

Worldline's Response to Payments NZ NextGen Market Consultation

To:

Payments New Zealand

Submitted by:

Worldline

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1 Introduction

We are grateful for the opportunity to participate in this market consultation. Before we address the specific questions, we would like to highlight several key points from Worldline's perspective:

1. **Resilience and Independence of New Zealand's Payments Infrastructure:** The resiliency and independence of New Zealand's payments infrastructure are at risk if key payment schemes decide not to operate or withdraw from the market. It is essential to prioritise the development of a robust domestic payments system, placing it on par with other critical national infrastructure. Proactive measures are needed to ensure that our financial system remains competitive and capable of functioning independently if foreign payment systems exit the New Zealand market for any reason. With global geopolitical risks rising, the potential for adverse events—such as trade restrictions, cyber-attacks, and international conflicts—are increasing.
2. **Need for Diverse Payment Processing:** Both the Commerce Commission and the Reserve Bank have expressed concerns that New Zealand's financial stability is compromised by reliance on Visa and Mastercard for payment processing. However, there has been a lack of decisive action on this pressing issue. It is vital to explore and support alternative payment methods that can sustain and strengthen our domestic financial infrastructure.
3. **Empowering Consumer Independence:** Related to point 2, the introduction of instant payments will facilitate the development of additional use cases, such as peer-to-peer payments, enhancing consumer choice and providing alternatives to traditional card transactions.
4. **Current Infrastructure Limitations:** The current payments infrastructure does not support the speed, flexibility, data-rich messaging, and scalability required for modern digital payment services. These limitations can lead to delays and inefficiencies in processing transactions. Additionally, legacy technologies are vulnerable to security breaches and do not support advanced functionalities. Being ISO 20022 ready is essential for overcoming these challenges, and according to Worldline, it is a must-have. Embracing ISO 20022 is also essential for maintaining the competitiveness of New Zealand's cross-border payment capabilities spearheaded by G20 cross-border payments initiative and BIS initiatives.
5. **Impacts on Innovation and Competitiveness:** Without addressing these limitations, the ecosystem may struggle to innovate and introduce new services, falling behind global standards and user demands. This situation could put Aotearoa New Zealand at a competitive disadvantage compared to other nations. Worldline recognises that addressing these weaknesses is crucial for future growth and enhanced user experiences. A lack of modernisation could adversely affect economic growth and participation.
6. **Decline in Eftpos and Its Implications:** The decline of Eftpos (local debit payments directly from bank accounts) not only constrains consumer and merchant choices but also poses broader implications for New Zealand's financial autonomy. As transaction volumes

increasingly migrate to international schemes, we risk becoming overly dependent on these systems. For example, during the Crowdstrike incident, Eftpos continued to function normally while transactions through card schemes were disrupted. In Australia during a recent Mastercard outage, Eftpos transactions continued unaffected (via least-cost routing and NPP¹). In New Zealand, as Eftpos usage declines, we may lose this vital capability. Ensuring the availability of a reliable, alternative payment method accessible to most New Zealanders is crucial for redundancy, resilience, and financial stability.

7. A legacy of reliability and success with a strong New Zealand presence

With a long and proven history, we bring years of experience and a track record of success. Aotearoa can trust us to deliver reliable, safe and secure solutions. Our technology ensures that every transaction is safe, giving both merchants and consumers confidence in their payment interactions. Worldline New Zealand (formerly known as Paymark) was established in 1984 to provide low-cost Eftpos transaction processing as a way of enabling banks and merchants to move from cash to electronic payments. We are New Zealand's leading payments innovator. We design, build and deliver payment solutions that help Kiwis succeed and we have a strong drive to see New Zealand at the forefront of global payments innovation once again. Worldline New Zealand has been a part of Worldline SA, our parent company (a French corporation), since 2020. We are a New Zealand registered business, employing circa 200 people in Auckland. We process Eftpos transactions and transactions that are routed out to the international card schemes, we provide payment gateway solutions to ecommerce platforms and directly to ecommerce merchants. We are trusted and reliable. We have an API-based payment platform, and the leading in-market open banking payment product called 'Online Eftpos'. We're also working on a modern replacement for traditional Eftpos and we're enabling digital identity services with payments. We have a proof-of-concept successfully running that enables government issued digital identity credentials to be used by an individual that provides an auditable record for the relying party, at the time of a payment. We are evolving to meet the changing needs of New Zealand and Kiwis, introducing new products and solutions that go beyond payments, delivering greater value to businesses and consumers alike.

We are more than happy to meet in person to discuss any aspects of our response and, of course, Worldline is fully prepared to help in bringing the New Zealand's payments system and market to the next level.

¹ NPP is Australia's real-time payment system

2 About Worldline

Worldline as reliable strategic partner

With more than 50 years of experience and 18,000 experts globally Worldline is a leading provider of payment solutions, serving banks of different sizes in Europe, from the smallest to the biggest.

Innovation is in our DNA

Worldline is a leader in the development of innovative payment solutions, consistently at the forefront of industry advancements. Our extensive portfolio includes a wide range of award-winning products that are recognised as benchmarks in the payment market. New Zealand stands to benefit significantly from our future-proof solutions, which are meticulously designed to not only meet stringent regulatory requirements but also to unlock substantial business potential for our clients throughout the entire payments value chain.

To facilitate this innovation process, we have established a dedicated Innovation and Experience Center at our headquarters in Paris. This centre serves as a vital resource for our clients, offering robust support in the implementation of disruptive payment solutions tailored to enhance the customer experience. By leveraging our expertise and cutting-edge resources, we aim to empower businesses in New Zealand to stay ahead in an ever-evolving payments landscape.

Our solutions and services

We have developed and operate leading platforms that cater to the dynamic payments landscape. Our solutions are modular and can be swiftly adapted to various business models, including full outsourcing, Software as a Service (SaaS), and licensing. This flexibility allows us to implement new requirements rapidly, ensuring minimal disruption and without significant modifications to existing systems.

In an increasingly competitive payments environment, we believe that this adaptability is crucial for optimising processes and enhancing customer satisfaction. Our services are designed to meet the highest performance standards, enabling the seamless and rapid processing of large transaction volumes. Additionally, we bring extensive experience in project implementation, including large-scale migrations that encompass both technical and business aspects. This expertise positions us to support our clients effectively as they navigate the evolving payments landscape.

Compliance with regulations

Payments New Zealand can fully rely on Worldline expertise to anticipate regulatory changes and benefit from transformative technologies and optimised processes. Worldline is certified according to the financial service industry's most stringent standards, such as: PCI DSS (issuing, acquiring and hosting services), ISO 27001 (Information Security Management) or ISO 22301 (Business Continuity Management). Besides that, Worldline will continuously liaise with Payments New Zealand regarding specific regulatory requirements.

Cost optimisation

Our unparalleled footprint on the market allows us to achieve economies of scale and benefit from synergies for the solutions that we built and run for our large customer base. New Zealand will also strongly benefit from the innovation roadmap on our strategic platforms to minimise costs for ongoing product innovation.

Quality & Transparency

As a provider for sensitive bank processes, Worldline is committed to ensure a high quality as well as a compliance with high security and business continuity standards.

Worldline follows the “Principles for Financial Markets Infrastructures” (PFMI) and is recognised by the Bank of International Settlement (BIS) in Basel. Based on our role as critical infrastructure, Worldline is supervised by national and international authorities.

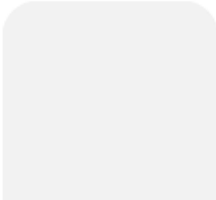
Corporate Social Responsibility (CSR)




Worldline pays strong attention to minimise our ecological footprint, therefore we are especially proud to be the only CO2 neutral payments solutions company in Europe.





We are excited to submit our offer to CBCG and are looking forward to interacting and explain our services, service delivery capability and commitment towards CBCG during the next phases of the selection process.


Strong partnership and references in creating a new payments landscape

Finally, Worldline is eager to establish a strong partnership with Payments New Zealand and support its NexGen program. Worldline has extensive experience in providing Clearing and Settlement activities both in European markets and beyond. In Europe, our operations in the Dutch and Austrian markets collaborate as a cohesive community, fostering best practices and efficiencies. Additionally, in the Caribbean, we maintain contracts for Clearing and Settlement services in Aruba, Curacao, and Sint Maarten. This accumulated knowledge and expertise can be effectively leveraged to enhance the payments ecosystem in New Zealand.



**ABN-AMRO****ING****Rabobank**

**PSA****CENTRALE BANK****de volksbank****TAKARÉK**



"We want to modernize our payments infrastructure in order to improve efficiency and be geared for the future developments in the payments industry.

Based on its excellent track record, experience and readiness for Instant Payments, the choice for Worldline Financial Services was evident."

Mrs. Jeanette R. Semeleer,
President of Central Bank of Aruba

3 Answers to the Market Consultation

[Worldline's answers to the questions posed have been redacted for confidentiality as they contain commercially sensitive information.]