RESERVE BANK OF NEW ZEALAND

OFFICIAL INFORMATION ACT REQUEST:

Payments Modernisation: Programme Scope, Instructions, Expenditure and Resourcing

J R BRUNING. SEPTEMBER 17, 2026.

I refer to RBNZ's email of 10 September 2026 concerning my earlier request OIA2627_029 ('Real-Time Payments Modernisation: International Evidence, Governance, Plurality and Infrastructure'). In that correspondence, RBNZ invited me to narrow my request and specifically suggested requesting:

- terms of reference and internal instructions or decision documents relating to the Modernising New Zealand's Retail Payment System Issues Paper and engagement;
- RBNZ expenditure on the Payments Modernisation programme for FY2023/24, FY2024/25 and FY2025/26; and
- the number of RBNZ FTE working in the Money & Cash Group for those financial years.

I was unable to respond within the short refinement period provided. I am therefore making the following new and deliberately confined request under the Official Information Act 1982, adopting the scope RBNZ itself proposed. For the purposes of this request, "Payments Modernisation programme" means RBNZ's work programme relating to the August 2026 Issues Paper Modernising New Zealand's Retail Payment System and its associated consultation.

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PREFACE TO ORIGINAL OIA REQUEST OIA2627_029

> *Digital public infrastructure is not a technical solution. It is a mechanism through which the state governs society, collecting data, mediating access, and configuring how it sees its citizens and how citizens interact with the state. When infrastructure operates at that level of social consequence, constitutional obligations are not optional extras. They are the price of legitimacy.*[1]

The Reserve Bank of New Zealand is presently consulting on the modernisation of New Zealand's retail payment system. The August 18 2026 Issues Paper Modernising New Zealand's Retail Payment System makes clear that this is not simply a proposal to introduce faster payments. The work programme encompasses the ownership and operation of future payment infrastructure, strategic leadership, regulatory powers, access, governance, interoperability and the degree of centralisation or decentralisation across the system.

The Issues Paper calls for a 'system-wide, future-focused view', but applies this principally to technological capability, interoperability, integration and adaptability. Yet a genuinely system-wide and long-term perspective must also consider the institutional architecture through which power over critical payment infrastructure will be exercised. Coherence and coordination do not require institutional concentration. International experience demonstrates that common infrastructure

[1] Pandey, V. (2026) Governing the Stack: Constitutional Limits on India's Digital Public (March 12, 2026). Available at SSRN: https://ssrn.com/abstract=6595278 Page 14

can coexist with dispersed ownership, independent governance, central-bank settlement, regulatory oversight and competition at other layers.

The relevant future-facing question is therefore not simply whether New Zealand's payment infrastructure can accommodate the next technology, but whether its governance arrangements will continue to protect resilience, contestability, national autonomy and democratic accountability as that infrastructure becomes increasingly indispensable. Parliament could, for example, establish a Digital Public Infrastructure Act defining the purposes, limits and constitutional safeguards for DPI, allocating statutory responsibilities and granting carefully bounded regulatory and rule-making powers.

The consultation does not clearly put these broader questions of institutional power before the public:

How much infrastructural, informational and institutional power should any single institution or common architecture be permitted to acquire? Which functions should remain institutionally separate as a constitutional or public-interest safeguard, even where integration might produce greater efficiency?

These are long-lived institutional choices. A central bank can provide final settlement without owning or operating the retail payment rail. Infrastructure can be operated by banks, mutually owned utilities, private entities, public-private bodies or central banks. Competition can exist between payment services while the infrastructure beneath them remains highly concentrated. Alternatively, separately governed infrastructures can be interoperable without being consolidated.

International experience illustrates this institutional diversity. Japan combines industry-owned infrastructure with central-bank settlement; Korea combines common industry infrastructure with central-bank participation and separate settlement; Switzerland concentrates one layer while dispersing ownership and governance; and Norway combines common bank infrastructure with central-bank settlement while maintaining alternative payment channels and contingency capacity.

Institutional differentiation can itself strengthen an integrated public-facing system, helping it navigate future challenges while supporting the public interest.

Yet the consultation identifies broad objectives such as efficiency, resilience, competition, innovation and interoperability without clearly placing before the public the materially different institutional arrangements through which those objectives might be achieved. Respondents are asked who should lead, govern and operate future infrastructure, but are given few concrete comparative models. The public is therefore largely left to invent alternatives rather than assess established institutional arrangements.

More fundamentally, the material disclosed to date does not demonstrate that RBNZ has undertaken a systematic review of the international legal, constitutional or public-law literature examining digital public infrastructure, interoperable payment systems, digital identity, informational concentration and institutional power. This is significant because the Issues Paper itself contemplates different degrees of centralisation and decentralisation and introduces the

World Bank's Digital Public Infrastructure framework, without directly testing the constitutional safeguards or limits that may need to accompany those choices.

Modern payment systems unquestionably require central-bank expertise. But technical expertise should not expand into authority to determine questions that are fundamentally political: who controls critical national infrastructure; how institutional power is distributed; how much informational integration citizens should accept; which independent alternatives should be preserved; and what dependencies New Zealand should accept. The central bank should inform these choices, not inherit them.

Nor should institutional resourcing be mistaken for institutional suitability. RBNZ has substantial operational resourcing autonomy, while expenditure specifically attributable to its payments-modernisation leadership role has not been separately identified in information disclosed to date. Other agencies, and Council of Financial Regulators (CoFR) as a coordinating body, do not appear to possess equivalent independent capacity to resource a substantial payments-modernisation programme.

The 2025 parliamentary banking inquiry identified governance problems concerning both RBNZ and the bank-owned Payments New Zealand, including accountability, infrastructure control and independent oversight. Yet its recommendation to progress real-time payments was not accompanied by substantive consideration of who should own, control or govern the resulting critical national infrastructure. Its criticism of Payments New Zealand should have prompted a deeper examination of long-term infrastructure stewardship, rather than an assumption that greater public-sector or central-bank direction necessarily resolves the governance problem.

Australia provides an example. Its New Payments Platform was developed as industry-owned common infrastructure while the Reserve Bank of Australia separately provided real-time final settlement. The Australian Productivity Commission subsequently identified the conflict that can arise where incumbent institutions participate in governing infrastructure to which prospective competitors require access. Australia therefore demonstrates both that central-bank settlement does not require central-bank ownership of the retail rail, and that locating infrastructure outside the central bank does not itself guarantee competition or plurality.

International evidence and the problem of institutional labels

The international analysis disclosed by RBNZ is strikingly limited. Its principal comparators are Australia, Singapore, Sweden, the United Kingdom and Canada, with Brazil and India included in its broader fast-payments comparison. RBNZ uses these jurisdictions to support the proposition that payment-system modernisation is generally led or strongly steered by governments or central banks.

An earlier September 2025 International Comparisons of Fast Payments Systems was similarly notably narrow, covering Australia, Brazil, India, the EU, UK and Singapore. Complex institutional arrangements are compressed into descriptions such as ‘industry-led’, ‘Central Bank of Brazil’, ‘NPCI under Reserve Bank of India oversight’ and ‘European Central Bank’. This comparison was subsequently used to support the proposition that ‘Central banks have generally driven similar

initiatives overseas'[2], contributing to RBNZ's conclusion that it was 'best positioned' to lead New Zealand's modernisation. [3]

Such classifications obscure the fact that central-bank settlement, oversight, strategic leadership, ownership and operation are distinct functions. Likewise, consumer-facing competition does not establish infrastructural plurality: hundreds of banks or payment applications may ultimately depend upon one common switch, addressing system or settlement infrastructure.

Competition at the Retail Layer, Separation at the Infrastructure Layer

The comparison should extend to ownership, operation, access, rule-setting, transaction visibility, technological dependency, contingency capability and the capacity of genuinely independent alternatives to survive. This requires examining a wider range of mature systems, including Japan, South Korea, Norway, Finland and Switzerland, alongside jurisdictions such as Thailand, Malaysia and the Philippines that provide useful evidence concerning bank-owned infrastructure, central-bank oversight, common utilities, consolidation, identity integration and competition.

The same distinction matters for resilience. Plurality at the retail-payment or communications layer is not the same thing as fragmentation of final settlement. International systems combine common settlement, plural payment channels, interoperable rails, differentiated infrastructures and internal redundancy in different ways. The policy question is therefore not whether centralisation is inherently good or bad, but which functions genuinely require centralisation and which should remain institutionally separable or contestable.

Payments within the Wider Digital Architecture: The Question of Future Interoperability

Payments modernisation does not currently and will not exist in isolation in the future. The Issues Paper expressly introduces the World Bank concept of Digital Public Infrastructure, describing payments, data sharing, identity and e-signature as 'separable but interconnected' building blocks whose combination can produce 'multiplier effects'. It maps New Zealand's Consumer Data Right, open banking and digital-identity framework onto this broader architecture.

But payment interoperability, identity interoperability and government-data interoperability are different policy decisions. A real-time payment system does not require a universal government identifier, biometric identity architecture or persistent linkage across banking and administrative databases. As these infrastructures become increasingly interoperable, however, the informational capabilities of public and private institutions can expand substantially.

The Issues Paper discusses the efficiencies and benefits of interconnected DPI without an equivalent examination of persistent identifiers, biometric authentication, cross-domain

[2] OIA request response 2526_140. https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/oias/2026/mar-2026/oia2526_140--central-bank-digital-currency-and-digital-payments.pdf

[3] RBNZ (Sept 9 2025) In Confidence Paper. The Reserve Bank's role in Payments Modernisation. https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/information-releases/2025/briefing-to-minister-payments-modernisation.pdf

linkability, informational concentration, purpose creep, citizen visibility or the accumulation of institutional power.

This is why the governance question cannot be reduced to finding an institution capable of delivering modernisation. The question is how the powers created by modernisation itself should be distributed, bounded and independently overseen.

CoFR, Institutional Separation and the Asserted Strategic Leadership Gap

The Issues Paper identifies a 'strategic leadership gap' as a central weakness in New Zealand's retail payment system. Yet the Council of Financial Regulators (CoFR) already provides a mechanism through which agencies with different statutory responsibilities can coordinate while retaining their respective mandates. A failure of coordination does not necessarily establish a failure of institutional separation, or the need for stronger leadership by a single regulator.

CoFR articulated a Payments Vision in 2023, but subsequent work, according to the Issues Paper, 'largely focused on other priorities within individual agencies rather than a coordinated long-term strategy'. The Paper also acknowledges that CoFR's new operating model, including targeted taskforces, could provide a vehicle for the cross-agency governance required for payments modernisation.

It is therefore unclear whether limited progress reflected an inherent deficiency in the CoFR model, or more practical constraints such as funding, staffing, ministerial direction or agency priorities. Nor is it clear whether strengthening or specifically resourcing CoFR, including through a dedicated payments taskforce, was considered as an alternative to stronger RBNZ leadership.

As the RBNZ must appreciate, institutional separation can itself serve a public purpose. Prudential and settlement responsibilities, competition regulation, market conduct and wider government policy involve different statutory objectives and expertise. The Issues Paper recognises this principle in New Zealand's separation of conduct and prudential regulation, but does not appear to examine whether stronger coordination between institutionally separate regulators could address the payments problem without concentrating strategic direction within the institution responsible for central-bank settlement and financial stability.

Three Ways Power Can Become Concentrated

The policy questions raised by real-time payments extend beyond speed or interoperability. They concern three distinct forms of infrastructural concentration.

1. Institutional concentration: who owns and operates essential infrastructure; who sets rules and access; where settlement and strategic leadership reside; and whether genuinely independent alternatives remain.

2. Informational concentration: what information becomes visible; whether persistent identifiers enable previously separate records to be connected; and whether payment, identity and government data can be linked, creating new institutional capabilities.

3. Biometric and identity concentration: whether authentication remains local to a device or financial institution, or becomes part of reusable national identity infrastructure spanning

payments and government services. A device fingerprint is fundamentally different from a national biometric identity capable of authenticating the same person across banking, taxation, health or welfare. Between these lie bank biometrics, national identity systems, payment-linked national identifiers and cross-domain authentication infrastructure.

These dimensions can move independently. Institutional decentralisation does not guarantee informational decentralisation. A privately or mutually owned payment rail may rely on highly centralised identity infrastructure; conversely, final settlement may be concentrated at a central bank while retail infrastructure, identity and service provision remain institutionally separate.

International comparison should therefore go beyond labels such as 'central-bank-led', 'government-led' or 'industry-led'. It should identify where concentration actually occurs, and what legal, technical and governance boundaries prevent concentration in one layer from becoming power across others.

Consent, third party agreements and interoperability

Individual consent can meaningfully authorise a defined transaction where there is genuine choice and adequate information. It is much less capable of governing the infrastructure surrounding that transaction. Modern payments can involve banks, payment providers, infrastructure operators, digital wallets, identity and authentication services, fraud systems, cloud providers and other third parties. An individual may agree to the service they can see while having little ability to understand or control the wider network through which their information flows.

This weakens both genuine choice, where access to an important payment system leaves little realistic opportunity to refuse its terms, and meaningful understanding, where individuals cannot reasonably know the downstream transfers, linkages, inferences and reuses that an interoperable system makes possible. The boundary between personal and supposedly non-personal data can also become unclear as information is aggregated, transformed, inferred or potentially re-linked to individuals. Clicking 'agree' may therefore authorise a payment without constituting meaningful agreement to the wider informational capabilities of the infrastructure.

Interoperability magnifies the problem as consent to a payment should not imply consent to persistent participation in a wider interoperable architecture, linkage with identity or government data, or uses that were not reasonably foreseeable when the transaction occurred. As payments, identity and data-sharing systems become more interconnected, consent risks being asked to carry a governance burden it cannot carry.

This is particularly important where identity or biometric systems are involved. Using a fingerprint stored locally on a device to authorise a payment is materially different from participating in a national identity architecture capable of associating payment activity with a persistent identifier.

The policy objective should therefore be meaningful accountability as well as meaningful consent. Architecture should minimise unnecessary data flows and persistent identifiers, preserve purpose limitation, constrain downstream use and make third-party relationships visible. Protection should, where practicable, be built into the architecture rather than depend upon contractual consent. Payment interoperability need not entail universal informational interoperability.

Circularity in International Evidence

If international institutions define what constitutes a 'modern' payment system, jurisdictions implementing those frameworks are then selected as comparators, and those comparators are subsequently cited as evidence of international best practice, alternative institutional arrangements can disappear from consideration without ever being expressly rejected.

The present request therefore seeks the evidence underlying RBNZ's policy framing, comparator selection and emerging governance options. It asks how ownership, institutional separation, infrastructural plurality, resilience, digital identity, data linkage and democratic accountability have been assessed before the range of options presented to Ministers and the public is narrowed.

This matters because digital public infrastructure is not merely technical infrastructure. Its design allocates institutional power: who may participate, who establishes identity, who can observe transactions, how information can be connected across systems, and who controls essential channels of economic participation. These are questions of constitutional as well as technical design.

Institutional separation should not automatically be treated as inefficiency or fragmentation. In critical national infrastructure, separation can itself serve a public purpose by limiting concentrations of power, preserving independent alternatives, reducing common-mode failure, constraining informational aggregation and retaining future democratic choices.

India is not merely a comparator: UPI is a plausible pathway for New Zealand

India warrants particular scrutiny because UPI is not merely one of several international examples cited by RBNZ. Reserve Bank documents show that it has been actively investigated as a possible pathway for New Zealand payments modernisation, while the developing bilateral relationship with India provides a separate route towards interoperability between the countries' payment infrastructures.

On 21 March 2025, RBNZ Board Chair Neil Quigley and Bank staff met the National Payments Corporation of India (NPCI) in Mumbai during the Prime Minister's trade delegation. The meeting was initiated by RBNZ following earlier NPCI outreach to Payments NZ through Ministry of Foreign Affairs and Trade (MFAT). The briefing states that during discussions between MFAT and India, NPCI's UPI was identified as 'an area of mutual benefit in the strengthening bilateral trade relationship between New Zealand and India'. It then describes UPI as 'widely regarded as the world's leading modern payments system' and presents it as an affordable alternative to Visa and Mastercard capable of supporting real-time domestic and cross-border payments. [4]

By September 2025, RBNZ had undertaken research into potential uses for 'a Fast Payment System like India's Universal Payments Infrastructure (UPI)', to inform its strategic proposal and

[4] RBNZ (April 17, 2025) Aide Memoire #6279. To Hon Nicola Willis, from Karen Silk. https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/information-releases/2026/payments-infrastructure-and-digital-cash-6279.pdf. Released 2026

assessment of options. India and UPI remain within the August 2026 Issues Paper's comparative evidence, while disclosed material indicates further engagement with India. [5] [6]

That pathway became more significant when New Zealand and India signed their Free Trade Agreement on 27 April 2026. The Agreement provides for promoting 'interoperability and interlinkages of electronic payment infrastructures' and, more specifically, collaboration towards real-time payment infrastructure supporting domestic interoperability, cross-border remittances and merchant payments, and integration of the countries' Fast Payment Systems.

These developments make India materially different from an ordinary international comparator. There is no disclosed decision that New Zealand will adopt UPI, and the Issues Paper states that future platform and governance choices remain open. However, the documentary record establishes a credible policy pathway: RBNZ initiated direct engagement with NPCI; UPI was identified in bilateral discussions as an area of mutual benefit; RBNZ subsequently incorporated research on a UPI-like fast-payment system into its strategic work; India remains part of RBNZ's international evidence base; and the signed NZ–India FTA now expressly provides for collaboration on real-time payment infrastructure and integration of the countries' fast-payment systems.

The Power of the Stack

UPI has delivered extraordinary benefits in speed, cost and scale, while operating through a common national payment rail run by the National Payments Corporation of India (NPCI), with competition among banks and payment applications above it. Yet UPI does not stand alone. It forms part of a much wider digital architecture commonly described as the India Stack, encompassing interoperable capabilities for payments, digital identity, authentication and data exchange.

The significance of the stack lies not simply in its individual components, but in the cumulative capability created when those components can work together. UPI itself does not require Aadhaar for every payment, and the different components should not be collapsed into a single system.

Interoperability can concentrate capability without concentrating formal ownership. Hundreds of banks, applications and service providers may compete at the visible edge, while relying upon common infrastructure beneath it. Similarly, payment, identity and data systems may remain separately administered while common identifiers, authentication and exchange mechanisms increase the capacity to connect information and activity across domains. Power can therefore accumulate through the architecture as a whole without any single institution owning every component.

This is why India should be examined as an institutional and constitutional case, not simply as evidence that real-time payments are technologically feasible. Indian scholarship has raised questions concerning purpose limitation, mandatory linkage, data-sharing safeguards, cross-

[5] RBNZ (Sept 9 2025) In Confidence Paper. The Reserve Bank's role in Payments Modernisation. Ref # 6304 https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/information-releases/2025/briefing-to-minister-payments-modernisation.pdf

[6] OIA request response 2526_140. https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/oias/2026/mar-2026/oia2526_140--central-bank-digital-currency-and-digital-payments.pdf

stack accountability and oversight of the architecture as a whole. The relevant question for New Zealand is not whether UPI is successful. By conventional payment metrics, it plainly is. It is which elements of the wider architecture New Zealand is contemplating adopting, connecting to or reproducing, and what cumulative capabilities those choices create.

That question is particularly important because RBNZ's Issues Paper introduces the World Bank's Digital Public Infrastructure model, describing payments, data sharing and identity/e-signature as 'separable but interconnected' building blocks capable of producing 'multiplier effects'. Yet the consultation does not squarely ask whether some of these infrastructures should remain institutionally or informationally separated, what limits should govern cross-domain identifiers and linkage, or whether some forms of interoperability should deliberately be constrained.

The question is therefore not simply whether UPI provides fast, cheap payments. It is what power the wider stack creates when payments, identity and data infrastructure become interoperable, where that power resides, and what prevents capability in one domain from becoming power across the others.

OFFICIAL INFORMATION ACT 1982 REQUEST

1. Programme scope and instructions

Please provide any terms of reference, internal instructions and decision documents relating to the development of the Modernising New Zealand's Retail Payment System Issues Paper and engagement including any document establishing or approving the purpose, scope, workstreams, governance arrangements or institutional responsibilities for preparing or conducting them.

I do not seek routine administrative correspondence, diary arrangements, duplicates, or emails merely transmitting documents.

2. Payments Modernisation expenditure

Please provide RBNZ's actual expenditure on the Payments Modernisation programme for:

FY2023/24; FY2024/25; and FY2025/26.

Where held within existing financial records, please provide the expenditure broken down by major category or workstream, including staff/personnel, consultants or contractors, legal or external advice, research, engagement/consultation and technology/platform work.

If expenditure is not recorded under these categories, please provide the existing breakdown used by RBNZ rather than creating a new analysis.

3. Resourcing

Please provide the number of full-time equivalent (FTE) staff working in the Money & Cash Group for FY2023/24, FY2024/25 and FY2025/26, as suggested in RBNZ's 10 September correspondence.

Please also provide, if already recorded, the number of FTE allocated specifically to the Payments Modernisation programme in each of those years.

For avoidance of doubt, I do not ask RBNZ to calculate or reconstruct an FTE allocation if this information is not already held in that form. If it is not held, please simply confirm that.

4. Current programme structure

Please provide the most recent document held as at the date of this request that identifies the current Payments Modernisation programme structure or workstreams, including the responsible RBNZ group or unit and senior responsible official for each workstream.

Where a programme plan, organisational chart, governance diagram or equivalent document contains this information, provision of that document will satisfy this item.

Administrative note

This request has deliberately been confined following RBNZ's advice of 10 September 2026. Items 1–3 substantially adopt the categories of information RBNZ itself proposed as a manageable refinement of OIA2627_029.

I do not consider it should engage section 18(f) of the Act, given RBNZ's own role in proposing this scope; if RBNZ nonetheless considers any element presents a substantial collation issue, I would appreciate being contacted before a decision is made so that element can be further refined without affecting the remainder of the request.

Where information is contained in a document supplied in response to another item, I do not seek duplicate copies.

I would be grateful for a decision within the 20 working days provided for under section 15 of the Act, and would appreciate receiving the information in electronic format where reasonably practicable. If any part of this request is to be refused or subject to a charge, please provide reasons as required under section 19, so that I may consider my options, including seeking a review by the Ombudsman.