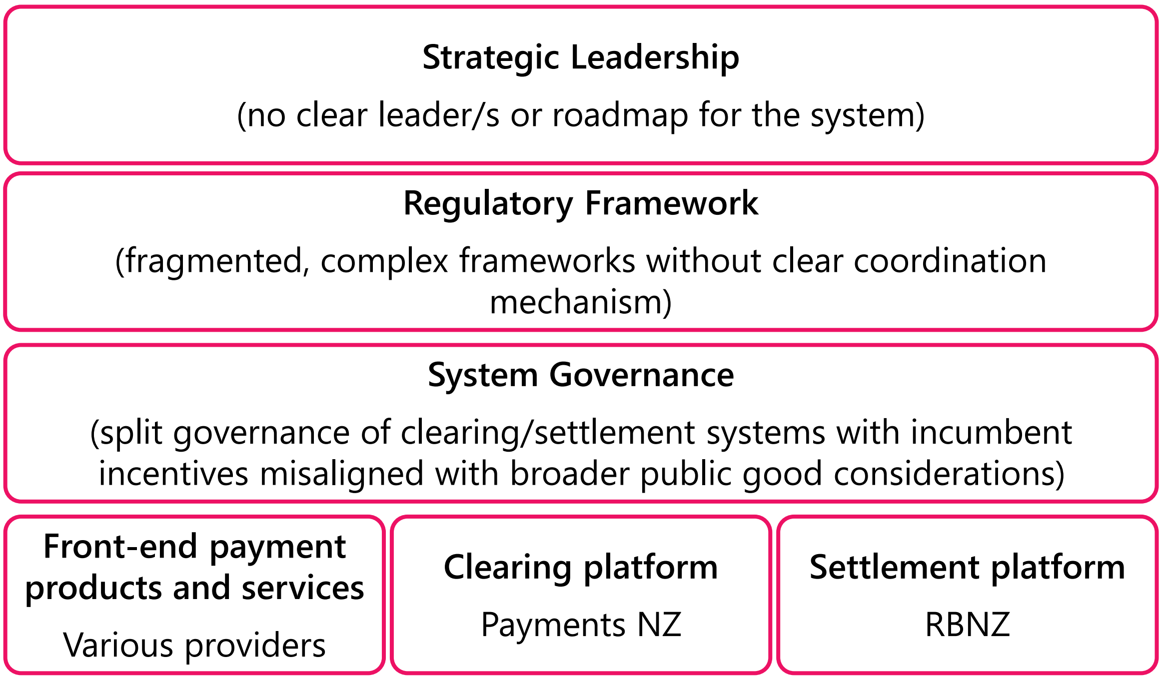
bank money, the safest settlement asset because it is free of commercial bank credit risk.[4] This is a key reason why, globally, central banks commonly provide settlement infrastructure, operate wholesale payment systems, and support payment system modernisation and reform where required.

For example, the RBNZ owns and operates the Exchange Settlement Account System (ESAS), New Zealand's real-time gross settlement system. The RBNZ also regulates payment systems that are designated under the Financial Market Infrastructures Act 2021 (FMI Act). Although the payments modernisation project is not directly connected with those roles, there are clear interdependencies that require close coordination and a holistic, strategic approach.

In the private sector, **Payments NZ** governs and controls the clearing infrastructure, directly accessed by major **banks** and **card schemes** that dominate the payment landscape. Clearing is the process of transmitting, reconciling and validating payments between financial institutions. In the wider **payments industry**, there are also **non-bank payment service providers** such as fintechs that may compete with banks to provide front-end products and services, and that (currently) rely on banks for access. **Other industry participants** provide 'overlay' services, such as electronic wallets and banking apps, or complementary services such as point-of-sale gateways and network services.

The diagram below provides a high-level illustration of how the retail payment system fits together and the key components involved. **Appendices E and F** provide an overview of participants, regulatory regimes and regulators.

Figure 1
An illustrative overview of the New Zealand payment system



[4] For an explanation of central bank and private money, see rbnz.govt.nz/money-and-cash/future-of-money/what-is-money

2.3 Issues facing New Zealand's retail payment system have been raised by a range of stakeholders

Numerous consultations, engagements and studies across both public and private sectors[5] have consistently identified common themes facing New Zealand's retail payment system. These are discussed in more detail below and include:

- concerns about market dominance;
- issues with cost and performance;
- challenges accessing the system for new entrants;
- slow progress on modernisation and innovation;
- fragmentation across the system; and
- difficulty navigating the regulatory landscape.

Box 3

Payments-related recommendations of the Finance and Expenditure Committee's Inquiry into Banking Competition

Recommendation 10: Push for real-time payments *— Recommend banks invest in global standard, next-generation payment infrastructure to work towards real-time payments at a national and international level.*

Recommendation 11: Improve Payments New Zealand *— Recommend the board of Payments New Zealand improve its governance structure to better support new entrants (such as fintechs) and announce next steps to improve transparency and competition.*

Participants in a 2024 industry workshop organised by the RBNZ, the Commerce Commission and MBIE on the Council of Financial Regulators (CoFR) Payments Vision noted that:

"Industry stakeholders need clear directive and priorities sorted to support delivery of initiatives. We need a clearly articulated problem definition, and a long-term goal of where we want to be with payments in Aotearoa New Zealand. This high-level strategy will enable stakeholders to align on how best to solve the problems." [6]

2.4 The time to act is now

Developing options (including choosing to maintain the status quo) and implementing changes will take time. The issues related to our current payment system motivate us to act now (we discuss these further in **Section 3**). Given the timeframe for change and the dynamic environment, prompt action is needed to shape the future of payments, rather than passively inheriting outcomes driven elsewhere.

[5] These include RBNZ's Future of Money consultations, the Commerce Commission's market study into personal banking services, Payments NZ's consultations on Next Generation Payments, CoFR's work on its Payments Vision for Aotearoa, and the Finance and Expenditure Committee's Inquiry into Banking Competition.

[6] RBNZ notes on Payments Vision – Industry Stakeholder Discussions, August 2024.

- **Timeframe for system change:** The issues are longstanding, modernisation will take time, and further delay will entrench inefficiencies and increase risks to New Zealand's economic resilience.
- **Rising costs of inaction from:**
    - **Domestic pressures:** without a domestic payments platform such as EFTPOS, global card schemes would face little meaningful competition, and there may be wider implications for economic resilience and sovereignty. Allowing EFTPOS to decline, without a modern replacement, could make it more difficult and costly to introduce a new domestic alternative later, restricting future policy options.
    - **Cross-border dynamics:** New Zealand will soon be the only developed country without a fast payments system (with Canada due to go live in late 2026). We are also lagging behind many developing countries. Other countries are turning their focus to harmonisation and interlinking of their domestic payment systems, and there is a risk that New Zealand will be unable to efficiently transact with other countries or meet the expectations of businesses and consumers.

Box 4

A system-wide, future-focused view

Payment modernisation is about strengthening the system's capability and adaptability over time, rather than simply introducing individual technologies such as real-time payments or tokenisation (the process of allowing assets, money and financial claims to move across digital networks in a secure, standardised way).

Two decades of global implementation of modern payment systems have established a clear baseline. Standard modern features now include real-time payments; rich data capabilities allow for additional information to be included with payments; and better cross-border integration allows users to make payments direct from their bank accounts when travelling in other countries. These features have been shown to deliver the greatest value when designed and implemented as part of a coherent system.

While individual initiatives can deliver discrete improvements, they are unlikely to produce a coherent system or unlock value beyond their isolated benefits. Nor will they materially enhance the system's ability to respond to future, as-yet-uncertain developments — such as advances in tokenisation or new forms of money like digital currencies. As global conditions become more uncertain, a payment system's capacity to adapt, integrate and evolve is increasingly critical.

There is also a risk that broader strategic considerations are overlooked when decisions are taken in isolation. As a small open economy, New Zealand depends critically on global connectivity. As other countries modernise their payment systems to enable efficient real-time cross-border transactions, New Zealand risks falling behind. As these systems become the international norm, inaction will erode the competitive position of New Zealand businesses.

In past engagement, some stakeholders have talked about the need to 'leap-frog' existing systems. We agree that the prolonged delay in modernisation means reforms must anticipate future needs and draw on international experience, rather than focusing solely on catching up and risking renewed obsolescence. These considerations reinforce the need for leadership that can take a systemic, long-term view of the future.

2.5 Ministers have asked agencies and regulators to explore issues and make recommendations for reform

The Minister of Finance has endorsed the Reserve Bank "...leading efforts to deliver the strategy for payments modernisation in New Zealand, including development of a strategic proposal and coordinating with key agencies and industry participants to achieve this".

This decision followed advice from the RBNZ, with support from the Treasury, MBIE, Commerce Commission, FMA, GCDO and PSC.

The advice noted broad agreement across agencies that the retail payments landscape exhibits several issues and potential market failures that warrant a more holistic and strategic review and consultation.

2.5.1 This work programme has two linked streams

- **Modernising New Zealand's domestic retail payments platform:** considering options to modernise New Zealand's retail payments platform, including cross-border capability, and assessing implications of different platform designs and their governance.
- **Legal and governance arrangements:** examining the current legal and governance frameworks, and whether reform could help address the strategic leadership gap, regulatory fragmentation and incumbent incentives which are misaligned with broader public interest objectives.

This paper focuses on testing the overarching case for change and the key legal and governance issues. This input will help inform the development of future reform options. In parallel, work on platform modernisation is progressing through its early stages, and some early thinking is discussed in this document also.

Initial advice on the next steps for both workstreams is expected to be provided to the Government next year. Further work, and engagement with stakeholders noted below, will be undertaken to firm up the case for change and refine options recommended to the Government.

2.5.2 The Reserve Bank cannot do it alone

The Government has asked us to lead payments modernisation, but this is not something we can deliver alone. Success will require close collaboration with other agencies, industry and payment system users to design an approach that is practical, safe, and delivers real benefits for New Zealand.

Our approach is grounded in outreach and learning. We plan to work with payments providers and users to test assumptions, understand real-world needs, and ensure that modernisation delivers better outcomes in practice. This consultation marks our first step.

Your feedback on this Issues Paper will help us shape our initial advice to the Government on the broad scope and direction of work. As this work progresses, and the future options and trade-offs are further developed, we intend to carry out further consultation on any policy proposals. Alongside formal consultation processes, we will undertake targeted engagements with the industry, including through the Payment Industry Working Group, which will focus on platform-related issues. We also intend to seek inputs from consumers and businesses through a variety of channels as the work progresses.

2.5.3 MBIE has recently consulted on provider-level rules for payment services

The payment system now includes a wide range of payment service providers beyond traditional banks and card schemes. MBIE has recently consulted on whether the rules that apply to payment service providers are clear and fit for purpose, and whether changes may be needed to support trust, resilience and competition as new business models emerge. This work is intended to complement the Payments Modernisation programme. Further information is available at www.mbie.govt.nz/payment-services-regulation.

3. The current state of New Zealand's payment system

In this section, we assess the current state of New Zealand's payment system and issues we have identified. We split the assessment into 2 parts.

1. **Part 1** discusses issues in the performance of the current payment system and the persistent capability gaps that exist.
2. **Part 2** focuses on legal and governance issues, such as the strategic leadership gap, regulatory fragmentation and misaligned incentives that make industry-led modernisation challenging.

Overall, our view is that the payment system has not kept pace with the needs of New Zealand consumers, businesses or the wider economy. It is increasingly unable to support a modern digital economy and is not well prepared for future challenges and opportunities associated with evolving consumer preferences, technological change and geopolitical instability.

3.1 System performance and capability gaps

3.1.1 Reliance on legacy platforms restricts competition and innovation

Competition in the payment system occurs through several interconnected layers. It occurs between products and overlay services at the front end, at the level of platforms and providers (both banks and non-banks), and over access to critical back-end infrastructure.

New Zealand's payment system is dominated by a small number of major banks and global card schemes. As in other jurisdictions, the payments market is 2-sided, with providers competing to attract both consumers and merchants. Strong network effects, combined with high fixed costs and economies of scale, reinforce the position of incumbents and make it difficult for new entrants to compete, contributing to a concentrated market structure. [7] Competitive pressure can also be weak because consumers face little friction or visible cost at the point of payment, even though merchants bear many of the underlying costs and may pass them on through higher prices.

Incumbents' dominance is further embedded, over time, by seemingly technical design choices. For example, New Zealand's clearing systems have evolved around the internal systems of banks interacting with each other, with Payments NZ, a bank-owned entity, setting rules on access to clearing, and therefore settlement. Although these features do not necessarily translate into barriers, they mean that accessibility is not built into the institutional settings. On the contrary, new entrants must, by default, route their services through platforms controlled by incumbent providers. The wider industry, including new entrants and public agencies, have limited levers to ensure societal interests are reflected in setting these rules.[8]

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[7] A 'two-sided' market emerges "...partly from high economies of scale, but also from the existence of powerful so-called 'across-group network effects'. These arise because merchants value a scheme more highly if it has high cardholder take-up, while cardholders value a scheme more highly if it can be used across a wide range of merchants. It is well understood that such network effects can lead to concentrated market structures, with high barriers to entry and expansion, and card schemes are no exception." See, Fletcher, A, "Literature Review on Competition, Efficiency and Surcharging in the Retail Payment System" (November 2023) Report Prepared for the NZ Commerce Commission p.1

[8] While Payments NZ currently provides for operational independence (for example, with 3 of the 11 directors being independent), the governance structure and decision making does not reflect the wider payments sector or public interest. This is a longstanding, and as yet unresolved, issue. The need for governance improvements is a key recommendation of the Finance and Expenditure Committee's inquiry, referred to above.

Such structural issues create barriers even without intentional anti-competitive conduct. Private entities are not well placed to make structural changes or reconcile private and public interests, particularly when doing so introduces competitive risks or requires additional investment.

These constraints are reinforced by complex interdependencies in the current system. For example, card schemes not only provide profits for operators but also create significant revenue through interchange fees to banks, reducing incentives to invest in alternatives such as EFTPOS or more open modern platforms, particularly when the benefits would accrue to competitors.

Fragmentation also reinforces barriers to access, competition and innovation. Participants depend on coordinated access to multiple system layers controlled by different parties relying on voluntary ad hoc coordination, particularly with private entities. For example, reforms such as widening access to the ESAS settlement system — a key mandate of the RBNZ[9] — would have limited impact without corresponding access to the clearing system.

These settings can produce counterintuitive outcomes. Innovation to date has often depended on integration with the incumbents' systems and their access to back-end platform/infrastructure. While this can enable innovation, it can also entrench incumbents' market positions, weaken their own responsiveness to end-user needs, and limit the competitive impact. In such conditions, new, disruptive entrants often end up integrating or being purchased by established players, reinforcing the status quo.

[9] It is a core central bank function of RBNZ to operate the ESAS system and otherwise participate in payments (s.116 of the Reserve Bank of New Zealand Act 2021).

3.1.2 A lack of innovation and competition is leaving users without modern features

New Zealand is increasingly an outlier in not having a modern payment system, lagging its peers as well as many lesser-advanced economies. We are, for example, the only OECD country without a committed plan to implement real-time retail payments. Other modern features, such as rich data or modern point-of-interaction methods like QR or NFC 'tap and go' payments, remain limited (see **Table 1**). While the absence of individual features is not necessarily a flaw, collectively they suggest a structural issue, driven by weak competition and limited incentives for innovation.

Table 1

International comparison of payment system features

Capability	Australia	Singapore	UK	Sweden	Thailand	New Zealand
Real-time, low-cost 24/7 payments?	✓	✓	✓	✓	✓	✗
Easy, safe payments to email/phone/nickname via payment alias service?	✓	✓	✗	✓	✓	✗
National, standard payments via QR code or NFC (tap and go)?	✓	✓	✓	✓ (using Swish)	✓	✗
ISO20022 (rich data) native support for efficient processing of payments and overlay services?	✓	✓	~ (system under migration)	✓	~ (domestic banks not ISO 20022)	✗
Cross-border connectivity with other regional payment systems (e.g. for fast, low-cost remittances)?	~ (inbound only)	✓	✓	✓ (using TIPS)	✓	✗

Over the past 2 decades, platform-level initiatives such as the move to daily settlements, 7 days a week via the SBI365 initiative; the implementation of the universal global messaging standard for financial transactions ISO 20022;[10] and open banking have delivered improvements to bank products. However, they illustrate the dynamic outlined in **Section 3.1.1** above that, without coordinated system-level intervention, innovation reinforces the incumbents' dominance, with

[10] Current implementation has focused on HVCS.

limited structural or overall economic impact. **Box 5** below outlines the benefits and limitations of open banking and SBI365 as illustrative examples.

Box 5

Open banking, SBI365 and constraints of the existing infrastructure

Open banking has recently been implemented by major banks in New Zealand, allowing accredited third parties — with customer consent — to access account data and initiate payments via secure APIs (the set of rules and protocols that allow different software applications to communicate with each other). It enables third-party innovation based on existing account data and account-to-account payments from participating banks. However, it depends on existing payment methods (direct credits cleared through the Bulk Electronic Clearing System) and was not designed to drive platform-level competition. Furthermore, if open banking delivery is confined to major banks rather than facilitating consumer switching to better alternatives, it may even reinforce incumbents' dominance.

As open banking primarily targets the service and experience of bank customers, it is not designed to drive platform-level competition.

SBI365 is an updated batch settlement standard that allows banks to settle electronic payments with each other 365 days a year, from approximately 9am to midnight.
Direct credits over the SBI365 payment system run every 30 minutes to 2 hours, per bank, on a best-effort basis.

Introducing SBI365 has increased the speed and availability of the existing system, though it is still not 'real-time'. It does not address key limitations of the deferred, batch-based system, such as implications for business cashflow. The Australian platform, by contrast, settles every transaction in real time. SBI365 has policy and operational impediments to expanded access, which limits its ability to materially enhance competition. Operating within legacy architecture, it has limited capacity for further innovation. It is not designed for physical point of sale (POS) use, supports limited throughput, cannot carry rich data, and cannot interlink with real-time systems to meet G20 objectives on cross-border payment speed, safety and cost reduction. Neither open banking nor SBI365 bring significant resilience benefits.

Payment solutions built on a combination of open banking (and existing bank interchange) can bring significant end-user benefits. However, they do not remove the need for system-wide back-end overhaul. For example, while such a solution could support real-time confirmation that a customer initiated a payment, it cannot guarantee payment will be processed as it is then queued up for the next batch (BECS), then moves to SBI365.

For the payee, debits appear fast, however a merchant would still need to wait for cleared payments to arrive, meaning it cannot offer a real-time payment experience in terms of speed or reliability.

Fraud and scam prevention

Modern features that would improve user protection and strengthen system resilience have been slow to develop, in part because the benefits are shared across the wider system rather than captured solely by incumbent providers. While some initiatives to combat fraud and scams (most notably Confirmation of Payee) have been introduced, their impact remains limited because they have largely been implemented at the individual entity level rather than embedded across the payment system as a whole. The risks are already materialising: Payments NZ reported that around $265 million was lost to scams from New Zealand bank accounts in the 12 months to November 2025.

Box 6

Fraud and scam prevention in a modern payment system

Costing approximately $265 million in 2025, fraud and scams pose a material and evolving risk in New Zealand's payment system. A significant share arises from authorised push payment (APP) scams and other forms of social engineering.

These scams exploit behavioural vulnerabilities and information asymmetries, rather than technical weaknesses in core payment infrastructure. As a result, fraud risk is shaped less by payment speed alone than by the design of the surrounding system.

While faster settlement can narrow recovery windows, scam risk can be mitigated through system-level safeguards. Features such as confirmation of payee, enhanced data standards, and improved monitoring and analytics materially strengthen prevention and detection. Industry feedback has recognised the need for 'safety by design' and a 'centralised approach', supported by clear government leadership.[11]

Experience in jurisdictions such as the UK and Australia shows that embedded system-level safeguards matter. Technology, coordinated governance arrangements, information sharing, and aligned incentives together play a critical role in reducing fraud outcomes. Anti-scam features can — and should — be built into core system design.

Cross-border payments

As a small open economy, New Zealand depends heavily on efficient international trade and commerce. Fast, predictable and efficient cross-border payments are therefore not simply a 'nice-to-have', but a critical enabler of trade, investment and competitiveness. The costs of falling behind are even greater in an environment of heightened global uncertainty, tighter margins and reconfiguring supply chains.

Improving cross-border payments has become a global policy priority. The G20, supported by the Financial Stability Board (FSB)[12] and the Committee on Payments and Market Infrastructures,[13] has established a global roadmap to make cross-border payments faster, cheaper, more transparent and more inclusive, with targets set for 2027. This work focuses on improving interoperability between domestic fast payment systems, extending operating hours, and adopting common data

[11] MinterEllisonRuddWatts "Paying it forward" Event summary, Page 8.
[12] fsb.org/2025/10/g20-roadmap-for-cross-border-payments-consolidated-progress-report-for-2025
[13] bis.org/cpmi/cross_border/programme.htm

and messaging standards such as ISO 20022, enabling domestic systems to be interlinked and support more efficient cross-border transactions.

These developments have direct implications for the international competitiveness of New Zealand businesses. As other jurisdictions modernise and connect their payment systems, overseas firms may increasingly be able to send and receive cross-border payments in near real time, while New Zealand firms continue to face delays of several days, creating a structural disadvantage.

Payments modernisation also has the potential to improve access to, and reduce the cost of, New Zealand remittances to Pacific Island countries, where cross-border payments remain relatively slow and expensive despite their importance to households and communities.

Without a modern domestic payment system, New Zealand cannot participate in these global initiatives or benefit from them.

Preparing for the future

New Zealand's current batch-based deferred payment system was not designed for emerging new forms of payment, and will be unable to effectively adapt to the challenges and opportunities posed by emerging payment technologies. These include developments such as tokenisation, central bank digital currencies (CBDC), stablecoins (crypto assets that have a value pegged to a real-world asset), and 'agentic' payments that are enabled by AI.

Many of these innovations depend on capabilities such as real-time settlement and rich data standards. Without modern payments infrastructure, New Zealand risks being less able to adopt, integrate with, or benefit from these developments as they emerge internationally.

A recent Australian study suggests that digital financial innovation, including tokenisation, could deliver up to AU$8 billion per year in economic benefits from improved payments, largely through cross-border use cases.[14] Many of these gains are closely aligned with the benefits sought through interlinked fast payment systems.

3.1.3 Deteriorating resilience and economic sovereignty

New Zealand's adoption of EFTPOS was world-leading. However, it remains New Zealand's only major domestic payment platform, while consumer expectations have continued to shift. EFTPOS has not evolved for today's online and contactless environment. At the same time, its free-to-consumer model provides limited incentives to invest in its further development, or to position it to compete with scheme cards that generate revenue for banks.

Concerns have been raised about the commercial sustainability of EFTPOS, including by its previous owner.[15] This is echoed by MBIE, which notes that it is likely the proposed ban on in-store surcharges for scheme card payments would "…further accelerate the decline of the legacy EFTPOS network".[16] Without a domestically controlled alternative, global card schemes would face

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14 fintechaustralia.org.au/newsroom/au-19-billion-per-year-economic-impact-could-be-unlocked-through-digital-finance-innovation-new-research

15 Worldline, "Submissions on Retail Payment System Consultation on our proposal to recommend designation of the interbank payment system", 2024, comcom.govt.nz/__data/assets/pdf_file/0031/359446/Worldline-Submission-on-Retail-Payment-System-Consultation-on-our-proposal-to-recommend-designation-of-the-interbank-payment-network-May-2024.pdf

16 Ministry of Business Innovation and Employment, "Regulatory Impact Statement on merchant surcharges for accepting payments" 2025 para 60 (c), 73 (a).

little meaningful competition, which could leave consumers and wider society worse off in the long run.

Beyond competition, broader public-good considerations, such as domestic network capacity, economic resilience and monetary sovereignty, are becoming increasingly salient in payments amid rapid technological change and geopolitical instability.

Recently, for example, the European Central Bank noted that payment systems are "…increasingly wielded as instruments of geopolitical influence and competing jurisdictions seek to assert their independence from foreign monetary powers…", and that dependence on schemes such as Visa or MasterCard "…exposes Europe to risks of economic pressure and coercion and has implications for our strategic autonomy, limiting our ability to control critical aspects of our financial infrastructure".[17]

The development of a modern domestic payment platform would provide an alternative to global card schemes, strengthening economic resilience and supporting financial stability.

Q1	Do you agree with our description of the performance and capability gaps in New Zealand's payment system? **(Section 3.1)**

3.2 Strategic leadership gap and misaligned incentives

Addressing the issues outlined above will require more than siloed initiatives focused on individual products or specific functionalities.

Recent policy and regulatory developments, such as the interchange and proposed surcharge regulation, the Consumer Data Right and open banking, the Digital Identity Services Trust Framework, and broader access to ESAS, will address some elements of the challenges described in **Section 3.1** (see **Appendix A** for a description of recent regulatory developments). Payments New Zealand's Next Generation Payments programme has also made important steps towards modernisation, led by industry incumbents.

However, these measures alone will not resolve the deeper challenges stemming from the lack of strategic leadership, a fragmented regulatory framework, and incumbent incentives which are misaligned with broader public interest objectives.

3.2.1 No clear strategic leadership role across the system

A well-functioning payment system needs strategic leadership to set clear, long-term, system-wide direction, coordinate actions across public and private stakeholders, and ensure accountability for the delivery of agreed outcomes. This is particularly important where reforms require coordination across competing private stakeholders, and system-wide investment that no single participant has the incentives to deliver individually.

In other areas of critical national infrastructure, such as roading, water, and electricity, government agencies play clear leadership roles alongside capable industry participants to deliver, operate and innovate within clear strategic and governance frameworks.

By contrast, New Zealand currently lacks a single authority (or coordinated group of authorities), either at agency or government level, with the explicit mandate to deliver strategic leadership and

[17] ecb.europa.eu/press/key/date/2025/html/ecb.sp250320_1~41c9459722.en.html

make decisions on trade-offs across the system, such as between regulatory objectives, or public and private interests. This creates gaps in coordination, and makes it more difficult to set priorities, sequence reforms, and assign accountability for timely delivery. It also limits the ability to establish a coherent long-term roadmap against which progress can be measured.

The lack of strategic leadership fails to recognise the role of the Government as a catalyst for change, given its significant payments needs. Direct benefits to the Government, such as cost savings from more efficient government payments and improved services delivery to the public, can also help validate the business case for change in the industry. However, without a central coordinating function, opportunities for alignment between public and private sector objectives are not fully realised.

In 2023, the Council of Financial Regulators (CoFR) articulated its vision for the future of New Zealand's payments. However, subsequent work has largely focused on other priorities within individual agencies rather than a coordinated long-term strategy. CoFR is now adjusting to a new operating model, with an option for targeted taskforces — potentially a vehicle to recognise the cross-agency governance arrangements necessary for payments modernisation.

We cannot rely solely on the private sector to fill the strategic leadership gap (and as noted in **Section 3.2.3** below, there are serious issues with the current model for industry governance). International experience shows that payment system modernisation is typically led or strongly steered by government agencies or central banks, in partnership with the industry. They set a long-term vision, coordinate delivery, and typically retain an ongoing strategic leadership role.

Table 2 presents a comparison of how the public and private sectors have contributed to retail payment system upgrades in Australia, Singapore, Sweden, the UK and Canada. These countries were chosen as comparator jurisdictions because they possess well-developed financial systems and broadly similar institutional arrangements. Each has recently implemented significant payment system reforms, offering valuable insights for New Zealand. Although their precise approaches vary, there are notable similarities, particularly regarding the division of responsibilities among the public sector, private sector and central banks. **Appendix D** provides a cross-country comparison of select countries with fast payment systems in place, including Brazil and India, which have recently successfully implemented major payment infrastructure upgrades despite starting from a less-developed baseline.

Without strong strategic leadership across both public and private sectors, New Zealand's payment system will, at best, experience incremental and product-level modernisation, leaving it increasingly out of step with global developments, less resilient, and unable to effectively support a modern digital economy.

Table 2

Select examples of the public and private sector roles in payment system upgrades

Country	Retail fast payment system	Year	Public sector	Private sector	Upgrade funding model
Australia	New Payments Platform (NPP)	2018	**Reserve Bank of Australia:** • set strategic objectives • defined core criteria • built new settlement rail • provided oversight	**Major banks (via NPPA):** • proposed design • built retail platform • upgraded internal systems	Funding respective components
Singapore	Fast and Secure Transfers (FAST)	2014	**Monetary Authority of Singapore:** • initiated upgrades • defined rules and standards • provided settlement accounts • provided oversight	**Major banks (via ABS):** • proposed design • built retail platform • upgraded internal systems	Industry/bank funded
Sweden	RIX-INST	2022	**Sveriges Riksbank:** • set strategic direction • built new settlement rail • operated system • provided oversight	**Commercial banks:** • connected to platform • upgraded internal systems • built retail services	Central bank funded (cost recovered via fees)
UK	Faster Payments Service (FPS)	2008	**Bank of England/Payment Systems Regulator:** • provided settlement accounts • defined rules and standards • provided oversight	**Major banks:** • proposed design • built retail platform • upgraded internal systems	Industry/bank funded
Canada	Real-Time Rail (RTR)	2026	**Payments Canada:** • set strategic direction • defined rules and standards • procured and oversaw build **Bank of Canada:** • provided settlement accounts • provided oversight	**Commercial banks:** • connected to platform • upgraded internal systems • built retail services	Industry/bank funded (via Payments Canada membership)

3.2.2 Our fragmented regulatory framework is difficult to navigate

New Zealand's payments regulation sits across a number of institutions and pieces of legislation, reflecting different public policy objectives including prudential soundness, market conduct, competition, infrastructure oversight, anti-money laundering and data-sharing. This division of responsibilities is broadly consistent with New Zealand's 'twin peaks' regulatory model for the financial system, with the separation of conduct and prudential regulation carried out by the FMA and the RBNZ respectively. However, in payments, where system-level outcomes often depend on coordinated action across these mandates, the overall framework can still be difficult to navigate and may not always support coherent system-level stewardship.

New Zealand's regulatory mandates for payments are currently spread across 7 pieces of legislation. Each regulator has its own mandate and powers, but there is no system-level description of roles and responsibilities. This can make the framework difficult to understand and navigate, particularly for new entrants.

The Retail Payment System Act 2022 is an important payments-specific regime, but it is primarily focused on promoting competition and efficiency in retail payments, rather than providing a comprehensive framework for the sector. The FMI Act, while regulating designated payment systems, focuses primarily on entity-specific regulation of risk. MBIE is also considering whether a more coherent risk-based regulatory framework for payment service providers is needed.

To date, regulatory coordination has relied mainly on the Council of Financial Regulators and informal ad hoc processes. While these arrangements support coordination, they have limited ability to address issues that cut across mandates or fall outside existing priorities. There is no overarching framework to assess whether the system as a whole is delivering outcomes such as reliability, efficiency, competition and innovation, or to provide clear stewardship and accountability for those outcomes.

This matters because the effectiveness of any regulatory action often depends on complementary actions by other regulators. For example, effective oversight of new payment providers typically requires both conduct and prudential tools. Fragmented policy mandates make it challenging to develop new regulatory frameworks that centre on payment outcomes and ensure adequate consideration of trade-offs.

It can also produce incomplete regulatory frameworks, which can unintentionally constrain other agencies or leave regulatory gaps where entities are uncertain of their ability to be regulated. This can be particularly problematic in financial services, where regulation is the global norm and is important for consumers to trust new and innovative suppliers, products and services.

Additionally, under the current model, rule-making for critical clearing infrastructure rests with Payments NZ, another separate entity.

3.2.3 Control over key infrastructure and misaligned incentives

Payments NZ was primarily designed as a standards and rule-making body for clearing systems. However, in the absence of system-wide strategic leadership, it also coordinates industry activity and modernisation efforts. Stakeholders, particularly non-bank fintechs, have raised concerns about Payments NZ's narrow ownership structure and whether it adequately reflects broader sectoral and public interests, or is set up to lead modernisation in the first place.[18] As noted previously, reforming Payments NZ's governance is 1 of the 2 recommendations of the Finance and Expenditure Committee.

This model has not delivered the pace or scale of modernisation that New Zealand needs over the past decades, with various modernisation initiatives started by Payments NZ. Where significant improvements have occurred, they have often resulted from public-sector intervention.

For example:

- While the industry had developed open banking standards prior to the introduction of regulation under the Customer Product and Data Act 2025, this was only with the expectation of forthcoming regulation.
- The move to the data-rich/ISO 20022 messaging format for high-value and cross-border payments through Payments NZ's clearing system was mandated by SWIFT and supported by the RBNZ.
- The move to SBI365 for everyday payments was a response to RBNZ's encouragement to consider how settlement risk in the system could be better mitigated.

The current allocation of roles and responsibilities across the payment system has resulted in:

- a lack of clear long-term stewardship;
- limited public-sector oversight and participation;
- challenges advancing system-wide initiatives; and
- decision-making reflecting incumbent priorities, which do not always align with economy-wide goals of efficiency, innovation, resilience and inclusion.

[18] Westpac, for example, noted in its response to Payments NZ consultation on its Next Generation Payments programme that it is "...not appropriate [for Payments NZ] to develop, own or operate payments systems or infrastructure, or to be a payment service ... [and] is not structured, resourced or have the experience to run large or complex industry change programmes." paymentsnz.co.nz/documents/419/Westpac_NZ_Ltd.pdf

The table below summarises the status quo.

Table 3

Overview of roles and responsibilities in New Zealand's payment system today

Strategic leadership and system governance	**Limited**	CoFR initiated some strategic work on its Payments Vision. Payments NZ coordinated past modernisation efforts.
Regulatory framework and powers	**Fragmented**	No dedicated overarching legislative framework, lead regulator, or effective sector-wide coordination and prioritisation structure.
Control of key infrastructure	**Mixed**	Payments NZ currently controls the clearing system and sets rules with relative autonomy, while RBNZ operates and oversees the settlement system.
Ownership/ operation	**Incumbent bank-owned**	Existing clearing and related systems are primarily rule-based relationships between individual banks. These are batch based, with limited daily hours of operation batch cadence, and policy and operational impediments to wide access.
Platform governance	**Unclear**	Coordinated via Payments NZ but fragmented in effect as dependent on individual institutions.
Participation model/funding	**Membership-based**	Limited direct participation/representation of non-bank entities in decision-making about their access to payment systems.
Capabilities	**Low**	Significant gap in modern capabilities, relative to all comparable economies.

Q2 Do you agree with our description of the strategic leadership gap and misaligned incentives in New Zealand's payment system? **(Section 3.2)**

3.3 The potential economic benefits of action are significant

Indicative RBNZ analysis suggests that modernising retail payments could potentially add around $0.7 billion to $1.3 billion to GDP annually (0.16% to 0.30%). The GDP estimate is based on a benchmark against the estimated benefits of payments modernisation in the UK, adjusted for the smaller size of our economy and the likely more modest spillover effects. These benefits include direct savings and wider productivity gains arising from stronger competition, increased innovation, and reduced transaction frictions.

These benefits flow from:

- greater competition and innovation in payments services beyond a bank-centric model;
- lower payment and processing costs for businesses;
- higher productivity for SMEs, supported by faster settlement, automation and simpler administration;
- modern capabilities, including stronger fraud and scam protection;
- economy-wide spillover, as prices are lowered and savings are reinvested in wages and productive capital;
- improved resilience, by reducing reliance on a small number of global scheme card providers; and
- more efficient cross-border payments supporting trade, tourism, remittances and services exports.

Commerce Commission analysis indicates that New Zealand's retail payment system costs around 1% of GDP, compared with international benchmarks of about 0.5% of GDP for efficient systems. This implies an efficiency gap of roughly 0.5% of GDP, or around $2 billion per year.[19] These benchmarks are based on European Central Bank estimates of the social resource costs of retail payments, covering central banks, banks and payment infrastructures, cash-in-transit companies, and retailers across cash, card and electronic instruments.

A 2022 CEBR study (commissioned by ACI Worldwide and Payments NZ) similarly estimated that introducing a domestic real-time payments scheme could increase GDP by up to $271 million relative to no reform. This estimate reflects the impact of real-time infrastructure alone and does not capture the additional gains from complementary governance, access and competition reforms considered here.[20]

While these studies produce different estimates, reflecting differences in methodology, scope, and the specific channels through which benefits are measured, they consistently indicate that the economic gains from payments modernisation are likely to be material. These estimates are indicative and intended to illustrate the potential scale of benefits; the extent to which they are realised will depend on specific legal and governance model and platform design choices, which are yet to be made, and further detailed analysis will be required to support policy development.

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[19] See European Central Bank "The Social and Private Costs of Retail Payment Instruments – A European Perspective" (September 2012), including pages 6 and 35 to 36, available at: ecb.europa.eu/pub/pdf/scpops/ecbocp137.pdf. Given the lack of competitive pressures we conservatively estimate New Zealand's payment system to have average efficiency, incurring costs of approximately 1% of GDP.

[20] investor.aciworldwide.com/news-releases/news-release-details/real-time-payments-could-unlock-271-million-additional-gdp-new

Box 7

Payment modernisation and Digital Public Infrastructure

Payment modernisation is not dependent on specific types of digital infrastructure, although there are likely to be implications and trade-offs.

The World Bank describes Digital Public Infrastructure (DPI) as "…foundational, digital building blocks designed for the public benefit", composed of 3 separable but interconnected "building blocks": payment services, data sharing, and identity and e-signature. It notes that a building blocks approach avoids silos and "…enables multiple DPIs to be used together, with multiplier effects".[21]

As the World Bank notes, there is no single template for delivering DPIs, and each country's approach will differ depending on the context. In New Zealand, open banking and the broader consumer data rights framework provide a strong foundation for the data-sharing building block. We also expect to take a decentralised approach to digital credentials, with the Digital Identity Services Trust Framework governing a fairly mature market with established private sector providers in the financial sector.

For individuals, businesses, the Government and other users, a modernised payment system could deliver significant improvements aligned with their needs.

Table 4

What the future could look like for New Zealanders

New Zealanders	• More convenience and choice of payment methods • Access to modern features such as instant payments, request-to-pay and QR codes/aliasing • Better protected against scams and fraud • Access to innovative solutions as they become available
Financial services sector	• Lower barriers of entry for new entrants • Supports open banking • More resilient — reduced single points of failure • Faster time-to-market for new products and services • Shared fraud intelligence and common security standards
New Zealand businesses	• Lower-cost and more choices of payment acceptance • Immediate access to funds, greater certainty and clearer cashflow visibility • More efficient payment administration • Lower losses due to fraud • Access to innovative solutions as they are available • Faster and easier cross-border payments

[21] Clark, J., Marin, G., Ardic Alper, O.P., Galicia Rabadan, G.A. "Digital Public Infrastructure and Development: A World Bank Group Approach." Digital Transformation White Paper, Volume 1. 2025 © Washington, DC: World Bank: pp.11-15.

Government	• Continuity of critical payments and receipts (benefits, taxes, payroll) • Lower cost and more efficient administration of payment • Ability to immediately activate emergency payments • Easier rollout of public-sector payment use cases • Access to better data and information
New Zealand (system-wide)	• A resilient, competitive and innovative payment system that supports economic growth • Greater payments sovereignty • Enables faster recovery from shocks & outages • Lower public harm from fraud • Higher system-wide trust and confidence • Ability to adapt and leverage emerging technologies

Without modernisation, we anticipate that:

- costs will continue to rise and payment choices will narrow, particularly for individuals and businesses that rely on low-cost options such as EFTPOS or cash;
- innovation will stall, leaving New Zealand further behind international standards in real-time payments and digital services;
- systemic risk will increase as reliance on offshore providers and outdated systems grows;
- public trust and resilience will weaken, undermining confidence in the financial system; and
- regulatory interventions will remain incomplete and without system-wide coordination, with the potential to increase regulatory costs over the medium term.

As in other areas of critical infrastructure investment, modernisation can mean costs for public and private sector stakeholders. These costs will vary depending on the outcomes sought and options pursued. We intend to include cost-benefit analyses in future phases of consultation.

Q3	What benefits do you think payment modernisation can deliver? Are we missing any key benefits? **(Section 3.3)**

4. Acting for a well-functioning, future-proof payment system

4.1 A vision for retail payments

The CoFR vision for New Zealand's payment system is for payments to be reliable and efficient, and to better meet the evolving needs of all New Zealanders. While this provides a useful starting point to identify high-level outcomes, translating these broad objectives into practice requires a clear mandate, accountability, and capability to manage cross-system trade-offs.

Figure 2
Vision and objectives

Payment modernisation will ensure the payment system delivers:

- a broader range of products and services providing New Zealanders and New Zealand businesses with genuine choice and better alignment with their needs;
- improved network capability and functionality across a range of payment types;
- increased strategic autonomy over digital payments and enhanced economic resilience;
- system-wide access to features that enhance the safety and security of payments; and
- a payment system that evolves over time in response to changing opportunities, threats and user needs.

In **Figure 3** below, we combine CoFR's vision with principles to guide strategic leadership, as well as legal and governance reforms. We also set out our early thinking on platform objectives and design principles.

Figure 3
System vision, objectives and principles

Vision	**Reliable and efficient payments that better meet the evolving needs of all New Zealanders**				
System objectives	**Fast, efficient and low-cost**	**Simple, inclusive and user-friendly**	**Reliable and resilient**	**Secure and trustworthy**	**Open and future-focused**
Leadership principles	**Effective leadership with a clear mandate and accountability**				
Legal and governance principles	**Clear, consistent and coherent regulatory framework**		**Robust and appropriate system governance**		
Platform objectives	**A capable and focused owner and operator with a clear public purpose**	**Transparent, accountable and inclusive platform governance**	**Broad participation model**	**Utility funding models, calibrated to use cases and incentivising modernisation**	**Modern capability and functionality that evolves over time**
Platform design principles	**Speed and always-on availability**	**Finality and irrevocability**	**Safety via trust framework and governance**	**Data richness and interoperability**	**Future-focused and efficient by design**

Q4 Which parts of the current payment system are functioning well, and what factors do you see as contributing to this performance? **(Section 4.1)**

Q5 Given emerging technologies, what are the key considerations for a modern payment system in New Zealand to ensure it can remain adaptable into the future? **(Section 4.1)**

4.2 Principles for strategic leadership and reforms

To support the broader objectives and address the issues outlined above, we consider that 3 core areas of reform are needed.

Effective leadership with a clear mandate and accountability

A lead agency or set of agencies must be empowered to:

- set the long-term direction for the payment system;
- make system-level trade-offs;
- seek input from and coordinate actions across government, regulators and industry; and
- champion national objectives such as resilience, competition, innovation, inclusion and economic sovereignty.

A clear, consistent, and coherent regulatory framework

A modern payment system requires:

- a regulatory framework that is easy for participants (especially new entrants) to navigate;
- alignment across agencies to avoid gaps, overlaps and conflicting requirements; and
- mechanisms for proactive stewardship, monitoring and accountability for system-level outcomes.

Governance arrangements that safeguard platform and infrastructure decisions

Reform should ensure that:

- governance structures reflect broader sectoral and public interest objectives — not just incumbent priorities;
- critical infrastructure is overseen by entities with the capability, mandate and incentives to deliver national scale modernisation; and
- decisions on access, standards, investment and interoperability support competition, innovation and resilience.

Q6 Do you agree with our principles for strategic leadership and reform? Are there any additional principles we should consider? **(Section 4.2)**

4.3 Potential trade-offs

Understanding the trade-offs between different objectives, different ways of balancing public and private-sector roles, and different design choices will be a key part of our future work programme to develop potential policy options. The impacts of these trade-offs are potentially significant, and judgement calls will be required to maximise the wellbeing of New Zealanders. This underscores the need for strong leadership across both the public and private sectors.

Some of these trade-offs are conceptual. For example, there is a trade-off between competition and reliability. A more open system that enables competition is likely to be more open to disruption and volatility — this is a key reason why settlement systems are usually centralised, often through regulation, and participation is carefully managed. There is arguably also a trade-off between competition and efficiency: a fragmented settlement system with too many players defeats its purpose of facilitating interactions across the market and providing finality.

Other trade-offs are more practical — for example, the perceived trade-off between real-time capability, and fraud and scam protections highlighted above in **Box 6.** We will consider these further as part of policy development and the design of any potential new payment platform.

We see financial stability and maintaining trust and confidence in the payment system as baseline requirements. This has implications for the minimum level of resilience and reliability required, and for the safeguards needed to support innovation safely.

We will take a staged and systematic approach to identify and examine these trade-offs to ensure they are robustly considered. At this stage we are keeping an open mind about what these trade-offs entail. We are interested in your views on key trade-offs to help guide our focus.

Q7	What do you see as the key trade-offs to consider for the future of the payment system? **(Section 4.3)**

4.4 Potential options

We are still at an early stage of considering policy options that could support reform, including those related to platform design which will be developed at a later stage. Your feedback will help inform this process.

There are multiple layers to each option, with a spectrum of choices across each layer, as described in **Figure 4** below.

Figure 4
Spectrum of options

		Status Quo	Options Spectrum		
Legal/governance	Leadership and governance	None	New industry body	Co-led with new industry body	Public agency/agencies-led
Legal/governance	Regulatory framework and powers	Fragmented	Strengthened coordination		Overarching legislative framework
Legal/governance	Regulatory framework and powers	Fragmented	Designation/standard-setting powers	Additional powers (e.g. direction)	Full range of powers (incl. direction, investment)
Legal/governance	Control of key infrastructure (e.g. access)	Mixed	Strengthened public agency oversight		Public agency control
Platform	Ownership/ operation	Incumbent banks-owned	Industry-owned	Public agency/industry partnership	Public agency owned/operated
Platform	Governance	Unclear	Industry-governed		Co-governed
Platform	Participation/ funding	Membership-based	Industry-funded	User pays	Public agency funded/cost recovered
Platform	Capabilities	Low	Key mandated features		Full range of modern features

Choices along the spectrum are clearly differentiated but not entirely independent. Decisions made in one area inevitably shape, enable or constrain choices in others.

Internationally, the spectrum of options described above has been implemented in various ways and combinations. A selection is set out in **Table 5** below, with additional detail provided in **Appendix D.** These options illustrate what the final design could look like in practical terms. Our approach may differ, and further work may be needed to evaluate the successes or effectiveness of jurisdictions, relevant to our needs and context.

Table 5
Spectrum of options by jurisdiction

		Australia	UK	Singapore	Sweden
Strategic leadership and governance[22]		Government and central bank	Government	Central bank/ industry	Central bank
Regulatory framework		Single framework Lead regulator (RBA Payment System Board)	Single framework Lead regulator (Payment System Regulator/Bank of England)	Single framework Central bank, sole regulator (MAS)	Single framework Central bank & prudential regulator
Regulatory powers		Supervision, access, information & direction, cost recovery	Supervision (BoE for SIFI), pricing, standards, access, direction (incl. requirement to divest)	Supervision, access, interoperability, direction	Oversight (Riksbank) Supervision, access, operation (Finansinspektionen)
Control of key infrastructure		Mixed — industry-led (incl. non-bank) clearing under central bank oversight Central bank settlement	Mixed — industry-led (incl. non-bank) clearing under central bank oversight Central bank settlement	Mixed — industry-led (incl. non-bank) clearing under central bank oversight Central bank settlement	Mixed — bank-led clearing under central bank oversight Central bank settlement
Platform ownership+ operation	**Clearing**	Industry	Industry	Central bank/ industry partnership	Banks (legacy) Central bank (real-time payments)
	Settlement	Central bank	Central bank	Central bank	Central bank

[22] Questions around what constitute effective leadership and regulations are key to our ongoing work (see below). In terms of international practices, in some jurisdictions governments assume strategic planning or legislative stewardship for payment system outcomes, while the central bank, as overseer of the system, has responsibility for the framework to deliver the objective.

	Australia	UK	Singapore	Sweden
Platform governance	Industry/central bank split	Industry/central bank split	Central bank/industry partnership	Industry/central bank split
Clearing platform participation model/ funding	User pays, pricing on commercial basis	User pays, not-for-profit	User pays, pricing on commercial basis	Cost recovered by central bank from banks
Capabilities	Full range	Some features are planned	Full range	Full range

These options each have subtle differences but some common themes.

- Strategic leadership for the whole system is clearly established and includes a strong public sector role and an effective private sector role.
- Core payments legislation is contained within a single overarching framework, with a clear lead regulator.
- Industry and the central bank share operational responsibilities.
- Platform governance is shared between the operator and the central bank.
- Clear funding models are in place to cover operational costs and modernisation.
- Platforms have, or are implementing, modern capabilities, including real-time account-to-account payments, modern data standards and fraud monitoring.

At this early stage, no options have been ruled out. However, based on the issues identified, we consider reforming industry governance and leadership to be a minimum requirement to support a modern, future-ready payment system. Additional options relating to implementation, sequencing and transition will need to be explored at a later stage to support a staged shift toward longer-term settings.

As we assess options, we will need to answer the following key questions.

At a system level:

- **Strategic leadership and governance for the whole system:** Who should set long-term direction, own system-level outcomes, ensure accountability, and determine how decisions are made and by whom?
- **Regulatory framework and powers:** How the framework is structured, who leads or coordinates regulatory activities, what mandates, roles and powers are required to support effective oversight?
- **Control of the core infrastructure:** Who can access the back-end infrastructure, who sets access rules and standards, and how does participation support competition, resilience and innovation?

At a platform level:

- **Ownership and operation:** Who should own and operate the platform(s), and what role should public and private entities play?
- **Platform governance:** How should the platform be governed to ensure transparency, accountability, and alignment with national objectives?
- **Participation and funding model:** How should access, membership and funding be structured to ensure fairness, sustainability and incentives for ongoing modernisation?
- **Capability and functionality:** What technical capabilities, features and service levels should the platform support — both at launch and progressively over time?

For each of these areas there is a spectrum of choices, varying in:

- scope and extent of changes;
- balance between public/private interests; and
- degree of centralisation versus decentralisation in leadership, decision-making and infrastructure provision.

Q8	Do you agree with our key questions for considering potential options? Are there any additional questions at the system or platform level that you think are important? **(Section 4.4)**

4.4.1 Criteria for evaluating options

We are not evaluating potential options at this stage, and we will need to ensure that the evaluation criteria are robust and well-tailored to a complex project such as this.

However, at a high level, generic concerns would likely include topics such as strategic consistency. This would mean considering the extent to which each option aligns with the overarching objectives or outcomes such as efficiency, innovation, competition, resilience, inclusion, interoperability with other systems (including cross-border), long-term sustainability and ongoing modernisation. As noted earlier, there are likely to be some trade-offs between these objectives. The objective is not to maximise each individual objective, but to optimise the overall payoff to New Zealanders.

There would likely need to be other criteria related to implementation, cost/value for money, durability and so on, once detailed options are developed and narrowed down.

Your feedback will help refine these considerations, support further analysis, and inform the development of viable options for both legal and governance reform, and for platform modernisation. As this work progresses, we will continue to engage with key stakeholders on our assessments.

Q9	Do you have any feedback on criteria that we should use to assess future options to modernise the payment system? **(Section 4.4)**

Appendix A: Notable developments and trends

There have been a range of developments in New Zealand and overseas that are relevant to the modernisation of New Zealand's retail payment system.

New Zealand

- **Increase in contactless payments and decline in EFTPOS:** Following the COVID-19 pandemic, there has been a significant change in consumer behaviour from EFTPOS payments to contactless debit payments. Contactless payments are routed via Visa and Mastercard networks in New Zealand. This has seen a significant drop-off in volumes across the EFTPOS network.
- **Interchange and surcharge regulation:** The Commerce Commission has taken significant regulatory action to reduce interchange rates across debit and credit card payments. This is intended to ensure the fees charged to merchants, and passed on to consumers, better reflect the underlying costs. Alongside this, the Government has introduced legislation to ban surcharges on in-person payments. If implemented, this could accelerate the shift from EFTPOS to Visa and Mastercard scheme payments.
- **Consumer Data Right and Open Banking:** Open banking regulations under the Customer and Product Data Act 2025 came into effect on 1 December 2025. These regulations support customers to securely initiate payments via regulated open banking, which is enabling innovation and an increase in choices for the way that consumers and businesses make payments between bank accounts. However, the benefits of payments via regulated open banking will remain constrained until the underlying payments infrastructure is modernised and participation opened.
- **Digital credential service:** There appears to be some momentum behind modern digital credential innovations in New Zealand, following the introduction of the Digital Identity Services Trust Framework Act 2023. Digital credential service is an important enabler of improved payment system outcomes.
- **ESAS access:** The RBNZ's expanded Exchange Settlement Account System (ESAS) access rules will enable a broader range of entities to directly settle payments in ESAS, which will support competition and innovation. However, consequential changes to clearing system rules will also be required, which are made separately by Payments NZ. ESAS is a real-time gross settlement (RTGS) system, meaning that it will not enable real-time payments or operate as a wider platform for innovation.
- **Digital assets and tokenisation:** A number of agencies, including the RBNZ, FMA and MBIE, are actively investigating potential issues in this area. While the domestic market for these technologies is still developing, there is potential for rapid uptake, driven among other things by global regulatory changes such as the US GENIUS Act. The agencies are taking a proactive approach to monitoring and developing policy responses.

Overseas

- **Modern payments:** According to the IMF, 123 countries have modern payment systems in place and 30% of these have cross-border links, aiming to improve speed and reduce the cost of cross-border payments. New Zealand is the only OECD country that does not have a modern payment system.
- **E-money and payment service provider regulation:** Many peer jurisdictions have introduced regulatory frameworks for e-money and payment service providers. These aim to support competition in payments and deposit services, while managing consumer and prudential risks.
- **CBDCs and stablecoins:** A number of jurisdictions are exploring CBDCs and have introduced new regulatory frameworks for stablecoins, which could support faster, more efficient and innovative payments. The global stablecoin market is small but growing strongly. Stablecoins pose a range of risks, including to monetary and financial stability, which warrant monitoring and potential regulation.

Appendix B: Lessons from Australia

Australia has undertaken significant reforms to its payment system over the past decade, including the introduction of a real-time payments platform and associated changes to governance, settlement infrastructure and regulation. Australia's experience provides several illustrative lessons that may be relevant when considering payment system reform. These lessons are not presented as recommendations for New Zealand, and differences in institutional arrangements, market structure and legislative frameworks should be considered.

Strong public stewardship becomes increasingly important as payments become core infrastructure

Australia's fast payment system, the New Payments Platform (NPP), was established through public/private collaboration, with the Reserve Bank of Australia (RBA) playing a foundational role, including through the provision of central bank settlement via the Reserve Bank Information and Transfer System (RITS) and its Fast Settlement Service (FSS). From inception, the RBA was a key catalyst for the development of the NPP through its Strategic Review of the Payments System (2012) and exercised a coordination and oversight role through the RBA Payments System Board. As the NPP has grown substantially, the RBA has intensified its supervisory and oversight focus, particularly in relation to resilience and access. This experience illustrates how strong public stewardship can support confidence, competition and stability as payments infrastructure becomes critical to the functioning of the economy.

Infrastructure reform may need to be matched by regulatory reform

Australia's experience suggests that modern payment infrastructure can evolve more quickly than legacy legislative frameworks. As new payment technologies and participants emerged, the scope of existing regulation was increasingly seen as insufficient. This contributed to reforms of Australia's payments regulatory framework, including amendments to the Payment Systems (Regulation) Act, to expand the regulatory perimeter and provide regulators with clearer and more flexible powers. This highlights the potential need to consider regulatory settings alongside infrastructure reform.

Clear governance and accountability matter as systems scale

Complex industry-consortium governance arrangements can slow decision-making and dilute accountability over time. In Australia, several key payment scheme operators have been consolidated into a single entity, arguably improving coordination, clarifying responsibilities, and better aligning incentives as the payment system matured.

Access and competition do not emerge automatically

While Australia's fast payments platform allows both direct and indirect access, regulators have needed to remain actively engaged to ensure access settings support competition and innovation, rather than entrenching incumbency. The Australian Government is currently developing a suite of payment licensing reforms aimed at clarifying regulatory requirements for payments service providers (PSPs) and ensuring they are proportional to the risks introduced by different types of PSP. It is also considering the introduction of common access requirements to ensure a level playing-field for PSPs seeking direct access to Australia's payment systems.

Resilience and fraud risks intensify in real-time environments

Australia's experience highlights that outages, scams and operational failures can have economy-wide impacts once payments operate on a 24/7, real-time basis. This has required stronger resilience standards, clearer allocation of responsibilities, and closer coordination between industry and regulators.

A clear national vision helps align industry effort

In 2023, the Australian Government published *A Strategic Plan for Australia's Payments System*. Australia's published strategic vision for its payment system helped anchor reform around public interest objectives such as safety, efficiency, competition and innovation. Further, the RBA periodically publishes a set of Strategic Priorities for Payments Policy, which prioritises the RBA's efforts to support the payment system to evolve in the public interest. A clearly articulated national vision can help coordinate investment decisions, prioritise use cases, and align industry incentives across infrastructure and regulatory change.

Clear use cases and policy support are critical to adoption

Australia's experience suggests that infrastructure alone is insufficient to drive widespread adoption. While Australia has established regulated open banking, its current scope does not extend to payment initiation, limiting the range of high-impact use cases available to consumers and businesses. This has contributed to lower awareness and weaker value propositions compared with jurisdictions that have paired data-sharing frameworks with payment initiation functionality. In contrast, regions such as Brazil and the European Union have supported adoption by enabling a broader set of use cases — including account-to-account payments — alongside reforms to reduce reliance on screen scraping and build trust in new digital payment channels.

Clear migration or differentiation strategies are essential when multiple payment rails coexist

In Australia, there was no clear strategy to either migrate Bulk Electronic Clearing System (BECS) transactions onto the NPP or to explicitly differentiate the 2 systems with distinct roadmaps, use cases and value propositions. In 2023, the operator of BECS announced it would decommission the BECS framework by 2030, with the majority of BECS transactions intended to be migrated across to the NPP.

The RBA assessed the risks posed by this plan and found that the migration of BECS payments to alternative payment systems would require significant uplift across a number of dimensions (including to develop an alternative for bulk/batch payments), and that a disorderly transition posed risks to end users, safety and resilience, efficiency and competition in the account-to-account (A2A) payments system. In 2025, the operators of BECS and the NPP, together with the RBA and the Australian Treasury, established an A2A Payments Roundtable to develop a common vision for the future of the A2A payments system and a plan to achieve that vision. It was subsequently announced that the BECS decommissioning would be postponed until such time as that plan has been developed.

Sunsetting BECS would have required the NPP to either develop bulk functionality or have been designed with batch capability from the outset, while an alternative approach would have been to position each system with complementary, non-overlapping roles.

Appendix C: Glossary

Term	Definition
API (Application Programming Interface)	A set of rules and protocols that allow different software applications to communicate with each other. In payments, APIs enable open banking-enabled services such as secure data sharing and payment initiation.
CBDC (Central Bank Digital Currency)	A digital form of central bank money that is legal tender, issued and regulated by a country's central bank.
Clearing	Process of exchanging payment instructions and calculating obligations between participants.
Clearing system	A system that facilitates the exchange of payment instructions between financial institutions before final settlement.
Deposit taker	A deposit taker is a licensed financial institution that takes deposits from the public and is regulated under the Deposit Takers Act to protect depositors and support financial stability.
Digital credential	A digital representation of a person's credential used to access online services securely. This may be provided, for example, by a third-party verifier of identity documents such as driver licences, which are now widely used for onboarding new customers, or digital identity.
E-money	Digitally stored monetary value, issued on receipt of funds, representing a claim on the issuer and used to make payment transactions.
ESAS (Exchange Settlement Account System)	The RBNZ-operated system that facilitates real-time settlement of interbank payments using central bank money.
FMI (Financial Market Infrastructure)	Systems that facilitate the clearing, settlement and recording of financial transactions, such as payment systems, central securities depositories and central counterparties.
Governance	The structures, roles, mandates and decision-making arrangements through which system-level leadership is exercised and the retail payment system is overseen on an ongoing basis.
Interchange fees	Fees paid between banks for the acceptance of card-based transactions, typically passed on to merchants.

Term	Definition
Leadership (system-wide)	System-level stewardship/leadership of the retail payment system, including setting direction, coordinating action and owning system-wide outcomes, distinct from day-to-day operations or entity level regulation.
Legislative / regulatory framework	Legislation, regulations, regulatory mandates, and responsible agencies/ regulators (including industry self-regulation) that govern the payment system (and how they relate to each other).
Open banking	A framework that allows accredited third parties to access bank data and initiate payments on behalf of customers, with consent, through secure APIs.
Payment gateways	A technology service that securely transmits payment information between merchants, payment instruments and payment processors.
Payment initiation	The act of starting a payment transaction, either directly by a payer or by a third party acting with the payer's consent.
Payment rails	The underlying infrastructure and networks that enable payments to be cleared and settled between participants.
Payment scheme / card scheme	A set of rules, standards and infrastructure operated by a scheme (such as Visa, Mastercard, or EFTPOS) to enable card-based payments.
Real-time payments	Payments that are processed and settled within seconds and available 24/7, rather than being deferred or batched.
Retail payments	Retail payments include person-to-person (P2P) payments, consumer-to-business (C2B) payments (e.g. card payments), business-to-business (B2B) payments outside financial market transactions, payroll payments, and bulk or batch payments (e.g. direct credits and debits).
Retail payment system	The instruments, arrangements, rules and infrastructure that enable payments between individuals, businesses and government, from initiation through to final settlement.
Retail Payment System Act 2022	Legislation aimed at promoting efficiency and competition in New Zealand's retail payment systems, administered by MBIE and enforced by the Commerce Commission.
SBI365	An updated batch settlement standard that allows banks to settle everyday electronic payments with each other 365 days a year, from approx. 9am to midnight. Settlement batches run every 30 minutes to 2 hours, per bank.

Term	Definition
Stablecoins	A type of crypto asset designed to maintain a stable value relative to a reference asset, such as a fiat currency.
Settlement	The actual transfer of funds between financial institutions to complete a payment transaction.
SWIFT	A global provider of secure financial messaging standards and services used for domestic and cross-border payments.
Token	A representation of something else. In the context of money and other financial assets, digital tokens are entries in a database that are recorded digitally and that can contain information and functionality within the token themselves. See http://www.bis.org/publ/arpdf/ar2023e3.pdf
Tokenisation	The process of generating and recording a digital representation of traditional assets on a programmable platform.
Tokenised assets	Digital tokens, created on a programmable platform, that represent ownership rights to real-world or digital assets.
Wholesale payments	Payments made between financial institutions and large entities (e.g. governments).

Appendix D: Cross-country comparisons — fast payment systems

Country	Retail fast payment system	Year	National payments strategic leadership	System governance	Infrastructure ownership and operation	Systemically important FMI regulator	Payment system regulator (competition and efficiency)
Australia	New Payments Platform (NPP)	2018	**Central Bank-Government** RBA Payments Systems Board, Treasury	**Private (initially Public-Private entity)** Australian Payments Plus (AP+)	**Private (initially Public-Private entity)** AP+	**RBA** (NPP is not currently a systemically important payment system)	**RBA**
Brazil	Pix	2020	**Government** National Monetary Council (Chaired by Finance minister, with budget minister, BCB governor)	**Central Bank** BCB	**Central Bank** BCB	**BCB**	**BCB**
India	Unified Payments Interface (UPI)	2016	**Central Bank-Government** Payments Regulatory Board (chaired by RBI, with government appointees)	**Public-Private Entity** NPCI	**Public-Private Entity** NPCI	**PRB**	**PRB**
Singapore	Fast and Secure Transfers	2014	**Central Bank-Private Partnership** Monetary Authority of Singapore (MAS) and Singapore Payments Network (SPaN)	**Central Bank-Private Entity** SPaN (Chaired by MAS, with industry and independent directors)	**Central Bank-Private Entity** SPaN	**MAS**	**MAS**
Sweden	RIX-INST	2022	**Central Bank** Sveriges Riksbank	**Central Bank** Riksbank	**Central Bank** Riksbank	**Riksbank**	**Riksbank**
UK	Faster Payments Service (FPS)	2008	**Government** Delivery by Payments Vision Delivery Committee (Chaired by HMT, with BoE, FCA and PSR)	**Private** Pay.UK	**Private** Pay.UK	**BoE**	**PSR** (Soon to be consolidated into FCA)

Appendix E: Key institutional stakeholders in the payment system

Private institutions

Entity	Role
Banks and other deposit takers	Banks and other financial institutions provide services to consumers, merchants and business involved in payments. Many smaller payments businesses (fintechs, payment service providers, digital wallet providers etc.) access the clearing and settlement systems indirectly via banks. Banks also enable payments via issuing payments instruments to consumers and businesses — these include Visa, Mastercard and EFTPOS cards — and enabling direct debits, bank transfers and open banking payments.
Fintechs and Paytechs	Fintechs and Paytechs come in a range of different shapes and sizes. They include (among others): • Open banking providers, who offer secure connections into bank accounts to enable bank transfers or enable services connected to payments by leveraging access to consumer data, e.g. bank account verification services. • Digital wallet providers, who hold funds in a registered bank or deposit taker, but provide access to an interface to manage those funds and offer a range of other banking-type services, e.g. card issuing and account management.
Payments New Zealand	Payments New Zealand is a bank-owned entity that operates the interbank clearing systems, sets rules and plays a central role in industry self-regulation. It coordinates modernisation efforts and runs the API Centre, which developed industry-led standards for open banking.
Others	There are a range of other institutions that play relevant roles in setting standards or enabling outcomes for New Zealand's payment system. Examples include SWIFT, which sets messaging standards for cross-border payments, and the PCI Security Standards Council, which sets global standards for businesses involved in card payments.

Public institutions

Entity	Role
Reserve Bank of New Zealand (RBNZ)	The RBNZ is New Zealand's central bank and prudential regulator. It has 3 core objectives: low and stable inflation, a stable financial system, acting as the central bank of New Zealand — all of which are relevant for payments (see **Box 2** for detail).
Commerce Commission	The Commerce Commission is New Zealand's competition regulator. It regulates retail payments under the Retail Payment System Act, focusing on fees and surcharges, and competition. It also oversees fair trading, and consumer protection relevant to payments.
Financial Markets Authority (FMA)	The FMA shares oversight of financial market infrastructures with the RBNZ (excluding pure payment systems) and is the financial markets conduct regulator. In 2025, the FMA operated a regulatory sandbox which attracted some payments use cases.
Ministry of Business, Innovation and Employment (MBIE)	MBIE is the government's adviser on business and employment policy, which covers consumer protection, competition, financial markets, the Consumer Data Right and economic growth. It administers both the Retail Payment System Act and the Customer Data and Product Act. It is responsible for advancing the Consumer Data Right in New Zealand, which includes regulated Open Banking.
Department of Internal Affairs (DIA)	DIA oversees Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) compliance and serves as the Trust Framework Authority for digital identity services. The Chief Government Digital Office (GCDO) sits in the Public Service Commission and is responsible for setting the direction for NZ's digital government journey.
Treasury	The Treasury is the Government's lead economic and fiscal advisor, and steward of public service financial management. It has a strong interest in financial sector policy, economic strategy and performance.
Council of Financial Regulators (CoFR)	CoFR coordinates financial sector regulators and supports interagency efforts on payments, despite not having a direct mandate. CoFR's vision for New Zealand's payment system is: 'Reliable and efficient payments that better meet the evolving needs of all New Zealanders.'

Appendix F: Overview of the Existing Regulatory Framework

Vision	Reliable and efficient payments that better meet the evolving needs of all New Zealanders

Legislation	Resilient, safe and trusted	Competitive and open	Innovative, user-focused and forward-looking	Inclusive
Retail Payment System Act 2022		✓✓		
Financial Markets Infrastructure Act 2021	✓✓			
Consumer and Product Data Act 2025	✓	✓✓	✓✓	✓
Deposit Takers Act 2023 – Prudential Supervision	✓✓	✓		
Digital Identity Services Trust Framework Act 2023	✓✓	✓	✓✓	✓✓
RBNZ Act 2021 – Stewardship of Money and Payments	✓✓		✓	
AML/CFT Act 2009	✓✓			

✓✓ primary purpose ✓ secondary purpose

New Zealand's financial and payment systems are supported by 7 key pieces of legislation. Each serves distinct but interconnected purposes, with overlapping scopes and a broad range of powers that may interact in practice.

- The **Retail Payment System Act 2022 (RPSA)** focuses specifically on retail payments, aiming to promote efficiency and competition in retail payment systems. The RPSA is administered by MBIE and provides the Commerce Commission with powers for monitoring and designation by regulation of retail payments networks/participants, arrangements, contracts, and the rules that facilitate retail payments.
- The **Financial Market Infrastructure Act 2021 (FMI Act)** is administered by the RBNZ for pure payment systems, and jointly by the RBNZ and the FMA for other FMIs. It aims to maintain a sound and efficient financial system by reducing the risk of disruption to significant FMIs, and to promote market confidence, fairness, efficiency and transparency. It is

underpinned by a range of standards that apply to FMIs designated under the FMI Act. These include standards on access, governance, risk management and operational resilience.

- The **Customer and Product Data Act 2025 (CPD Act)** establishes a consumer data right, enabling secure, standardised access to and sharing of customer and product data. This legislation supports regulated open banking, which allows consumers and businesses to authorise accredited third parties to access banking data and initiate payments, with informed consent.
- The **Digital Identity Services Trust Framework Act 2023** provides a legal structure for trusted digital identity services, essential for secure access to financial and digital services.
- The **Deposit Takers Act 2023 (DTA),**[23] administered by the RBNZ, consolidates the regulation of banks and non-bank deposit takers (NBDTs) under a single framework, including those involved in the payment system. The DTA introduces a licensing regime, empowers the RBNZ to set prudential standards, and introduces a depositor compensation scheme.
- The **Reserve Bank of New Zealand Act 2021 (RBNZ Act)**, administered by The Treasury, defines the RBNZ's purpose, governance and functions. These include RBNZ stewardship of money and payments, encompassing the issuance of currency, oversight of the cash system, monitoring developments in monetary technology, participation in the payments system (including operating ESAS), and leading the Future of Money work programme.
- The **Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act)** requires financial entities to detect and deter financial crime through customer due diligence, transaction monitoring and reporting.

[23] The Deposit Takers Act 2023, once it is fully in force in 2028, replaces the Bank (Prudential Regulation) Act 1989 and Non-bank Deposit Taker Act 2013. The DTA provides additional powers, including new requirements for directors, more inspection powers and an improved penalty framework, and creates a single regime for all deposit takers — bank or non-bank. It also provides the framework for managing and resolving any deposit taker in financial distress and introduces the deposit insurance scheme.