



# Real-time in the real world



**Facilitator:** Jamie Wood, Manager Clearing Systems, Payments NZ

October 2018



# Disclaimer

This document is owned by Payments NZ and must not be copied, reproduced or distributed, in whole or in part, without the consent of Payments NZ. Payments NZ takes no responsibility for any errors or omissions in relation to the information contained in this document and Payments NZ will not be liable for any loss sustained in reliance on the information in this document. If you wish to rely on such information, you should obtain your own independent advice.

---

# Payments NZ update

---

Steve Wiggins

Chief Executive, Payments NZ



# Our evolving landscape

## **What I am going to talk about...**

- What we've been doing this year, and what's on the radar for next year.
- What's happening in our strategic initiative Payments Direction – including an update on our industry API initiative.
- A quick update on the industry work being done on digital identity.
- Key insights from the P7 Think Tank – Asia.
- Some interesting take-outs from the FIS flavors of fast report.

# Continuing to grow - Participants & Members

## Participants



## Members

### Infrastructure



### Standards



### Industry



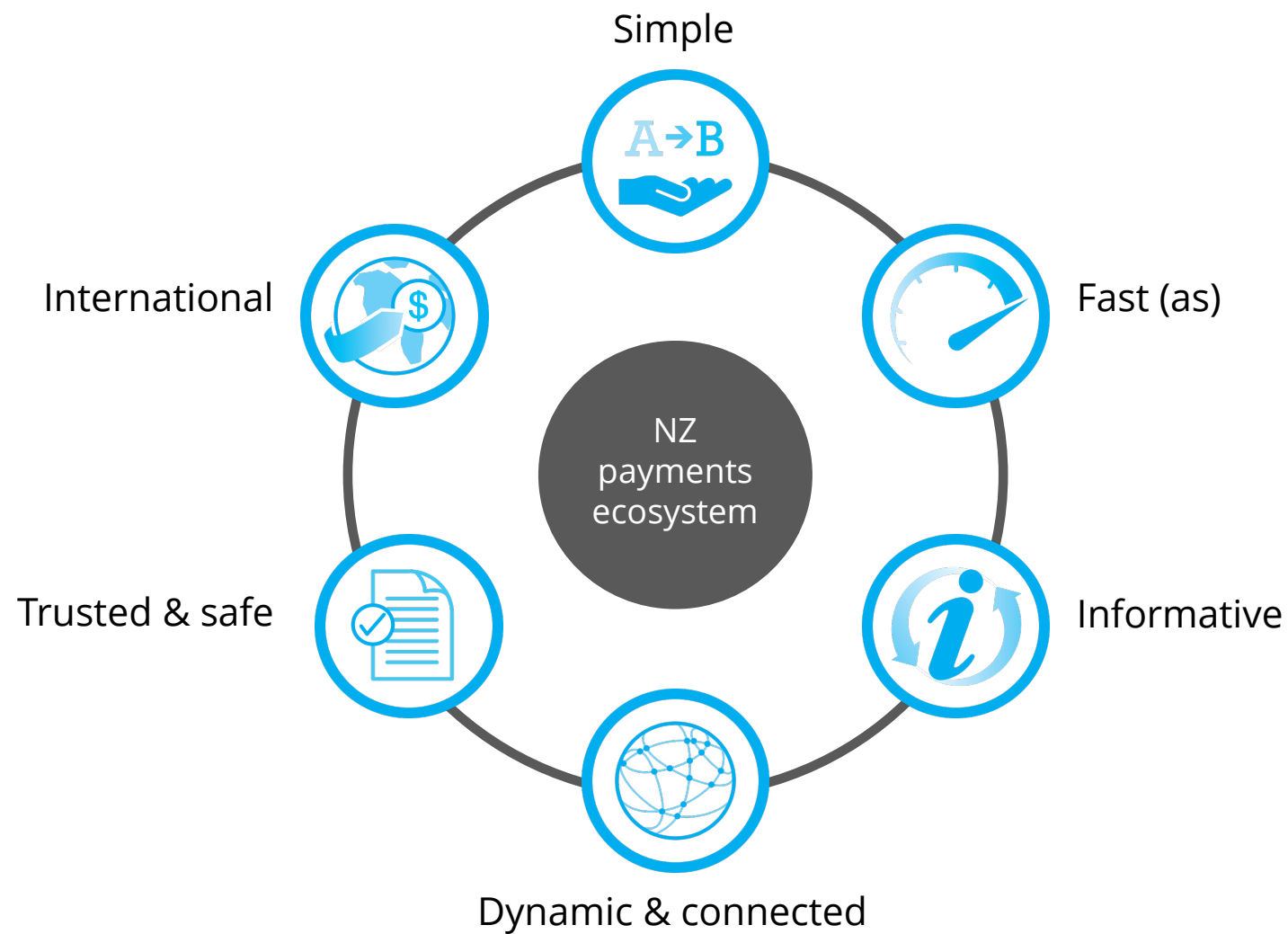
# What we've been working on this year

- Payments Direction – more on this soon.
- Conference – our biggest and best conference yet.
- Clearing systems / legal – access rules review, compliance, risk management, transport ticketing payment guidelines.
- Welcome New Participants – ASXCC in HVCS, Bank of China (NZ) in BECS.

# Highlights of our 2019 work programme

- Publishing the finalised Pilot API standards.
- Continuing our work on Payments Direction – two new initiatives.
- Clearing Systems / legal – finalise strategic vision for the Payments NZ rules, oversight and designation, complete SBI365 assessment, upgrades to the Direct Debit & Bank Branch registers, managing the decline of cheques.
- MBIE and Minister's Policy Position.

# Payments Direction – future of payments





# What we're working on



SBI365



Proxy identifiers



Speeding up systems



Request to pay

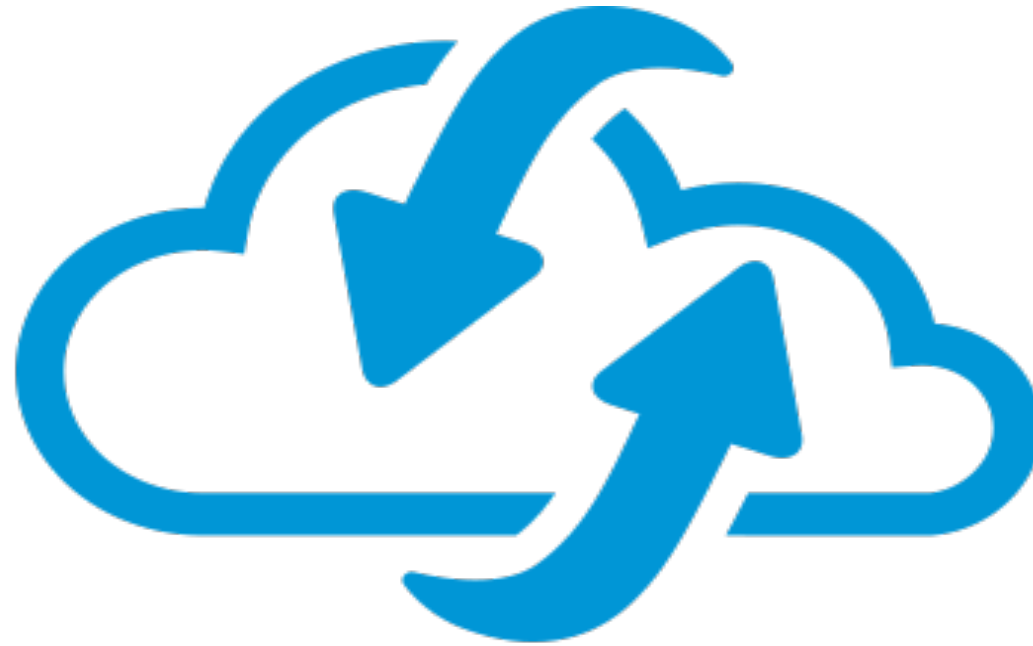


Informative transactions



Shared API framework

# Shared API framework



# Shared API framework

## APIs as strategic enablers of the digital economy

There is strong demand for APIs – application programme interfaces.

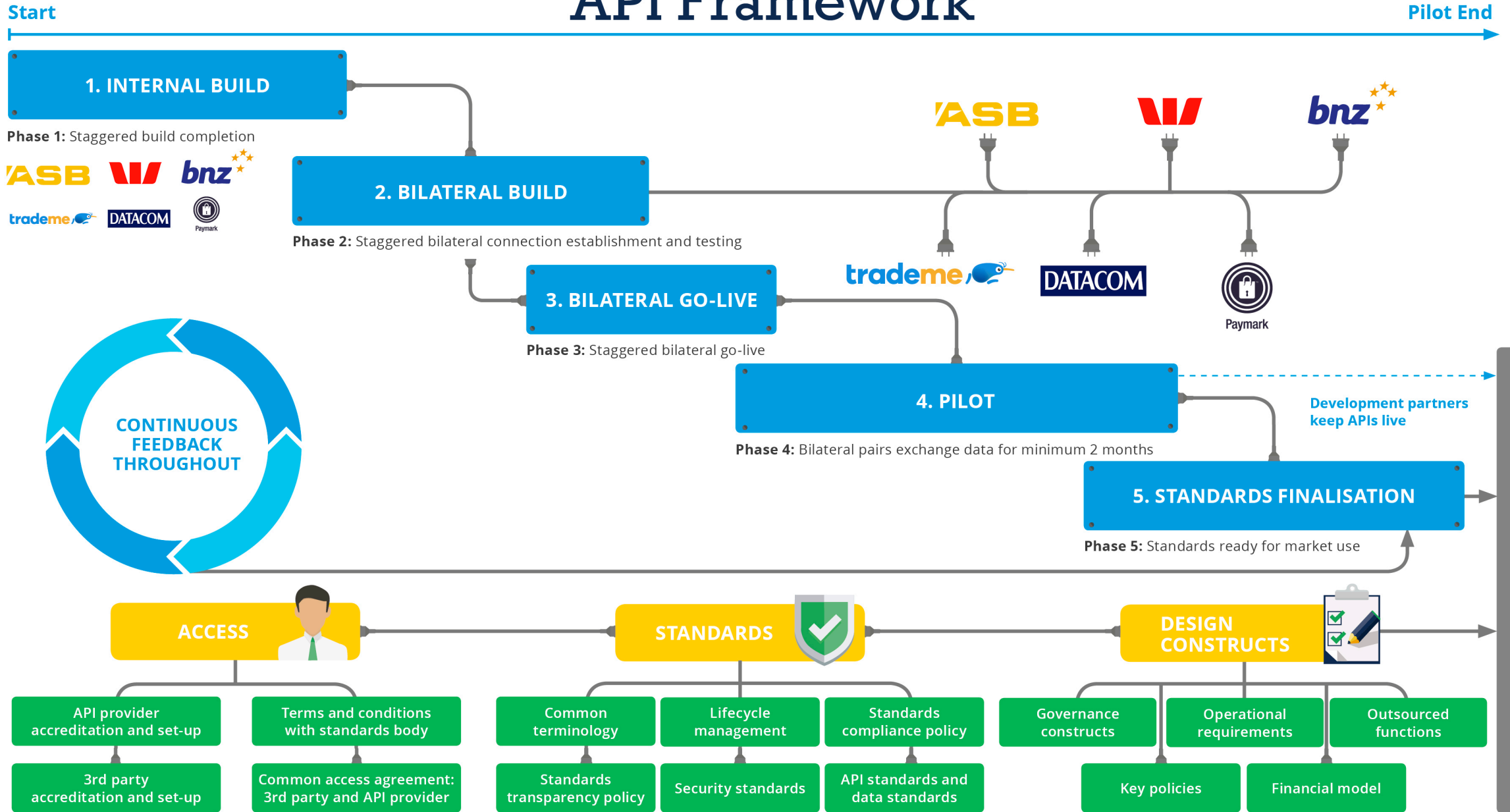
APIs allow organisations – with customer consent - to interface with financial institutions and securely access customer data to enable delivery of a range of service offerings.

The aim of the API standards framework is to:

- Simplify delivery and enhance consistency.
- Increase speed to market.
- Reduce fragmentation and duplication of effort.
- Preserve the safety of the system by ensuring APIs meet appropriate standards.



# API Framework



# Pilot standards being developed

Based on UK's Open Banking Implementation Entity standards and 'kiwi-ised' to fit our market practices.

- **Account Information API:** Third Party can access information on an account if **customer** consent to do so.
- **Payments Initiation API:** Single payment, account to account, initiated by Third Party.

By popular demand: Additional standards under development as a result of pilot.

- **Consent Management API:** Customers able to provide granular enduring consent which remains valid for multiple API calls.
- **Payment Initiation using enduring consent:** Allows organisations to offer a simplified and enhanced customer journey.

# Supporting framework

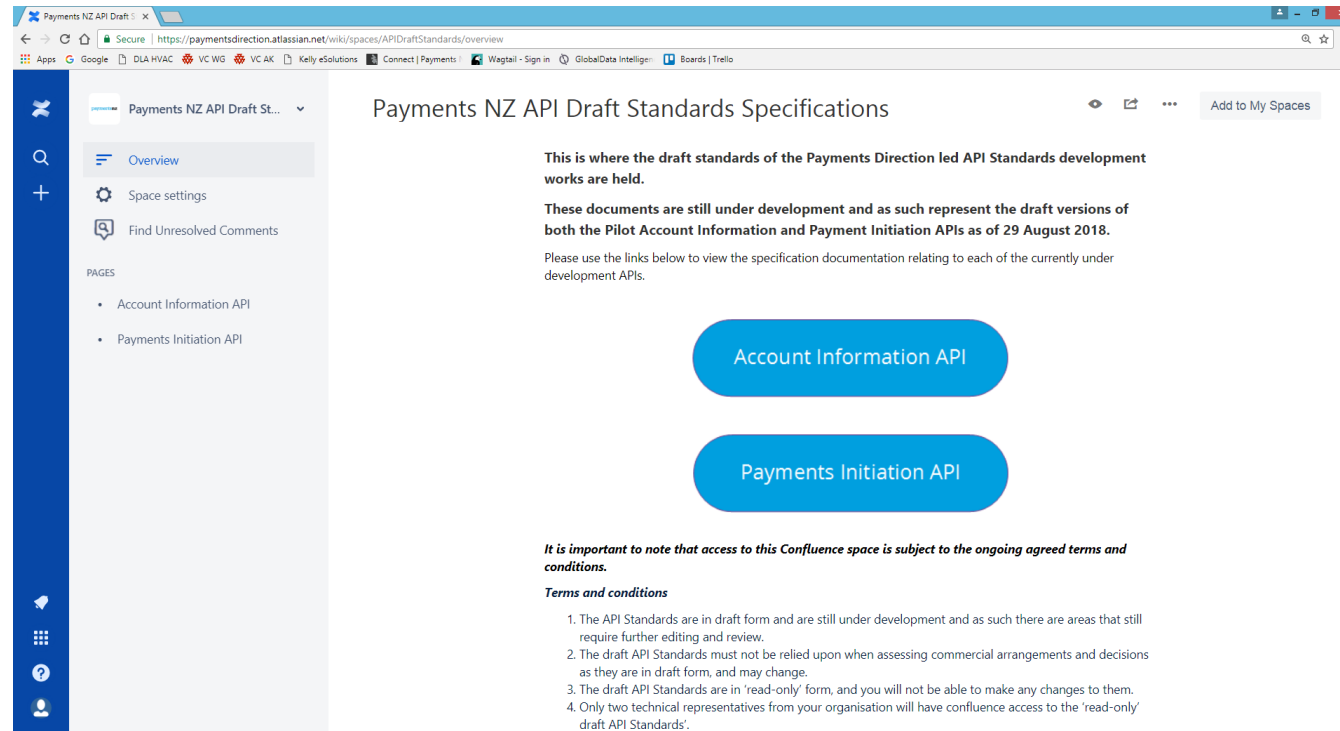
- Common APIs will be managed by a hybrid framework.
- Framework is characterised by centralised governance and API standards with distributed execution and enablement.



Simplifying partnering



# View the draft API specs



Head to our website to request access to view the draft API specs on Confluence.

[www.paymentsnz.co.nz/api-standards-request-form](http://www.paymentsnz.co.nz/api-standards-request-form)



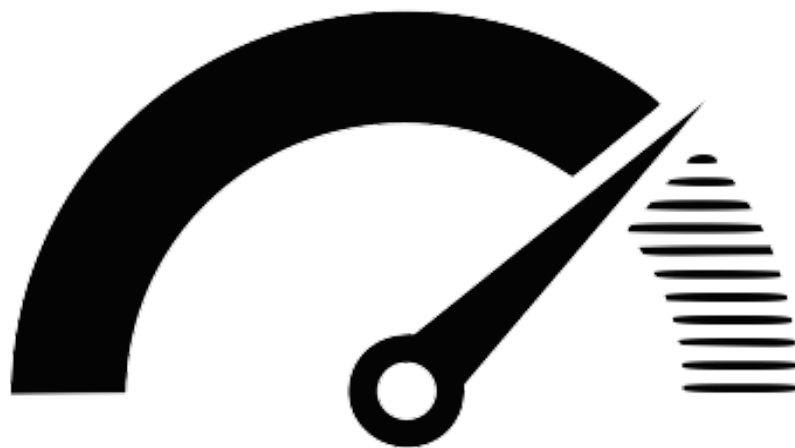
# Proxy identifiers



SBI365



# Speeding up



# New initiatives – kicking off in 2019



## **Request to pay**

Development of a payment instrument which enables a payment request to be sent to the payer. The payer is then able to receive, authorise and execute this payment in one combined step.



## **Informative transactions**

Investigating ways more informative transactions / richer data could be supported.

This work will build on the initial investigations previously undertaken into the ISO 20022 messaging standard but will take a broader view on payments information and informative transactions.

# Update on digital identity

Things are moving quickly in the digital identity ecosystem.

Broad recognition of the need for greater cohesion and interoperability.

Collaboration is coming together – Digital Identity New Zealand is a new association in the process of being established under the New Zealand Tech Alliance.

An Establishment Board has been formed, including representatives from corporates (including several banks), government, iwi and technology providers and practitioners.

Tim Ransom (Datacom) is the Establishment Board Chair and Andrew Weaver has been appointed Executive Director for the establishment period.

A launch event is planned Monday 3rd December in Auckland - it's open to any interested stakeholders so please be in touch if you want to attend.

# Global Payment Summit 2018 – P7 Think Tank

**Kuala Lumpur, 19-20 September 2018: NZ, Australia, India, Thailand, Malaysia, Indonesia, Singapore, Philippines, Japan, Canada and Netherlands**

## **Key Trends:**

- Rapid expansion of e-money licenses granted by regulator.
- Rapid uptake of digital in app payments.
- Fragmented merchant acquiring still exists in some countries.
- Universal debate on different types and standards for QR Codes – common standard to be defined.
- Most countries require two factor authentication for online payments.
- India next frontier for growth.
- Digital ID and Open Banking advanced in some countries; Faster Payments common.
- Cross-border – appetite to collaborate on a common standard / approach.
- Government intervention to increase digitisation is on the increase.

# Global Payment Summit 2018 – fun facts

## **India**

Regulator formed Digital Mission Team – 20.7 billion digital transactions 2017/18; target – 25 billion.

250 million people do not have phones.

Not enough acceptance infrastructure – 60 million merchants vs 3 million POS devices.

## **Thailand**

Have had real time funds transfer for 15 years.

55% smartphone penetration.

Have created an epayment (funds transfer and payments) masterplan across consumer, business and government.

# Global Payment Summit 2018 – fun facts

## **Malaysia**

3 targets set for the industry:

- Reduce cheque usage by 50%.
- Increase payment card terminals.
- Reduce use of cash by increasing epayments.

## **Indonesia**

Focus on combatting high fraud rates – fully chip enabled by 2022.

Created a “National Payment Gateway” – to drive cashless.

Investigating development of QR codes as a payments mechanism.



# Global Payment Summit 2018 – fun facts

## **Singapore**

Increasing demand for instant payments.

Fragmentation and confusion for customers – multiple ecosystems.

Resistance to epayments by SMEs and small merchants.

## **Philippines**

Paper – 90%; Electronic – 10%.

112 banks.

Key barrier to electronic adoption – limited financial inclusion.

# Global Payment Summit 2018 – fun facts

## **Japan**

1200 banks.

Provided real time since 1975.

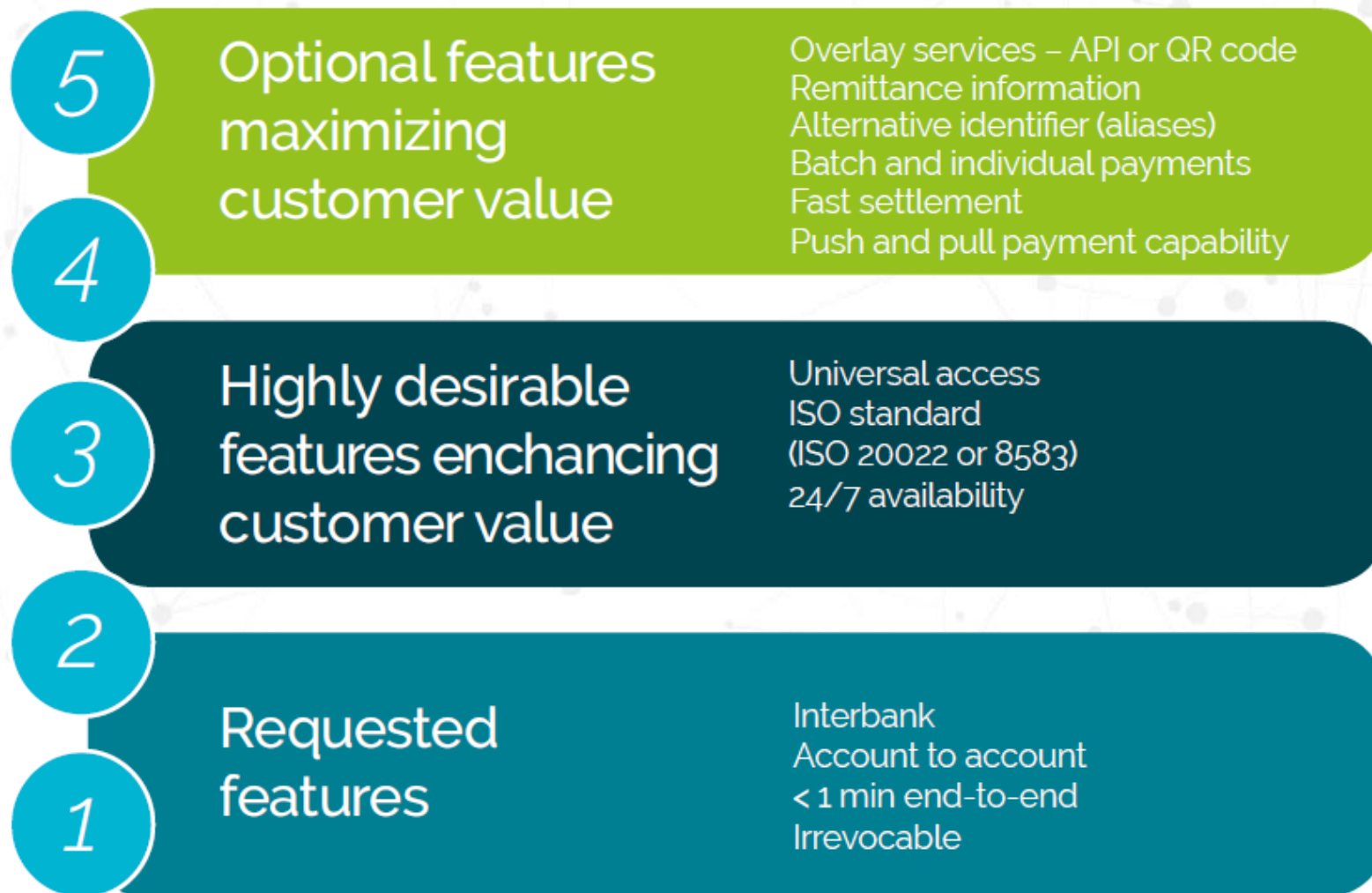
80% of Financial Institutions already started open banking through APIs (not mandated).



Major real-time payments solutions have the potential to reach over half of the global population.

# Faster Payments Innovation Index (FPII)

The higher the FPII score, the stronger the possibilities for innovation.



# FPII Map and Ranking

## Scoring:

- 5 Meets most features maximizing customer value
- 4 Meets some features maximizing customer value
- 3 Meets most features enhancing customer value
- 2 Meets some features enhancing customer value
- 1 Meets base required features only
- Under development
- On the radar

