paymentsnz

Understanding how Kiwi consumers pay - now and into the future

Our vision is to have world class payments for Aotearoa New Zealand, and as part of that we wanted to understand what consumers think about payments in 2022.

In this new study we've partnered with Yabble to ask Kiwi consumers to share their thoughts on our current payments system, how they might expect to pay in the future, and what's important to them when thinking about future payment methods. The highlights from this infographic tell a wider story that we will use to inform the wider work Payments NZ is doing to empower the future of payments.



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We found a quarter (25%) of Kiwi consumers would

be unable to pay for a major unexpected expense like car repairs.

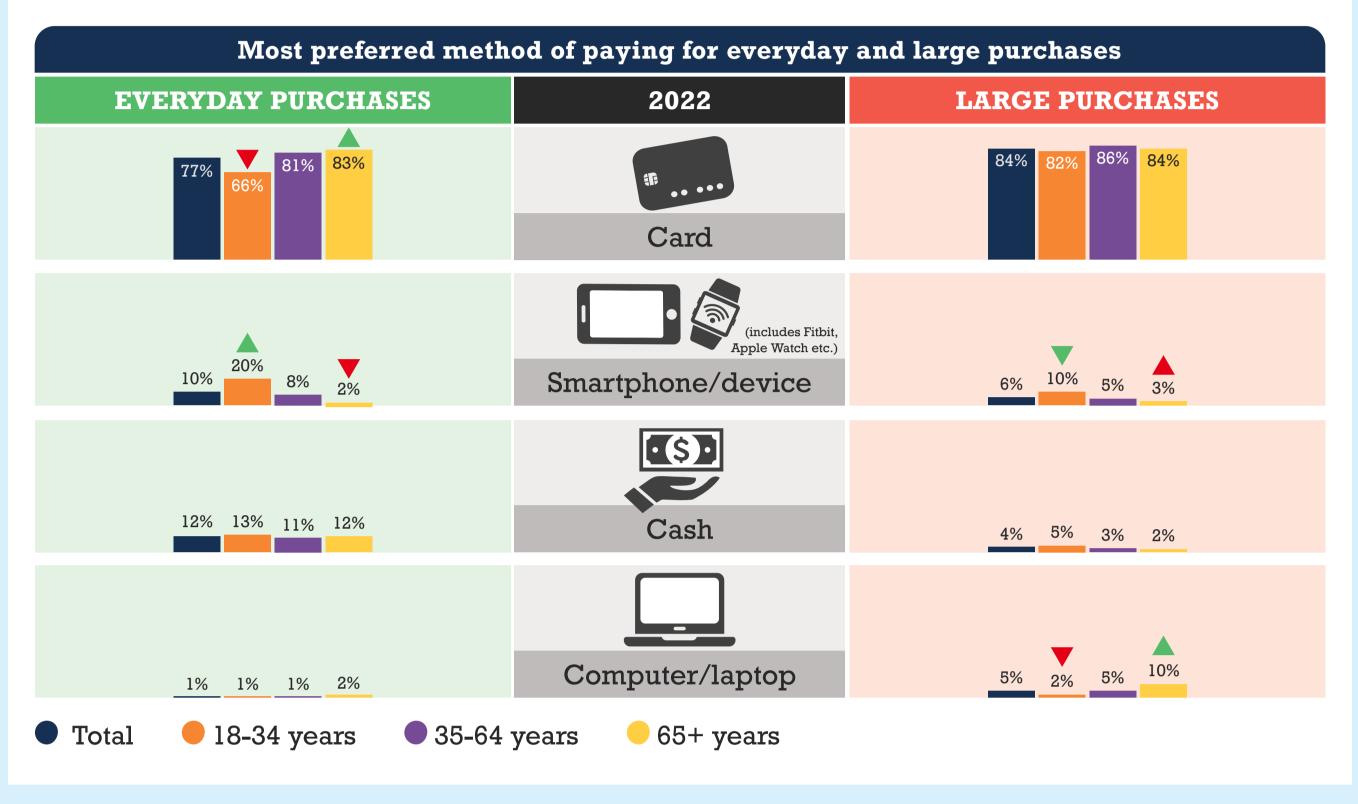
More than a third of those surveyed indicated they are unsatisfied with the amount of savings they have (37%).

Payments behaviour

Kiwi show a strong preference for card payments for both everyday and larger purchases... only around 1 in 10 are using smart devices

Most preferred method of paying for everyday and large purchases					
EVERYDAY PURCHASES	2022	LARGE PURCHASES			
77%	Card	84%			
10%	Smartphone/device (includes Fitbit, Apple Watch etc.)	6%			
12%	Cash	4%			
1%	Computer/laptop	5%			

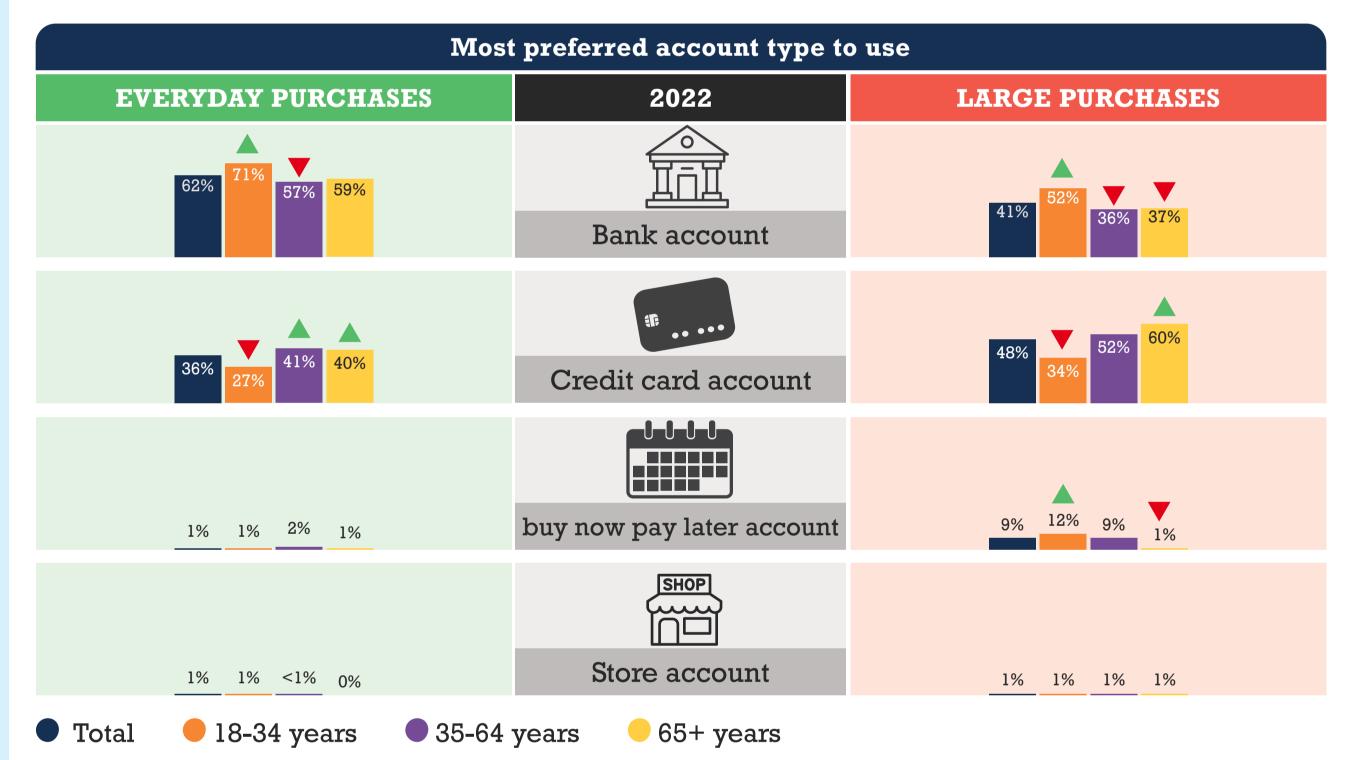
Preferred payment methods vary by age group, with over 65s+ more likely to prefer traditional methods and under 35s smart devices



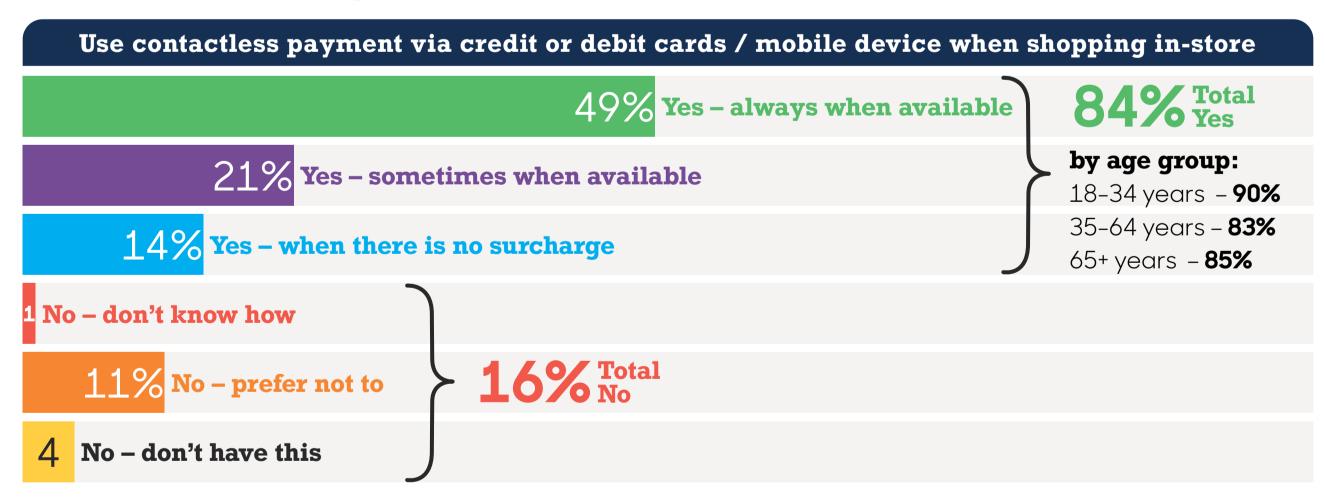
The most preferred account to use for payment varies with bank account most preferred for everyday purchases and credit card for larger purchases... just under one in ten prefer buy now pay later for larger purchases

Most preferred account type to use when paying for everyday and larger purchases						
EVERYDAY PURCHASES	2022	LARGE PURCHASES				
62%	Bank account	41%				
36%	Credit card account	48%				
1%	Buy now, pay later	9%				
1%	Store account	1%				

Under 35s more likely to prefer using their bank account for payments while older age groups have a stronger preference for credit card



84% of Kiwi are using contactless payment, but only around half use it consistently... 16% do not use



The key barriers to using contactless payment are concerns about security and because transactions don't show in real time



Online Payments

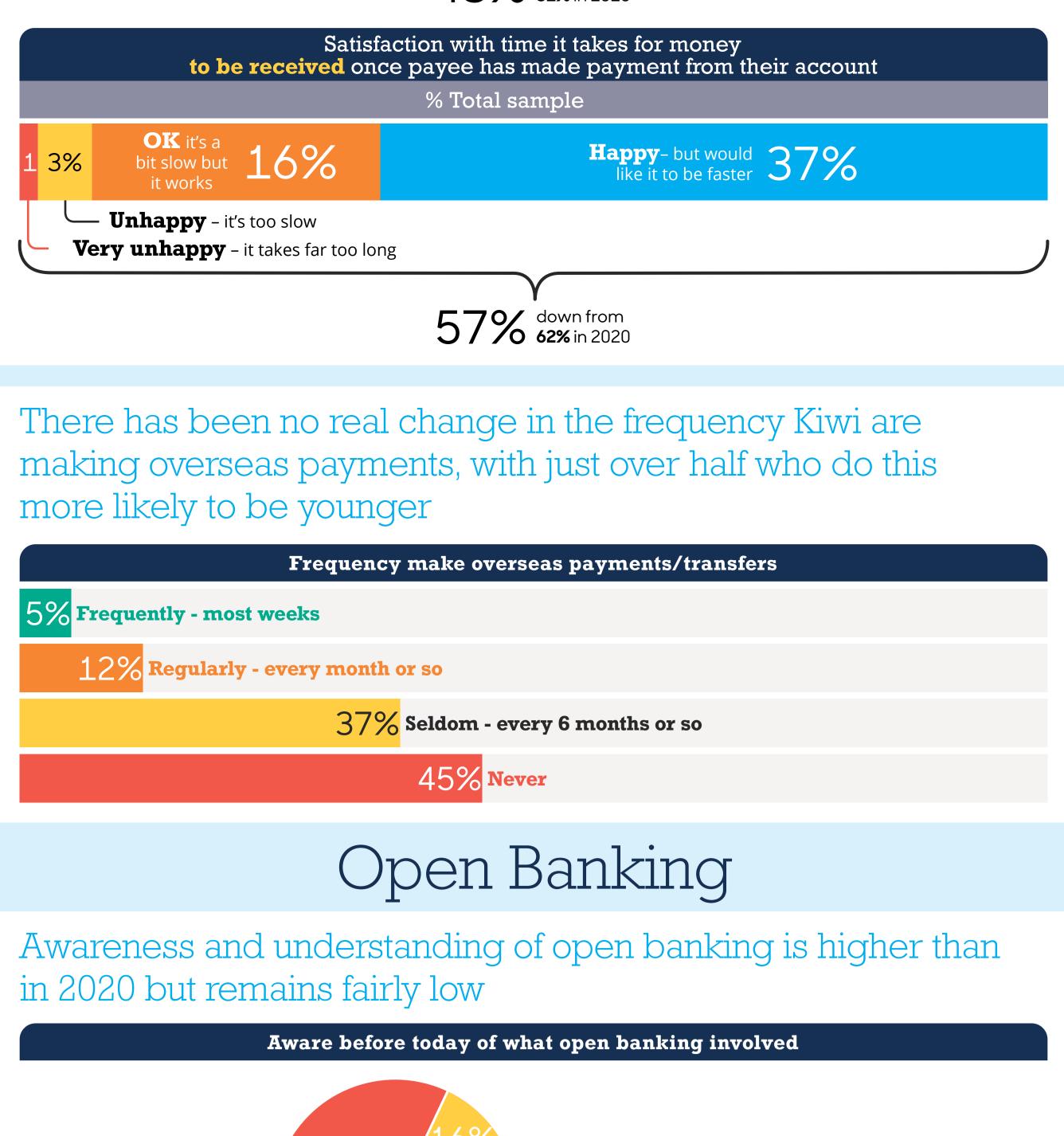
There has been an increase in frequent online payments (most weeks) – up from 49% in 2020 to 55% in 2022

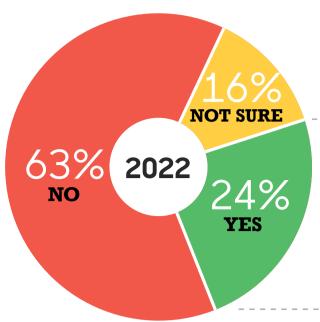
	Frequency of online payments				
2021	49%				
2022	55% Frequently i.e. most weeks				
2021	37%				
2022	34% Regularly i.e. every month or so				
2021	10%				
2022	Sometimes i.e. every 6 months or so				
2021 4 2022	Never				

Satisfaction with the time it takes to make payments is higher than in 2020, but there is still a higher proportion who would like payments sent faster (43%) and for payments to be received quicker (57%)

		1		Satisfaction with time it takes for money It from bank account to receiver's bank account	
% Total sample					
2%	2%	OK it's a bit slow but it works	9%	Happy-but would 30%	
	Very	Unhappy - unhappy -			
				Λ Ͻ Ο / down from	

4370 51% in 2020





UP FROM 14% IN 2020 Yes - by age group: 18-34 years - 38% 35-64 years - 21% 65+ years - 13%

Potential future open banking products and services tested appeal to around 40-50% of Kiwi, with an app to split restaurant bills and a tool to automatically move money between accounts most popular

Appeal of ideas for new products or services that could be created with open banking using the services of a third party that would connect to bank account						
59% Being able to use an app to split restaurant and bar bills with family and friends in a quick and painless manner	57% Tool to automatically move money between your accounts (potentially at different organisations), based on rules set by you					
56% Being able to make online payments for digital services directly from your bank account	Ability to see multiple transactions from different providers in one place					
52% Setting up a long-lived variable payment that would replace direct debits, with enhanced control over limits	49% More advanced budgeting tools and apps					
47% Use of a savings tool that rounds up transactions and puts the difference into a designated account, which could be with a different provider	45% Easier credit/finance approvals through simplified sharing of financial data					
44% Ability to re-use your bank customer identity to sign up to a new service more easily	37% Ability for a third party to make product comparisons and recommend the one that is the best fit for your needs					

More Kiwi are comfortable sharing their banking data than two years ago but there remains a large group who are unsure (38%)

Level of comfort sharing banking data with an organisation other than their own bank					own bank	
		202	20		2022	
Very comfortable, happy to use	4%	J	16%	8%	J	27%
Somewhat comfortable, would likely use	12%	5	Total Comfortable	19%	5	Total Comfortable
Unsure, would depend on the circumstances	36%			38%		
Not that comfortable, unlikely to use	22%	J	48%	19%	J	36%
Not at all comfortable, would not use	26%	5	Total Unsure, Uncomfortable	17%	5	Total Unsure, Uncomfortable

Key concerns with providing a third party with access to banking data are related to security and trust

> **Reasons uncomfortable providing an organisation** other than own bank access to banking data



Security – worried about hackers and scams "Always have concerns about security, account details getting to the wrong places/people."



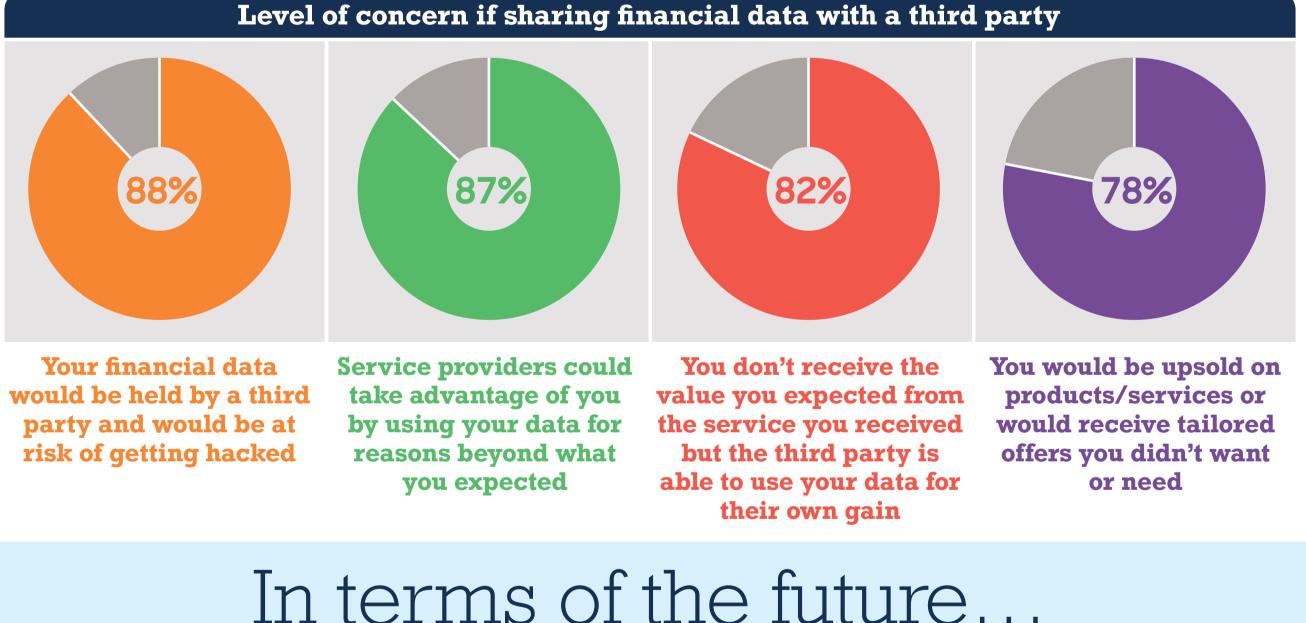
Trust – don't trust third party organisations "All companies are in it for themselves and can't be trusted long term."



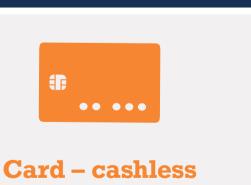


would it serve?"

Concern around sharing financial data is high ... almost 9 in 10 are worried about their data being hacked or used for other purposes



Kiwi think payments of 2030 could be made by...



and contactless "All contactless, a universal card." "Card for everything."



Mobile devices (phone/ watch/ring etc.) "2030 isn't that far away but I'm hoping to be using my phone more to pay for things. Online payments will be much more secure so I don't need to worry about fraud or scams."

Methods of making payments in the year 2030

Chip (implant) "A chip under our skin will debit funds automatically from our account. Will be used for everything from supermarkets to parking meters."



"App transfer with contact number or email address, instead of needing bank account number and other details."

Key features Kiwi are looking for in new payment solutions are...

Ranking of most imp	Ranking of most important features if introduced to a new way to make a payment						
	NO EXTRA CHARGES OR FEES	A	MAKES LIFE EASIER (2020: Convenient to use)	/\$ }	I CAN DO IT VIA MY MOBILE PHONE		
27%	18%	18%	14%	14%	9%		
SAFE & SECURE		EASY TO USE	C S S	FAST TO MAKE AND RECIEVE PAYMENTS			

Of the future payment methods tested, Kiwi showed the most interest in 24/7 real time payments and receiving notifications of payments via mobile or email

Арреа	Appeal of different types of online payments could do via website or mobile device						
82%	Making an online payment to someone and they receive the payment in real time and are able to use the money immediately, 24/7, 365 days of the year	74% Receiving a notification via your mobile or email once a payment has been made or received by you					
68%	Seeing more information associated with payments you have made e.g. store location and address, carbon footprint, online receipt	59% Receiving an invoice or a request to make a payment to your phone that you would either reject or approve.					
56%	Being able to visit a store in person, scan a QR code on entry, select the products you'd like to purchase, and walk out of the store without visiting a checkout	50% Paying someone by using your phone to scan a QR code and transfer money					
46%	Making or receiving a payment using an identifier other than an account number e.g. a mobile phone number						

Study details:

Online survey conducted 16th September to 4th October 2022

Designed to provide insight around how Kiwi consumers are using payments, their attitudes, preferences and expectations of future payment types.

Total of 1,000 people answered the survey online

Representative of the New Zealand population aged 18 plus by age, gender, region and ethnicity. Maximum margin of error on results +/- 3%