

# BlinkPay Submission: Consultation on Payments for the Next Generation

## Limitations in the Existing Ecosystem

One of the challenges faced by the current payments ecosystem is the coordination between stakeholders, particularly within the banking sector. We believe that creating more inclusive governance structures could help foster greater collaboration across all industry players, enabling the sharing of best practice to enhance third party onboarding and commercial contracting.

While some banks have made strides toward supporting open banking, there remains an opportunity for more collective engagement in the adoption of agreed standards. Enhanced participation from all banking entities (including NBDTs, regional banks, etc) will be key to accelerating the benefits that open banking can offer to New Zealand's payment systems.

## Role of Regulators in Payments Modernisation

We believe regulators have a vital role in supporting the evolution of payments infrastructure. By working in coordination with international counterparts, regulators can facilitate seamless cross-border payments and encourage innovation within Aotearoa's financial ecosystem.

It's also important to leverage regulatory sandboxes to explore new solutions and encourage the safe integration of innovative technologies, while also ensuring robust compliance measures to uphold the security and fairness of the payments landscape.

## Demand for Utility Infrastructure

We fully support the vision outlined in the consultation paper for a shared utility infrastructure. This foundational infrastructure will be critical in addressing systemic weaknesses and supporting the demands of real-time payments. It is essential to develop robust infrastructure that can meet the evolving needs of financial services and ensure that the industry is well-positioned for future growth, in the same way the government treated fibre as national infrastructure.

## Roadmap Sequencing

We support the proposed sequencing of initiatives in the roadmap. Laying down the foundational pillars first is a necessary and sensible approach to building a sustainable, scalable payments ecosystem.

#### Scheme Framework and Governance

To enhance the user experience across the ecosystem, consistency in application and service delivery is crucial. A collaborative approach to governance, where diverse stakeholders are actively involved, will help ensure that decisions benefit Aotearoa in aggregate, and not just individual interests.

It's essential that governance frameworks are developed with the inclusion of third-party experts to guide decisions that align with the collective needs of the payments sector.

#### Data

The standardisation of data and the adoption of consistent data enrichment strategies will be instrumental in unlocking the full potential of financial data. A unified infrastructure will ensure that all stakeholders, including fintechs, banks, and regulators, can harness this data effectively, driving improved decision-making and smoother payment processes.

#### Digital Identity

Digital identity is a foundational element for a secure and efficient digital economy. We support the recognition of digital identity as essential for enabling seamless data transfer and real-time payments. This will ensure greater inclusivity and access to financial services for all members of society.

#### Fraud Prevention

Fraud prevention is a priority for us. A collaborative, cross-sector approach, where data and insights are shared, is essential to effectively identify and mitigate fraudulent activities. By working with a range of stakeholders, including telcos and other industries, we can enhance the detection and prevention of fraud, protecting consumers and businesses alike.

#### Real-Time Payments

Real-time payments are a necessary evolution for New Zealand's payments landscape, driven by the increasing expectations of consumers and businesses for instant transaction capabilities. However, with the benefits of faster payments comes the need for robust fraud prevention mechanisms. We must ensure that the necessary safeguards are in place to prevent misuse of the system.

The experience with faster payments at institutions like Lloyds and Barclays in the UK has shown us the importance of strong fraud detection mechanisms. We support a thoughtful, cautious approach to the implementation of real-time payments, ensuring that fraud risks

are adequately addressed while unlocking the economic benefits (i.e., growth in GDP of ~1-2%) that come with faster payments.

#### Accessibility and Inclusion

It's crucial that the design of New Zealand's payment systems is inclusive, ensuring that all people, including those with disabilities, have equal access to services. We also believe that there is more work to be done to improve financial inclusion for Māori communities, particularly through education and creating pathways to greater financial literacy and access to services.

We must ensure that underserved communities, including neurodivergent individuals, have clear, accessible consent processes and mechanisms in place to retrieve funds if transferred under duress. By prioritising inclusivity and accessibility, we can ensure that the financial system works for everyone.