paymentsnz

PAYMENTS DIRECTION

Insights and perspectives

Results summary

2015

Payments Direction

Our cornerstone strategic initiative

Our cornerstone strategic initiative

Three key deliverables:

1. Environmental scan

2. Our future view of New Zealand's payment ecosystem in 2025

3. Strategic roadmap for Payments NZ

Together these deliverables help us build a picture of the future payments ecosystem and what our focus should be over the next 10 years.

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Building our view of the future & our focus over the next 10 years

Key components

Environmental assessment	Future view	Strategic roadmap

Two work streams:

Environmental scan

A wide ranging and extensive review of international research material relevant to the New Zealand economy and its payment system as well as a macro review of our regulatory and economic landscape.

Insights and perspectives surveys

Three surveys designed to capture the insights and perspectives of consumers, businesses and payments industry organisations.

Payments NZ's view of the future payments ecosystem

Our view on what the payments ecosystem will be like in 2025. This will be informed by the environmental assessment.

Payments NZ's long-term strategic roadmap

Strategic roadmap through to 2025. This will be guided by the future view.

What is the insights and perspectives work?

We asked a range of Kiwis what they thought about the current payments system and what they would like to see in a future payments system.

We did this through three qualitative surveys:

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1. Consumer survey	303 New Zealand consumers from a representative cross-section of the community
2. Industry survey	15 payments ecosystem organisations that are in the 'business of payments'
3. User group survey	11 New Zealand businesses that are users of the payments system

Consumer perspective

Survey results summary

Consumer sample profile

303 People across **New Zealand**

Gender

49% 51%

Age

16 - 29 yrs	27%
30 - 44 yrs	26%
45 - 59 yrs	28%
60+ yrs	19%
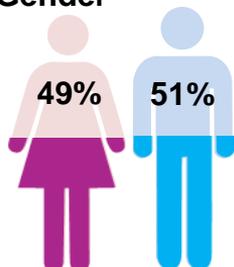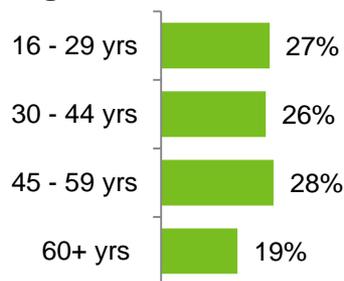
Occupation

Student	**15%**
Professional (lawyer, doctor, etc.)	**13%**
Home duties	**13%**
Retired	**12%**
Manager and administrator	**11%**
Clerical, sales and service worker	**9%**
Tradesperson and related worker	**8%**
Associate professional	**7%**
Unemployed	**7%**
Labourer and related worker	**3%**
Production and transport worker	**2%**

Region

Upper North Island	**20%**
Auckland	**34%**
Lower North Island	**22%**
South Island	**24%**

A sample of this size has a maximum margin of error of 5.7% at the 95% confidence level.

Key highlights

State of the payments nation

- Consumers happy with current payments functionality in terms of the speed, ease, and reliability of payments methods.
- Consumers expressed an expectation that advancements will be made in the future.

Perceptions of payment methods

- Consumers prioritise payment methods that are fast, convenient and secure.
- Payment methods are viewed in terms of 'complexity' and whether money is being spent on credit, on account, or immediate.

Occasions for payment methods

- Consumers have clear preferences for using particular payment instruments in different situations.
- Being in-home or out-of-home is also an influencer of preferred payment type usage, as is whether the purchase is affordable and predictable.

Future expectations

- Fell into four main areas: efficiency (fast, simple, easy, straight-forward, convenient), safety, mobility and 'futuristic'.
- Safety is seen as non-negotiable. *''Payment methods should be faster and more mobile but should also be secure.''*

Payment methods: frequency of use

Legend: ■ Don't Know ■ 2-A little ■ 3-Sometimes ■ 4-A lot ■ 5-Almost always

Payment method	2-A little	3-Sometimes	4-A lot	5-Almost always
Cash	31%	36%	20%	11%
Eftpos card (in- store)	12%	19%	27%	35%
Internet banking	8%	23%	30%	28%
Direct debit authority	25%	26%	16%	8%
Credit card (online)	12%	28%	15%	10%
Credit card (in-store)	14%	18%	13%	15%
PayPal	27%	22%	8%	
Debit card (in-store)	13%	17%	11%	16%
Debit card (online)	12%	19%	12%	9%
Store cards	20%	18%	6%	
Mobile banking on a smartphone	6%	13%	11%	11%
Cheques	28%	6%		
Tap and Go with a credit card	11%	12%	6%	4%
Tap and Go with a debit card	10%	8%	5%	4%
Payment within apps	14%	6%	4%	
Text-based payments	12%	3%		
Apps which you can use to pay	5%	4%		

Base: Total sample (n=303)

Payment methods: perceptions

Internet banking, EFTPOS cards and credit cards:

- Perceived to be equally convenient methods of making a payment.

EFTPOS and Debit cards:

- Viewed as safe, flexible, convenient, simple and straightforward.

Mobile payment methods:

- Sought after for their high-tech and modern appeal, but risk being classed as 'complicated'.

Direct debits:

- Considered 'complicated' to set-up, but preferred by a wide range of people because the ongoing user experience is convenient, simple and straightforward.

Cash and Cheques:

- Viewed as cheap, simple and straightforward, can be used in many places, provides privacy and help consumers keep track of spending.
- Cash is used by the most people, but cards and online banking are used more often.

Occasions for particular payment methods

- Day-to-day purchases

- Bill payments

- Online shopping

- Occasional expensive items

- Less frequent occasions

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People have clear preferences for using particular payment methods in different situations.

Occasions for particular payment methods
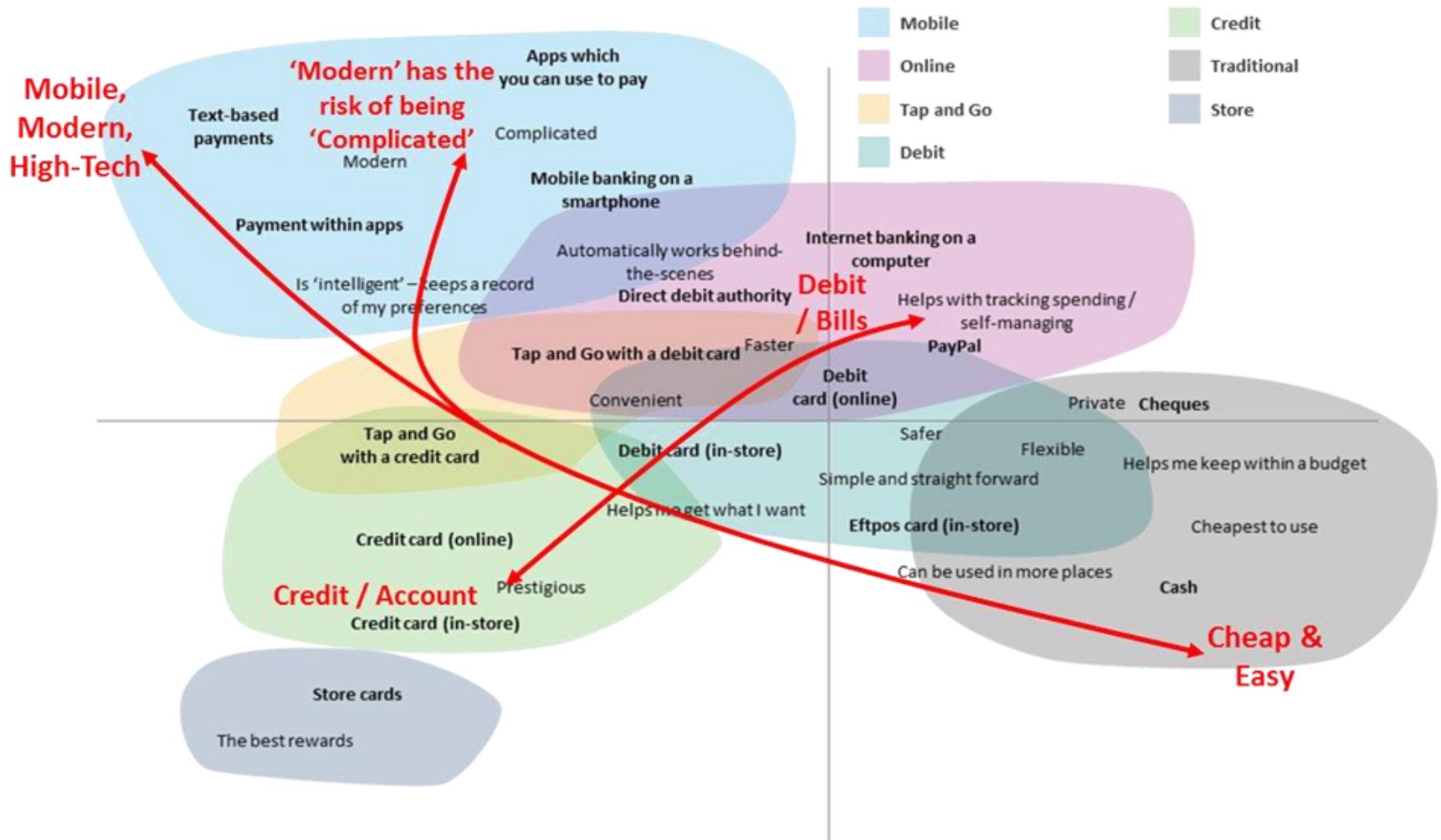
Occasions for particular payment methods

Q: Which is your most preferred payment method in each of the following occasions?

Bill Payments

Point-of-Sale Retail

In-Home Retail

Regular bill payments

Direct debit authority

Paying tradespeople doing work at your home

Internet banking on a computer

Regular large bills

Cheques

Mobile banking on a smartphone

Cash

Text-based payments (e.g. text-to-park)

Quick-stop purchases

Tap and Go with a credit card

Buying occasional expensive items

Eftpos card (in-store)

Day-to-day shopping

Credit card (in-store)

Unexpected large bills

When socialising

When overseas

Store cards

Tap and Go with a debit card

Debit card e.g. Visa, MasterCard (in-store)

Apps which you can use to pay

Payment within apps

Debit card (online)

When buying within an app

Credit card (online)

Online shopping with New Zealand companies

Online shopping with overseas companies

PayPal

Note: 'This occasion does not apply to me' was removed from analysis

Day-to-day purchases

Consumers were asked what their most preferred payment method was in each day to day purchasing situation.

Day-to-day shopping (n=294)

Eftpos card (in- store)	38%
Credit card (in-store)	16%
Cash	15%
Debit card (in-store)	12%
Tap and Go with a credit card	5%

Quick-stop purchases (n=291)

Eftpos card (in- store)	32%
Cash	28%
Credit card (in-store)	12%
Debit card (in-store)	7%
Tap and Go with a credit card	7%

When socialising (n=267)

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Eftpos card (in- store)	33%
Credit card (in-store)	17%
Cash	16%
Debit card (in-store)	13%
Credit card (online)	4%
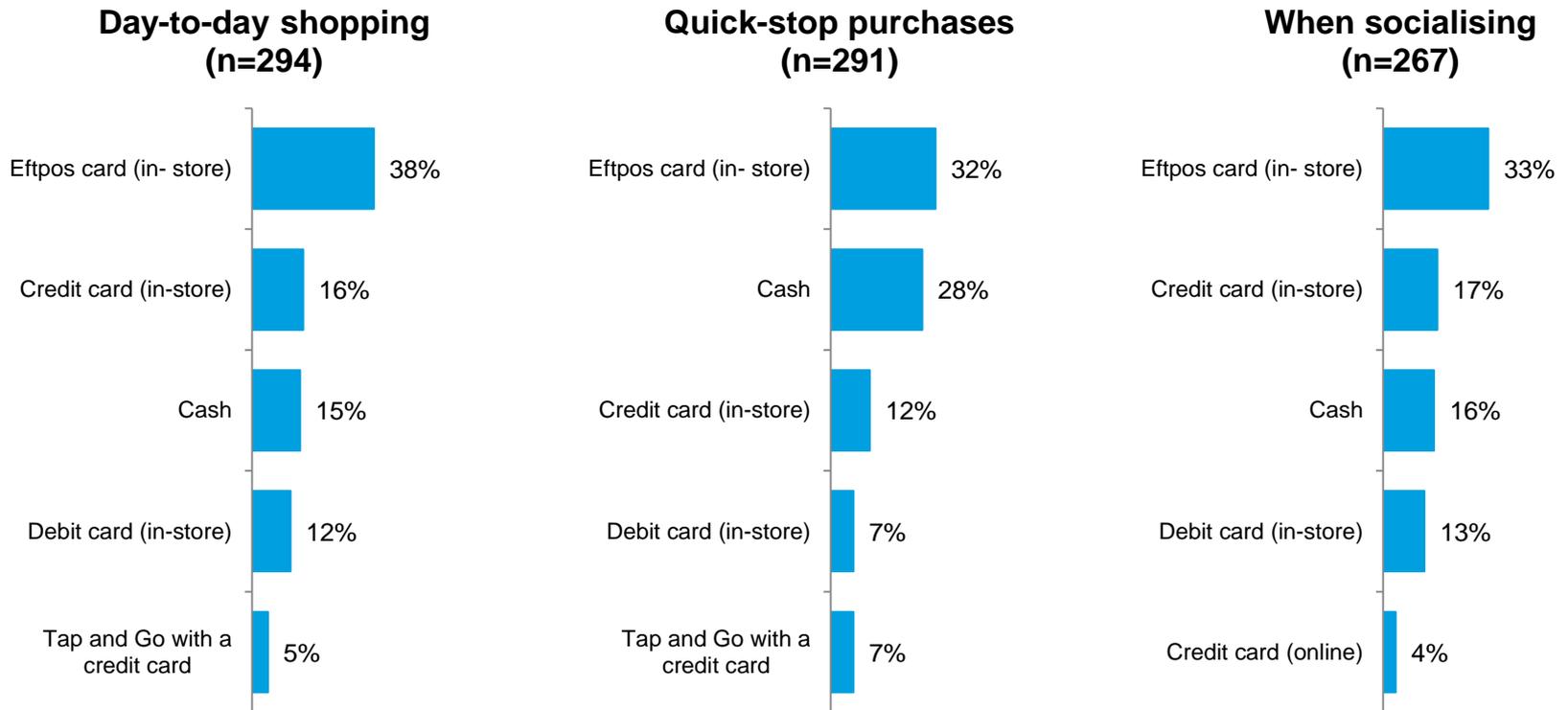
Note: Only top 5 payment methods shown for each occasion.

Bill payments

Consumers were asked what their most preferred payment method was when paying bills.

Regular bill payments (n=284)

Payment method	Percentage
Internet banking on a computer	44%
Direct debit authority	29%
Credit card (online)	4%
Mobile banking on a smartphone	4%
Eftpos card (in-store)	3%
Cash	3%
Debit card (online)	3%
Cheques	3%

Regular large bills (n=260)

Payment method	Percentage
Internet banking on a computer	37%
Direct debit authority	18%
Credit card (online)	8%
Debit card (online)	7%
Eftpos card (in-store)	6%
Cash	5%
Cheques	5%
Credit card (in-store)	5%
Debit card (in-store)	5%
Mobile banking on a smartphone	3%

Paying trades people doing work at your home (n=239)

Payment method	Percentage
Internet banking on a computer	35%
Cash	28%
Cheques	10%
Debit card (online)	5%
Credit card (in-store)	5%
Eftpos card (in-store)	5%
Debit card (in-store)	3%
Mobile banking on a smartphone	3%

Note: Only shows payment methods above 3% for each occasion.

Online shopping

Consumers were asked what their most preferred payment method was when shopping online.

Online shopping with overseas companies (n=256)

Credit card (online)	33%
Debit card (online)	20%
PayPal	20%
Internet banking on a computer	4%
Direct debit authority	1%

Online shopping with New Zealand companies (n=268)

Credit card (online)	35%
Debit card (online)	23%
PayPal	12%
Internet banking on a computer	6%
Direct debit authority	3%

When buying within an app (n=147)

Credit card (online)	24%
Debit card (online)	17%
PayPal	11%
Payment within apps	10%
Debit card (in-store)	7%

Note: Only top 5 payment methods shown for each occasion.

Occasional expensive items

Consumers were asked what their most preferred payment method was when buying occasional expensive items.

Buying occasional expensive items (n=258)

Payment method	%
Credit card (in-store)	30%
Eftpos card (in-store)	15%
Debit card (in-store)	10%
Credit card (online)	7%
Internet banking on a computer	7%

Unexpected large bills (n=266)

Payment method	%
Credit card (in-store)	29%
Eftpos card (in- store)	15%
Internet banking on a computer	14%
Credit card (online)	11%
Debit card (in-store)	10%
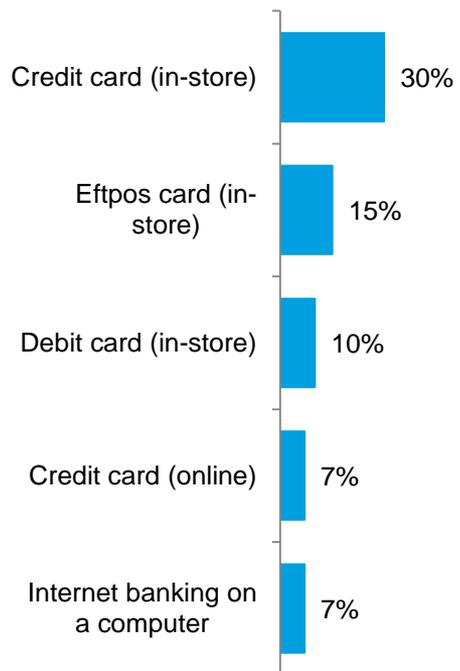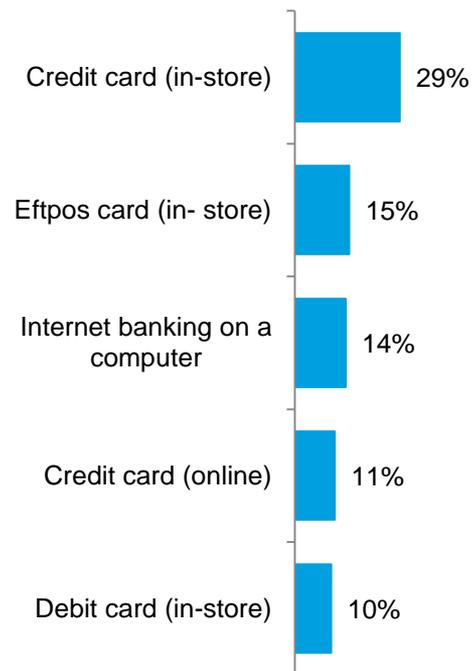
Note: Only top 5 payment methods shown for each occasion.

When overseas

Consumers were asked what their most preferred payment solution was when overseas.

**When overseas
(n=219)**

Payment method	%
Credit card (in-store)	30%
Cash	28%
Debit card (in-store)	14%
Credit card (online)	8%
Debit card (online)	7%
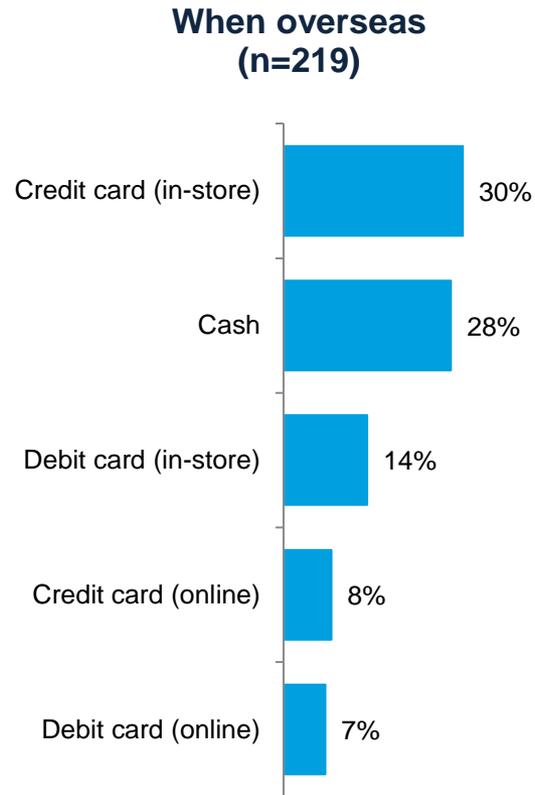
Note: Only top 5 payment methods shown for each occasion.

Future expectations

- Consumers were generally happy with current payments functionality in terms of the speed, ease, and reliability of payments methods currently used and the processes involved.

- There is a clear expectation that advancements will be made in the future. Adapting to and staying ahead of payments innovation is a priority for consumers.

- The future of payment methods encompassed four main areas: efficiency (fast, simple, easy, straight-forward, convenient), safety, mobility and simply being 'futuristic'.

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Future payment methods should be efficient, safe and mobile.

Mobility

- Mobile payments are increasingly sought after by consumers.

- The uptake of mobile payments has been particularly prominent in younger generations (aged 16 – 29 years), working professionals and in larger cities.

- 29% of consumers indicated that they were eager to adopt new technology.

There is an appetite for growth in more contactless and mobile-oriented payments methods – but they must be simple, secure and immediate.

Speed

Consumers prioritise payment methods that are efficient (fast, simple, easy, straight-forward, convenient).

We asked consumers what their preferred timeframe for payments was.

- 65% said within one hour of it being made.

- 53% said within 5 minutes.

- A further 12% said a payment should be able to be processed and received at any time they specify.

Legend:
- Instantly (within 5 mins)
- Between 5 mins and an hour
- Overnight
- Within 24hrs
- Anytime you want (you specify when the payment goes through)
- No preference / don't know

Chart values: 53%, 12%, 9%, 5%, 12%, 9%
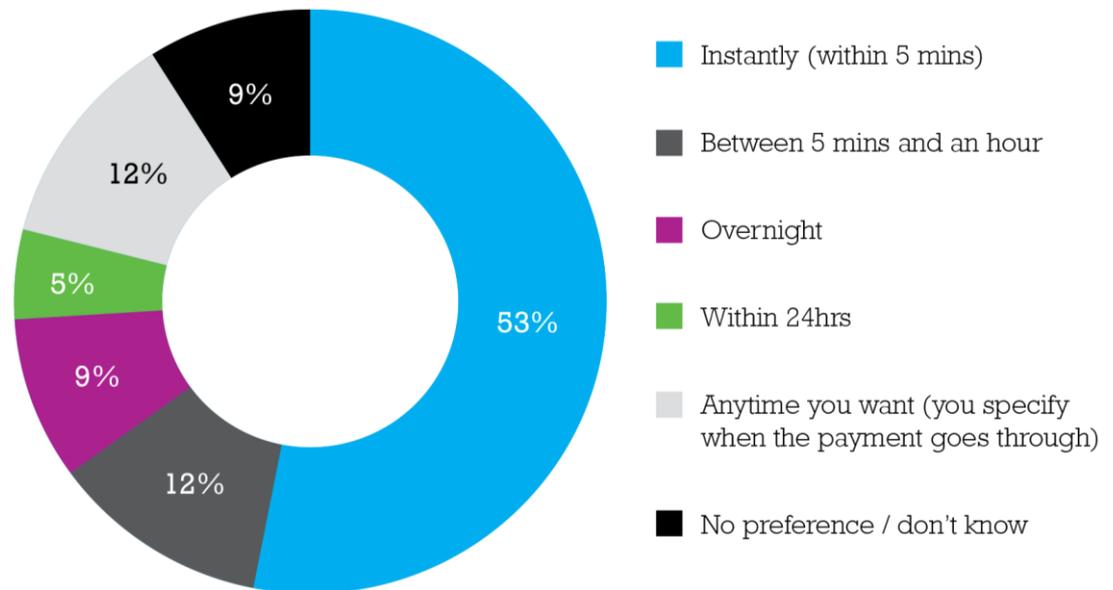
Future payment methods

We asked consumers to think about what their ideal future payment method might look like. There was a wide range of responses – the majority based around functionality already available in the market.

Method	%
TAP n GO / PayWave / swipe n go	13%
SECURE / reliable / safe	12%
MOBILE device / smartphone / iPad	11%
BIOMETRICS	10%
EFTPOS	9%
CREDIT card	9%
CONVENIENCE / fast / easy / simple	9%
WEB / cloud based / online / internet banking	8%
Card that COMBINES most methods	8%
DEBIT card / debit	7%
CASH	6%
Implanted CHIP / tattooed barcode	5%
CARD	4%
FINE AS IS / no other method	3%
Other	5%
Don't know	9%
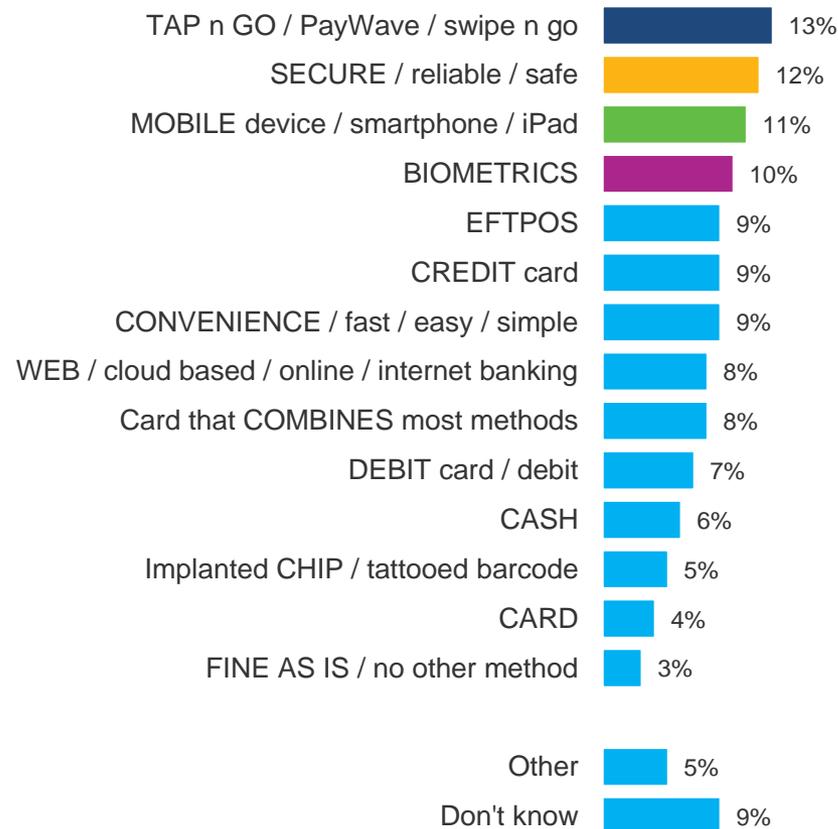
Base: Total sample (n=303)
Note: Only top 10 suggestions listed.

Easier payments

We asked consumers what businesses (banks, shops, utilities, app developers) need to do start doing differently to make payments easier.

FINE AS IS / already good / easy	22%
PAYWAVE / tap and go / swipe and go	11%
SECURITY / more secure AUTHORISATION	7%
FASTER / quick and easy	7%
WEB based / online / internet banking / shopping	6%
MORE shops / banks, etc. to offer / accept	4%
EFTPOS / eftpos system / machine	4%
Better RANGE of payment / banking METHODS	4%
MOBILES / pay with apps	4%
REWARDS / freebies	4%
NO fees / additional charge	4%
Other	8%
DK / NR	17%

Base: Total sample (n=303)

Easier payments: what they said

"Enabling you lock and unlock your cards, so if it's stolen you can deactivate it."

"Have flexible pay periods, e.g. weekly, fortnightly, monthly, annually."

"An app that can balance all your accounts at once. Display total amounts as well as individual accounts."

"More rewards for loyalty."

"Allow the use of debit / eftpos cards as well as credit cards for online shopping. It would also help if most of the large retailers in New Zealand, e.g. Farmers, had online shopping."

"All places should have PayWave terminals. More banks need to sign up to assemble."

"I am happy with internet banking and using my credit card for most purchases, it is easy and secure."

"For online shopping have the ability to pay via internet banking, not just be MasterCards. Not everyone has a MasterCard."

"Banks to provide cash flow projections of payments expected to ensure cash input provides for anticipated outflows."

"Make all eftpos terminals the same, i.e. all strips facing the same way and nice big numbers for older people."

"Not too sure - maybe have more availability of tap and go services (although these also worry me in terms of theft, so not sure)."

"Have a staff member available to explain to customers how safe, easy, etc. it is."

User perspective

Survey results summary

User group sample profile

The user group survey was sent to a range of organisations.

Responses were received from both large and small organisations across 5 sectors.

The largely qualitative, open-ended question survey was completed online by 11 respondents.

The findings of this survey are indicative and provide an understanding of the range of opinions that may exist within the market, but not how widely these opinions exist.

Number of interviews by industry

Industry	Number
Retail sector	4
Service sector	3
Exporter / Manufacturer	2
Government	1
NGO – Non-Government Organisation	1
Importer	0
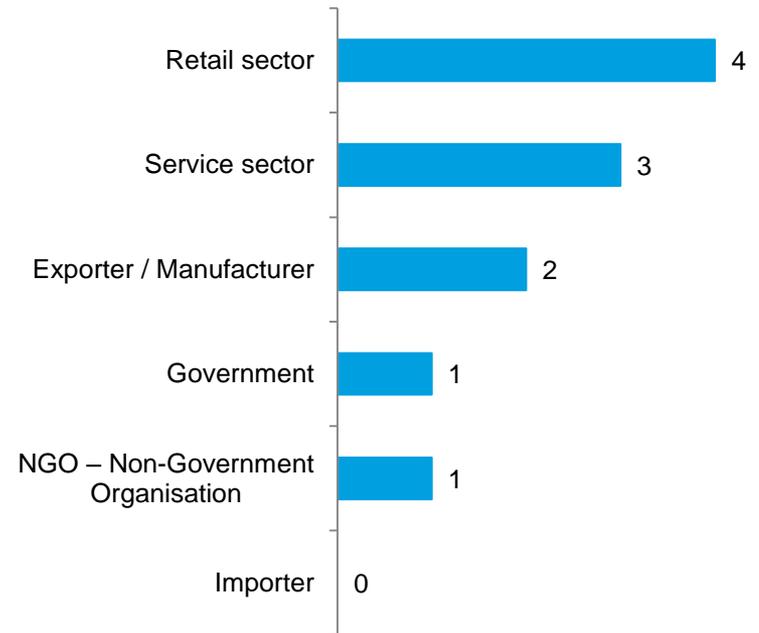
Total interviews n=11

Key highlights

State of the payments nation	• Most payment systems users are happy with the speed, ease and reliability of the payment methods currently used.
Specific payment functions	• Real-time payments – strong support. • Integrating information with payments – mixed support. • Mobile payments – mixed support.
Payment systems	• Using non-traditional payments providers – mixed support. • Easing cross-border payments – mixed support. • Integrated payments functions – mixed support.
Increasing Government regulations	• Many respondents felt increasing regulation did not affect them directly. • Some saw increased regulatory attention as providing greater transparency and better payments processes, whilst others were concerned with increased costs and more difficult bank processes.
Desired improvements to future payment systems	• Increased payment details: to improve the ability to reconcile payments. • Faster payments: for improved cash-flow and a better customer experience. • Integration of payments information with internal systems: for efficiency gains in payments processing. • Reduced costs for processing payments.

Survey areas

We asked user group respondents a range of questions relating to three key areas of the payments ecosystem.

1. **Functionality** – respondents were asked what improved functionality in the below areas would mean for their organisation:
    - Real-time payments.
    - Integrated data with payments.
    - Mobile payments.

2. **Payment Systems** – respondents were asked to indicate the appeal of the following:
    - Non-traditional payment providers.
    - Easier cross-border payments.
    - Integrated payment systems.

3. **Key priorities** – respondents were asked to indicate their key priorities for a future payments system.

Functionality: Real-time payments (RTPs)

Strong support for RTPs amongst surveyed organisations.

- All but one respondent saw RTPs as being able to provide a positive impact on their organisation.

- Strong support for RTPs amongst users of the payments system. All but one respondent seeing RTPs as providing a positive impact on their organisation.

Perceived benefits:

- Improved customer service as a result of faster payments processing.

- Easier reconciliation.

- Improved cash-flow.

"Real-time payments would be beneficial … it would allow better management of cashflow. It is not right that payments should be held by banks before being transferred."

"This would be highly desired, both for a company and customer experience point of view. Customers get to see the transactions pass through their a/c in real-time." Company receives the payments quicker, aiding reconciliation.."

Functionality: Integrated information

Mixed support for more intelligent payments functionality amongst surveyed organisations. E.g. functionality that would allow detailed remittance information to accompany the payment.

- Reflective of the varied levels of understanding as to how and what additional information might be useful and varying nature of respondents.

- Some respondents struggled to think of types of additional information that might be useful.

Perceived benefits

- Improved processes.

- Reduced need for reconciliation.

- Reduced costs.

"The name of the client specifically that was invoiced, invoice number and if remittance wasn't for whole of invoice the ability to highlight a note as to what is the issue."

"Full details of the invoice. Customers want quantity, and item details along with the payment to make it usable for charging etc." Company receives the payments quicker, aiding reconciliation."

"Payment reference fields that are dictated for a specific use, or fields that can be tagged with customised labels that can then be parsed electronically. EG specific customer reference fields rather than 3 general fields that can be used for different options with different organisations. Data validation on these fields at the time the payment is being made to ensure the correct data is being entered. If we could require a customer reference to be entered, then validated against our CRM in real-time, this would greatly reduce the administrative overhead of manually matching payments where incorrect information has been provided."

Functionality: Mobile payments

We asked respondents to comment on the increase in payments being made and received via mobile devices.

- Majority saw the uptake of mobile technology as having a positive impact on their organisation.

- Concern was noted around the cost to the organisation in receiving these mobile payments.

Perceived benefits:

- Increased customer choice.

- Anticipated increase in overall sales volume by offering as an option.

- Improvement in payment administration processes and reduced costs.

- Expected impacts of these benefits were largely noted as minimal.

"How a customer wishes to pay i.e. plastic, mobile or cash is up to them to decide."

"Customers are increasingly demanding mobile payments, so providing the ability to receive them makes good business sense. They can also reduce transaction time (and queues) substantially. However, as with other contactless payments, these come at a significant cost for the merchant."

Systems: Non-traditional payments providers

We asked respondents whether they were interested in the ability to use non-traditional providers to provide payment services to their organisation (e.g. PayPal).

- There was mixed support. For may respondents the types of payments non-traditional providers offered were currently not relevant to their organisation.

- There was concern raised around the costs involved and increased reconciliation time.

Perceived benefits:

- Reduced costs as a result of increased competition.

- Providing easier access for customers overseas.

- Meeting increased customer demand.

"The more reliable ways for our organisation to receive payments the better, as long as the administrative overhead doesn't increase too much. A lack of conformity between payment processes and the data they provide will lead to too much time and too many resources being diverted to reconciliation actions that can be better spent on productive activities."

"If a payment provider is cheap and efficient, and has a strong user base, we will always look into using their services. If there is quick deposit of our funds, good accompanying information with the deposit, reliable processing of payments, effective reporting and efficient reconciliation are all factors in who we will support with our business."

Systems: Easier cross-border payments

We asked respondents to comment on the impact easier cross-border payments would have on their organisation.

- There were mixed responses to this ranging from no impact to a large positive impact.

- This is expected given not all respondents would have a requirement to use cross-border payments.

Perceived benefits:

- Improved processes.

- Increased business opportunities.

- Improved customer service.

- Improved speed to market.

"Current processes with cross border payments are effective however more simplification required from banks in terms of codes used across international banks - swift codes etc."

"Greater cross border acquiring would be hugely beneficial. When entering new markets, cross border acquiring is always our preference and where it is not available, our time to market takes much longer."

Systems: Integrated payment systems

We asked respondents what sort of impact integrating payment systems with their other computerised management systems e.g. ERP, CRM and accounting systems would have on their organisation.

- There was mixed support, with some organisations already indicating they had integration with the current system.

- Those who do not already have integrated payments system saw some benefits, but it was noted that integrated payment systems rely on greater transactional information to accompany payments.

Perceived benefits:

- More efficient internal processes and reduced need for reconciliation.

- Improved customer processes.

"Would be fantastic - we waste a significant amount of time and resources in reconciling transactions for accounting systems, payroll etc. This would be a key benefit!"

"All information captured a the time of the transaction needs to be available in case it will be of use, time, date, payer, customer reference, amount, transaction reference, customer id, scheduled or one off payment, customer initiated or organisation initiated, payment processor/gateway etc. The integration we have works well for DD and CC so there would be little improvement until more information is available."

"The payment system talking directly to the accounting system, debtor system, CRM system etc. Whether is the client had a query if that could automatically come through via this integration."

Government payment regulation

We asked respondents their views about the possibility of increased government payment regulation.

- There was a very mixed response – some saw this as an opportunity for more transparency while others were concerned with increased costs and more difficult processes.

- Many indicated they weren't impacted by increased regulation.

- This was the only question in the survey where respondents indicated a negative impact.

Perceived benefits:

- Opportunity for more transparency.

Top improvements sought

We asked respondents to indicate the top three future improvements they would like to see in the way their organisation is able to make and receive payments.

A variety of topics were mentioned; however, four themes were re-occurring:

- Ability to increase the amount of detail that can be sent with a payment.
- Ability to send and receive real-time payments.
- Ability to integrate payments information with internal systems.
- Reduced fees payable for processing of payments.

What: "Immediate payment."
Why: "Improved cash-flow."

What: "More details to accompany payment."
Why: "Easier more flexible data matching."

What: "Integration with admin and accounting systems."
Why: "The amount of time that would save in administration and room for error."

What: "It should costs less to receive payments."
Why: "Payments are a significant cost for our sector."

Industry perspective

Survey results summary

Industry group sample profile

The industry group survey was sent to a range of organisations that are part of the payments industry ('in the business of payments').

Responses were received from organisations across 5 different areas of payments. The majority of responses were received from Banks.

The largely qualitative, open ended question survey was completed online by 11 respondents.

The findings of this survey are indicative and provide an understanding of the range of opinions that may exist within the market, but not how widely these opinions exist.

Number of interviews by industry

Industry	Count
Bank	8
Scheme	2
Switch	1
Loyalty provider	1
Online business	1
Other	2
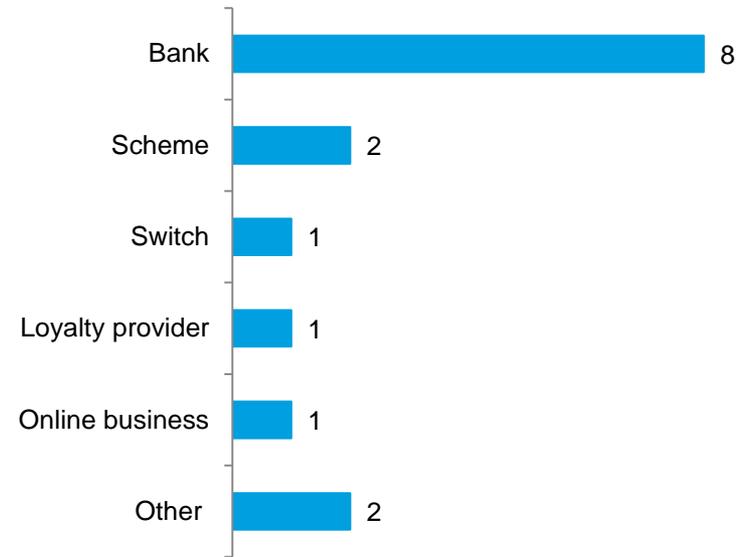
Total interviews n=15

Highlights

Overview

- Fairly clear and consistent themes throughout survey responses.
- Widely recognised that changes to infrastructure are required.
- These infrastructure changes will require collaboration across industry.
- Payments NZ has an industry facilitation role to play.
- Recurring themes throughout survey - new technology, customer expectations, safety, compliance and regulation.

Key challenges facing the payments industry

- Changing customer expectations.
- New technologies.
- Pace of change in the industry.
- Managing costs of compliance and regulation.
- Security and protection from fraud.

Ideal future payment system

- Offers real time payments.
- Has 24/7 availability.
- Works for all types of payments.
- Is able to cope with large and increasing volumes.
- Provides protection against fraud.
- Must have clear and simple rules.
- Operates with standardised communication.
- Has flexibility to include new suppliers and technologies..

Survey areas

We asked industry group respondents to provide us their views on the challenges they face within the payments system and what they would like to see in an ideal future payments system.

1. **Challenges**
    *   What are the key challenges facing the industry and how are you and your customers impacted?
    *   How can these challenges be overcome?

2. **Future payment system**
    Respondents were asked what their ideal future payments system would be characterised by in respect of:
    *   Features.
    *   Infrastructure.
    *   Benefits.

Challenges

We asked respondents what the key challenges facing the payments industry were. Organisations identified five:

1. **Changing customer expectations** – payments innovation is driving a change in expectation around speed, convenience and security.

2. **New payment technologies** – are being developed and entering the market at a speed which makes it difficult to identify the 'right' new technology to adopt.

3. **Pace of change** – complex infrastructure with long lead times leaves the payments system vulnerable to disruption to alternate technologies.

4. **Compliance and regulation** – costs of compliance can have an affect on the speed of innovation.

5. **Security and protection against fraud** – the number of new technologies and increasingly sophisticated instances of fraud mean customers expect payments methods to be increasingly secured against fraud.

What they said: challenges

"In the digital age, new technologies are advancing quickly. In this environment the banking industry and regulators require more agility, as they are constantly challenged by new entrants and potentially disruptive technologies."

"Clients (retailers) have more to deal with in terms of upgrading technologies to support new digital wallets and other loyalty functions. Increasing compliance requirements for POS devices adds to the complexity on what is typically a long road map of POS upgrades."

"Customers' ever growing requests for fast, safe, irrevocable, convenient, low cost, and AML efficient payment ways."

"Compliance is a huge area which affects all parties in the value chain, it seems to be taking over how quickly any innovation can happen in the market as sometimes the cost for keeping up with compliance is large."

"With continued regulatory focus and associated cost, the underlying deliverable often adds little, if any, value to the customer."

"The current constraints prevent innovation that in turn leaves the sector more vulnerable to disruption."

"There is confusion re: competing propositions and differing functionality and capabilities. New payment service functionality and ability to choose new payment service providers, channels and devices."

"Payments disruption can cause uncertainty and ambiguity in the payments industry. Inertia in legacy processes, systems and standards will be challenging to change or influence, especially when the cost is high and the payback uncertain."

"Majority of development budgets required for compliance/hygiene factors vs innovation."

Overcoming challenges

We asked respondents to identify what needed to change to overcome these challenges. They identified:

1. **Community** – a clear call for consensus across the industry, through increased community discussion and consultation.

2. **Continuous improvement** – a need to champion ongoing improvement that drives a culture of innovation and change within the industry.

3. **All of industry involvement** – a need for industry change to be driven by the industry as a whole.

"Delivery of key components of this strategy! Including a mandate of change for Payments NZ."

"Champion and facilitate the continual improvement of payment solutions and associated data, particularly where ubiquity and interoperability are important."

"Industry consensus and consultation is critical. The Payments NZ role can be to drive consensus in the industry and continue to facilitate community dialogue (as it is doing already)..."

"Improved collaboration to enable development of new payment service capability and functionality on an interoperable, sustainable and economic basis. Improved resource focus of Payments NZ Participants on payments industry issues (including via the Management Committees) and quality of Payments NZ resources."

"More open communication and discussion of key issues the industry facing. Tangible, measurable and time bound action plans to resolve these issues. Level playing field- The big 4 banks are not the only key stakeholders and decision makers."

Ideal future system: overview

What would a world-class payments ecosystem look like for New Zealand?

Features:
- Ability to deliver fast, convenient, low-cost payment options with low intervention in the payment process (i.e. the payer and receiver maintain control over the process).
- Offers real-time payments, 24 hours and 7 days.
- Is able to support all payment types, from high-value to daily low-value payments.
- Can process payments to and from any entity, device, location and currency.
- Can manage large and increasing volumes of payments.
- Maintains security levels to protect against fraud.

Infrastructure:
- Provides clear, simplified rules and standards within which to operate.
- Has flexibility to incorporate new services, new payments providers and new technologies.
- Standardises communication i.e. ISO 20022.

Governance:
- Encourages collaboration within the industry.
- Reduces focus on compliance.
- Leverages New Zealand's small size and history in leading payment systems.

What they said: features

"Collaborative. Fair. Level playing field - all voices are heard. Competitive. Low regulatory intervention."

"Payment would recede into the background. Payers and receivers would still be in control of when and how payment was made but active intervention in the process would be more by exception, more set and forget, more if it's in these agreed parameters then just do it."

"A world class payment system in NZ would allow for highly reliable and secure payments through RTGS, bulk payments and potentially real time payments. With regard to real time payments, global best practice suggests this should be offered as a 24-by-7 service with payments supported by richer data using the ISO 20022 standards."

"Greater flexibility to deliver innovations to market. Less need to focus on compliance. Consolidated industry payments systems and clearing streams with simplified rules/standards."

"Single standard for communication including settlement (ISO20022). A world class payments and settlement system that can support a wide spectrum of payments needs – from high value ticket items to the daily micro payments."

→

Collaboration
Simple
Secure
Real-time
Flexibility
24/7
ISO 20022

What they said: infrastructure

"Get consensus on what requires ubiquity and interoperability and what sits in the competitive realm. Agree what needs to be shared build and get on with that with agreed goals and timeframes."

"Simplification - rationalise systems, clearing streams, consolidate where possible."

*"Radical simplification of legacy systems and processes.
Adoption of real time / non-batch processing.
Consolidation of products / clearing systems.
Message richness."*

"Less regulatory intervention and more focus on efficiency and innovation."

"Conformance to industry best practices and formats e.g. ISO 20022."

"Some of the key changes include upgrading endpoint systems (gateway to the payment hub) to provide the real-time connectivity and ensure that settlement happens on an online basis for both incoming and outgoing payments."

"Real time. Message richness and related payment adjacent services moving, storing and managing data."

➜

Simplification
Interoperability
Efficiency
Richness
Innovation
Ubiquity

What they said: benefits of change

"The way businesses and individuals construct their processes around moving money will no longer be a constraint but rather will facilitate the efficiencies."

"Be responsive to changing demands from users Enable new players to enter thereby encouraging competition and innovation"

"Increased efficiency in the economy. Maintains strong payments integrity while delivering to customer expectations. Enables payment innovation. Meets the needs of today's consumers."

"Competitive and open market Collaborative environment driven based on a common purpose - efficiency."

"Better delivery of information that would take out manual and layered processes to smoothly move money and information between parties. Facilitating transfer of funds between two parties in near real time."

Retain relevancy with customers. Retain and grow customers and revenue. Ability to respond to market change and competitive pressures on a timely and cost effective basis."

Competitive
Efficient
Responsive
Cost-effective
Integrity
Customer need