

## Payments NZ launches industry API pilot; tests easier digital payments for Kiwis

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Payments NZ is pleased to announce the launch of a payments industry API pilot, potentially opening the door to easier digital payments for Kiwis.

The pilot is part of a wider programme of industry activity facilitated by Payments NZ to ensure New Zealand has a modern and world-class payments system.

New Zealanders use technology and apps that are enabled by APIs every day, although they won't necessarily know it. APIs, or application programming interfaces, are tech tools that enable disparate systems to connect, interface and action requests with each other. APIs are used prolifically in tech systems and are behind many of the seamless user experiences enjoyed in apps and online.

"Technology is evolving at a rapid pace and we want to ensure industry has core system capabilities in place to innovate quickly and bring to market new and improved service offerings," said Steve Wiggins, CEO of Payments NZ.

"However, we also need to ensure the safety and security of the payments system and the information being shared, so taking a balanced approach is also important. As such, this pilot will test the viability of these APIs, and assess their suitability for our market."

The pilot will be conducted by six development partners, a mix of banks and third parties, who will build and test two payment-related API standards. The development partners are a subset of a broader industry working group and are ASB, BNZ, Datacom, Paymark, Trade Me and Westpac.

The industry-led pilot is designed to simplify partnering and system interfaces, so businesses can innovate quickly and deliver solutions to meet their customers' needs.

"We're proud to launch this pilot as it's a great example of the progressive nature of the payments industry," Steve added.

David Paterson, Head of Banking and Finance at Datacom said, "we're pleased to be a development partner in this industry collaboration to pilot the Payments NZ open APIs.

"The API project with our banking and finance partners builds on our expertise in delivering software solutions and systems to enable simpler and more streamlined online business interactions for our customers and their communities."

For Paymark CIO Conrad Morgan, the pilot fits neatly with Paymark's own approach to the open payments world.

"We've already begun working on an Open Payments Platform (OPP) and the application interfaces to connect with that platform. We've launched our own products in this space already with Online EFTPOS and we are now working with Payments NZ on this wider project. We hope to help deliver to New Zealanders the next generation of payment technology."

The APIs being tested in the pilot are Account Information and Payment Initiation. The Account Information API will enable the verification of account details and funds, and the Payment Initiation API will enable payments by connecting directly with the user's bank.



Both APIs were chosen to be piloted because they have the greatest potential to ease the process of digital transactions for the benefit of consumers, businesses and service providers.

The APIs being tested have been adapted and modified from the UK's open banking API standards for local market conditions.

The pilot has been launched against a background of rapid technological advances, including the rise of the Internet of Things, increased use of artificial intelligence, and growing automation and embedding of payments options.

Alongside the pilot, an industry working group is designing a framework within which the APIs could operate. The outputs and practical insights from the pilot will feed into the design of the framework. A shared API framework, designed for the New Zealand market, will significantly increase efficiencies and enable new innovations to get to market more quickly.

“We will be seeking input from a broad range of interested parties as we design and refine the framework. An important outcome of the design will be to ensure the framework is right-sized for New Zealand and balances the need to drive innovation with the overall efficiency, openness, interoperability and safety of the payments system,” said Steve.

Because APIs enable divergent systems to interact with each other, the potential for innovation is immense. Over the past 18 months, as this work has taken shape, Payments NZ has met with a wide range of industry and ecosystem stakeholders, from fintech startups to large tech organisations and government departments.

All are excited by the prospect of standardising common payment-related APIs. This is because they can enable both new, cutting-edge digital innovations to come to market, and ease existing consumer and business user experiences and pain points.

Payments NZ's research into global changes and local needs began in 2015, and a plan for investigating the shared API framework opportunity commenced in early 2017. During this time, Payments NZ has been working closely with industry and interested parties, including regulators, to ensure its initiatives take into consideration wider ecosystem developments.

The pilot is the first practical step towards developing an API ecosystem and it is expected to be completed late in 2018. As the pilot and framework design progresses, timeframes for release of the standardised APIs will be shared.

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