

Payments Roundtable

Defining success: A strategic conversation on payments modernisation in New Zealand

Event summary
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MinterEllisonRuddWatts.

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The Reserve Bank of New Zealand (RBNZ) has initiated a work programme to modernise New Zealand's retail payment system. It has begun engaging with industry through its Payments Industry Working Group and an open consultation on its issues paper: Modernising New Zealand's Retail Payment System.

In October 2026, MinterEllisonRuddWatts convened a cross-industry forum bringing together banks, payments service providers, fintechs, regulators, and end-user groups. The goal was to discuss the complex and competing issues across this work programme and map out shared priorities across the industry.

Rather than starting with platform design, governance models or ownership options, the forum deliberately began with the strategic case itself: what does success look like for payments modernisation in New Zealand, and what would deliver the most meaningful shift for the economy, businesses and consumers?

Discussion ran under the Chatham House Rule to encourage candid engagement. This summary reflects the range of views raised across the room, including some that are inconsistent with one another, grouped and summarised by theme rather than attributed to individual speakers.





Insights from the Reserve Bank

The case for change is not that the current system is failing. New Zealand's payments system is reliable and supports an enormous amount of economic activity. But much of the underlying infrastructure has remained static, while the way people live, work and do business has changed significantly. Other countries are moving ahead with systems that let people and businesses pay and be paid instantly, send richer information with their payments, strengthen fraud protection, and connect more easily across borders.

Three strategic drivers:

1. **Resilience:** There is growing international attention to payments as a matter of economic security, with New Zealand's dependence on international card networks increasing as EFTPOS use declines. A modern domestic payment platform would ensure New Zealanders have another way to pay and make the economy more resilient.
2. **Productivity:** Faster payments with richer information give businesses earlier access to their money, reduce manual reconciliation and errors, and allow the full benefits of other digital enablers such as invoicing, open banking and digital identity to be realised.
3. **Global connectivity:** As other countries connect their modern domestic payment systems to make cross-border payments faster, cheaper and more reliable, including through initiatives such as Project Nexus, it becomes harder for New Zealand to take part if its domestic capabilities have not kept pace.

New infrastructure on its own will not be enough: Effective system leadership and governance are needed alongside it, and New Zealand does not currently have a single authority, or a sufficiently coordinated group of authorities, with a clear mandate to set direction for the payments system as a whole.

Cross-cutting themes: New Zealand-specific challenges

- **Scale makes the business case hard:** New Zealand's small population base makes it hard for a standalone domestic business case to stack up and means we need to make it as easy as possible for international players to enter our market.
- **National economics must stack up:** The economic benefits of payments modernisation may quickly be undone by the cost in our small economy, which consumers are likely to end up paying for in some way. However, participants rejected the idea that New Zealand's small size is a sufficient excuse, citing Singapore as a comparably sized trading economy that has taken a more strategic, long-term approach.
- **Card payments dominate:** New Zealand has become very comfortable with card payments: they are easy and ubiquitous. EFTPOS was raised as a potentially declining piece of infrastructure due to its low-cost model which has resulted in underinvestment. Reliance on card scheme and contactless payments has grown in its place. Without a credible domestic option, we face reduced competitive pressures on pricing and lose the ability to drive the strategic direction of domestic payment systems.
- **EFTPOS still matters for resilience, even as it declines:** New Zealand lacks a formalised offline payment model comparable to Sweden's, leaving day-to-day retail commerce vulnerable to telecom and power disruptions. At the same time, the steady migration from domestic EFTPOS to international card networks exposes the financial system to broader geopolitical and offshore infrastructure risks, creating a critical tension around sovereign payment resilience.
- **New Zealanders want speed, but still want a checkpoint:** New Zealanders are used to convenient, fast and easy payments but still expect to retain a "human in the loop". A fully seamless, frictionless system could in fact see low uptake due to fear or resistance.



Cross-cutting themes: Key enablers

Historically, industry self-regulation delivered a reliable payments network designed specifically for participants' needs. However, that model prioritised the status quo over long-term evolution. With the industry now changing at pace, the current architecture lacks the flexibility and uniform standards required to support the entire sector



An enabling legal and regulatory framework

An enabling legal framework must be principles-based, consistent and technology-neutral. Key building blocks include, activity-based licencing, explicit liability allocation across fraud and error categories, coordinated oversight across regulators to remove jurisdictional ambiguity, and proportionate, "right-sized" market-entry pathways for emerging participants. To foster scale and cross-border innovation, the regime should ultimately support mutual recognition or passporting mechanisms with peer jurisdictions, underpinned by a phased transition roadmap rather than an abrupt, one-off shift.



Flexibility over a fixed system

Flexibility over a fixed system. Whatever New Zealand builds needs to remain flexible rather than a "fixed fortress," given how quickly payment infrastructure is changing globally.



Direct and inclusive architecture

Access to the system should be structured so that innovators do not need to be sponsored by banks to participate or be required to meet standards that were built for banks with completely different operating models and risk profiles. The environment should allow testing, including the possibility of failure, extended to a broad range of players.



A trusted digital identity standard

Know Your Customer requirements are currently the biggest barrier to payment acceptance, and a trusted digital identity or proxy standard, such as the Primary Account Reference, is needed to identify customers to accounts rather than specific cards or wallets. Increased fraud and scams were also specifically linked to the absence of robust digital identity infrastructure.

Where the current system is falling short

It's safe and it works, but gaps remain for both consumers and businesses

For consumers

No offline resilience

Unlike Sweden's model, which keeps payments working if infrastructure fails (for example, after an earthquake), New Zealand relies on EFTPOS.

Limited data, no track-and-trace

The domestic payment format limits reconciliation and fraud-check data, and instant confirmation is easily mistaken for instant settlement.

Inconsistent liability

Protections differ across payment methods; Bonza Airlines' collapse after moving to open banking payments was raised as a cautionary example.

No agent-ready network

This leaves tokenised deposits, stablecoins and "rogue agents" as unresolved risks.

For businesses

No one-to-many option for receiving payments

Small businesses face expensive card and processor fees, no easy account-to-account mechanism, and a lack of an open, one-to-many API, with access generally closed and invite-only.

Settlement lag is a real cost

Businesses paying multiple recipients while waiting on incoming funds bear a missed-opportunity cost.

No bargaining power

All businesses, including large banks, are "at the mercy" of Visa and Mastercard, facing hidden fees and surcharges disclosed separately rather than built into prices.

Cross-border payments add friction at every step

Trade documentation accompanying cross-border transactions is very inefficient, and remittance activity is constrained by limited real-time payment availability, while it is already harder for New Zealand businesses to perform the checks needed on mid-sized overseas counterparties than on large corporates, cutting against the government's export growth ambitions at the exact point payments need to cross a border.

The economics of payments

The question is not how to maximise economic efficiency in the payment system. It is what is the optimal economic model for New Zealand's scale.

Cost, scale and efficiency

Given New Zealand's small market size and predominance of small businesses, elevated infrastructure and compliance costs flow down rapidly to merchants and consumers, compounding economic inefficiencies.

Incentivising investment in domestic systems

At the same time, policy should not focus solely on reducing payment costs. Sustainable funding from system participants and users is essential to support continuous investment in domestic infrastructure, ensuring it evolves alongside market needs while remaining aligned with broader national policy objectives.



Domestic data constraint

"Integrating data into the payment system is going to be essential for a digital economy."



New Zealand's domestic payments system currently lags international benchmarks in data capability. Constrained messaging formats restrict the data carried with each transaction, creating reconciliation friction for users and limiting pre-settlement fraud controls. Participants also noted that the lack of real-time track-and-trace capabilities masks an underlying mismatch: consumers experience immediate payment confirmation, but the rails deliver batch processing rather than true real-time settlement. As data demands multiply, this architectural bottleneck will only widen.



These limitations compound across both domestic and international rails. Domestically, receiving institutions face no obligation to return rich transactional data, leaving the ecosystem without coordinated data-sharing mechanisms for fraud prevention. Cross-border, ongoing uncertainty surrounding verification standards threatens New Zealand's integration into global networks linking SWIFT to local clearing systems, creating operational drag for import and export businesses.

What does success look like



For consumers: A clear, understandable and consistent liability model backed by strong fraud and scam protections, ease and convenience of use, and fee transparency (with surcharging noted as a specific source of frustration)



For business: A level playing field against international competitors, accelerated settlement to unlock working capital, transparent fee structures, and versatile payment capabilities (such as batch and one-to-many disbursements).



For industry: Direct access to core settlement infrastructure, a risk-proportionate market-entry pathway, clear risk allocation between participants, a coordinated approach to industry-wide transformation with long-term investment certainty.

Underpinning both: Robust digital identity and trust frameworks that remain adaptable as global technologies evolve; modern, high-fidelity data standards (aligned with those adopted internationally) that unlock automated reconciliation and systemic fraud prevention; and a coordinated national governance roadmap that balances cost efficiency with sustained investment in resilient, future-proof domestic infrastructure.

Express your view

Written submissions on the RBNZ's issues paper, Modernising New Zealand's Retail Payment System, are due by 27 October 2026, and the discussion at this roundtable, together with its output, may inform participants' own submissions.

Thank you to everyone who contributed their time, insight and candour to this conversation.

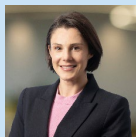
For questions about this pack or the roundtable, contact [Emma Geard](#) or [Sonya Forbes](#).



Contact

The Payments Roundtable was hosted by the MinterEllisonRuddWatts [Banking and Finance](#) and [Technology, Media & Telecommunications](#) divisions.

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