# The Future Bank starts here...

From trust to tools: What young and emerging adults want and need to thrive financially in a digital world


**By: Lance Webb** | August 2025

SHAPE

# Table of Contents

# Acknowledgements

This project has been a deeply rewarding journey, made possible by the generous support, guidance, and insights of many individuals and organisations. I would like to extend my heartfelt thanks to everyone who contributed to shaping this work.

## Academic and professional support

To the team at **AcademyEX**, thank you for fostering an environment that encourages curiosity and critical thinking. A special and sincere acknowledgement to **Kriv Naicker**, my advisor and mentor, whose encouragement, challenge, and strategic insight pushed this project to be sharper and more impactful. Your belief in the potential of this research has meant a great deal.

## Organisational support

To **Ipsos**, thank you for the support that enabled me to undertake this Master's project alongside my professional responsibilities. Your openness in allowing the use of the Forces of CX helped ground this research in applied customer experience thinking and added enormous value.

## Participants and stakeholders

A huge thank you to the **young and emerging adults** who generously shared their experiences, participated in interviews and surveys, and helped co-design the future of banking. Your voices were the heart of this research.

To the many **subject matter experts** who generously offered their time and wisdom, your contributions elevated this work from theory to action. Thank you to the following organisations: **MinterEllisonRuddWatts, Emerge, SquareOne, Revolut, Dosh, Debut, EasyCrypto, Volley, Point16, NZ FinTech Fund, Blockchain NZ, BNZ, Dozens, FintechNZ, and Māngere Budgeting Services Trust**.

Your insights confirmed a collective desire for real change in how New Zealand banks serve young people.

## Personal support

To my wife, **Caroline,** thank you for your endless encouragement, patience, and perspective. Balancing this project with work, family, and life was a juggle, but you've been my greatest supporter throughout. I couldn't have done this without you.

# Abstract

This research examines how New Zealand's Young & Emerging Adults (aged 18–32) engage with, perceive, and expect financial services in a rapidly evolving digital economy. Combining extensive primary research, including interviews, validation sessions, and co-creation workshops, with secondary research on global banking innovations, technology adoption, and regulatory frameworks.

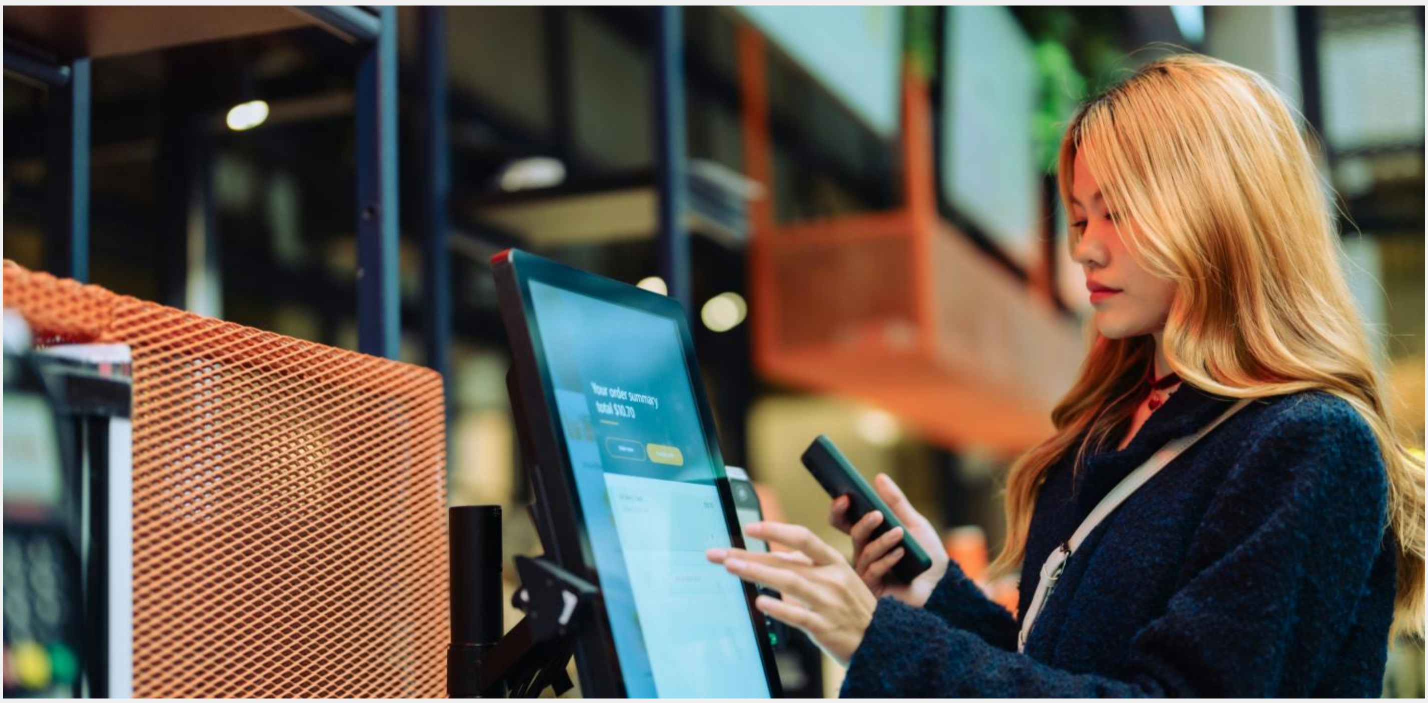
The study addresses six key thematic areas: values and relationships with money and banks; technology engagement; best practices and communication; ideal banking experiences; financial literacy; and the enabling role of political, economic, and regulatory policy.

Findings reveal that while functional satisfaction with existing banking services is relatively high, deeper emotional drivers — **Control, Certainty, Fairness, Enjoyment, Connection, and Recognition** are critical to building long-term trust and engagement. Life stage context strongly influences financial needs and expectations, with technology such as artificial intelligence, open banking, payment innovations, digital wallets, and digital identity forming baseline service expectations.

Cultural considerations, particularly for Māori and Pasifika communities, emphasise the importance of inclusive, relational, and community-centred approaches.

Synthesising these insights, the study presents the **Young & Emerging Adult Trust Framework**: a practical model aligning life stage needs, emotional drivers, and technology enablers to design connected trust experiences. The framework is supported by co-created product and service value propositions; each tailored to specific life stages and tested for relevance and appeal.

The research concludes that New Zealand's banking sector has a significant opportunity to combine transparency, personalised digital experiences, and culturally informed engagement to meet the evolving needs of young adults. By operationalising the Trust Framework, banks, fintechs, and policymakers can foster financial inclusion, deepen customer loyalty, and position themselves competitively in a future defined by trust, agility, and innovation.



# Project context & background

**Delivering a new generation of digital banking for young and emerging adults: New Zealand's future should start with them in mind.**

The project idea is the creation of a neo-bank in New Zealand, meticulously tailored to meet the unique demands and preferences of young and emerging adults (18-32 years), a generation that is not only underserved but also reshaping the expectations of digital banking.

**The specific problem**

New Zealand's banking landscape presents a paradox of potential amidst innovation stagnation. The sector is heavily monopolised by five major institutions - ANZ, ASB, BNZ, Kiwibank, and Westpac, who collectively govern nearly 85% of the market [1]. This oligopolistic stronghold stifles competition and innovation, neglecting the banking experiences of young and emerging adults, as well as Gen Alpha, generations that are inherently digital natives. With their archaic systems, traditional banking services fail to provide the seamless, personalised, and technologically sophisticated solutions that resonate with these younger consumers.

Yet, within this problem lies a monumental opportunity: the rise of disruptive technologies, including digital currencies, blockchain, payment technology, artificial intelligence, and open banking. These innovations pave the way for a digital bank that could serve the underserved, align with young and emerging adults' values, and revolutionise the banking experience.

**The opportunity and benefits of completing this work**

The benefits of this work go far beyond creating a new digital bank. It represents a transformative shift for New Zealand's financial ecosystem, enabling new players, innovative fintechs, and even existing banks to digitise more deeply and deliver better experiences.

By fostering digital-first models, this work challenges the status quo of an entrenched banking sector and opens the door to greater competition, fresh thinking, and more inclusive services. It's not about adding another bank to the mix, it's about shaking up market dynamics, driving competition through innovation, and improving accessibility for all New Zealanders.

Crucially, this project focuses on understanding Young & Emerging Adults, their needs, preferences, and the enablers that build trust early. Loyalty is not earned at the moment of a big life milestone like a home loan, it starts long before, through seamless, meaningful, and value-adding everyday interactions. Engaging this generation proactively creates long-term relationships based on trust, transparency, and shared values.

For Y&E Adults, the benefits are clear: banking services designed for their digital-first lifestyle, fast, seamless, and personalised. For underserved communities, it means accessible, inclusive solutions that bridge gaps left by traditional branch networks.

This is also a chance to socially engage a generation often overlooked by mainstream financial services, building confidence and inclusion while setting a new benchmark for youth-led financial innovation. The ripple effects are wide-reaching, encompassing greater competition, improved products, new job opportunities, and economic growth, while strengthening New Zealand's global competitiveness in digital banking.

Ultimately, this work is about reimagining banking in Aotearoa, creating an open, competitive, and inclusive financial system that works better for everyone.

**This is not just a project. We aim for it to be a catalyst for systemic change, building trust with a new generation and laying the groundwork for lasting loyalty, innovation, and competitiveness.**

> **Ongoing disruption needs to be baked in to address the lack of obvious and aggressive competition for the major banks, which means Kiwi consumers are missing out.**
>
> - Dr John Small, Commerce Commission Chair

## Lack of competition and innovation

The Commerce Commission's recent market study highlights the entrenched nature of this oligopoly, describing it as a "stable two-tier oligopoly" where the top-tier banks maintain high profitability with minimal competition[2]. The study found that these banks have focused on maintaining profit margins rather than investing in core technology platforms, resulting in low levels of innovation and stable market shares[2]. This lack of competition is evident in the banks' price-matching strategies rather than price-beating behaviours, which stifle innovation and consumer choice[2].

## Impact on younger generations

According to Statistics New Zealand, Generation Z comprises about 19% of the New Zealand population, or circa 997,000 people[1], and faces significant challenges in accessing user-friendly and technologically advanced banking services. These digital natives expect seamless digital experiences, a need that is not adequately met by the current major banks.

The Commerce Commission's findings suggest that some demographics, including younger consumers, are disproportionately affected by the lack of competition, struggling to access basic banking services and understand complex terms and conditions[1].

## Uncovering the untold story of Young & Emerging Adults in banking

In New Zealand, the behaviours, needs, and preferences of young and emerging adults within banking remain largely undocumented, including their satisfaction rates with current banking experiences. While there are assumptions about how this generation engages with money, there is little structured evidence to validate or challenge those views.

This work serves a dual purpose, confirming what the industry may already suspect while revealing new behaviours, expectations, satisfaction levels, and preferences that have not been formally captured. By shining a light on this overlooked segment, we can move beyond guesswork and build banking experiences that truly resonate with the next generation.

## Recommendations for enhancing competition

The Commerce Commission has proposed several recommendations to foster competition and innovation in the banking sector. These include improving the capital position of smaller providers and Kiwibank, accelerating the progress of open banking, and supporting competition through regulatory adjustments[2]. Additionally, empowering consumers to make informed decisions and facilitating easier switching between banks are crucial steps to enhance market dynamics[2].

## Local and international context

Globally, similar issues of banking oligopolies and the need for disruptive technologies are observed. For example, the introduction of open banking in the UK has significantly increased competition and innovation in the financial sector. Digital-only banks, such as Monzo and Revolut, have gained a substantial market share by offering user-friendly, technologically advanced services tailored to the needs of digital natives. Up Bank in Australia is another example of a neo-bank with value propositions tailored to Young and emerging adults. It was founded in 2018 and now has almost 1 million customers, mostly Young and emerging adults.

These international examples show the potential benefits of adopting similar disruptive technologies in New Zealand.

## Make the digital part exceptional

Virtually all financial institutions now offer their services online, but mere competence won't cut it for Young and emerging adults, who have grown up with smartphones in their hands. An overwhelming 73% say customer experience plays a critical role in determining their favourite brand,[3] according to the Oliver Wyman Forum survey. They want tools that help them manage their money, learn from peers and provide a sense of community and fun.

According to the GCS survey, Young and emerging adults embrace digital innovators [4], with 72% saying they use a neo-bank (a direct, online-only bank) app as their primary budgeting tool. The best of these digital-first firms provide a seamless user experience with engaging graphics and information about making transactions or choosing where to invest. Gamified features such as leaderboards of the most popular stocks have a particular appeal to a generation weaned on so-called play-to-earn videogames and the meme stock phenomenon.

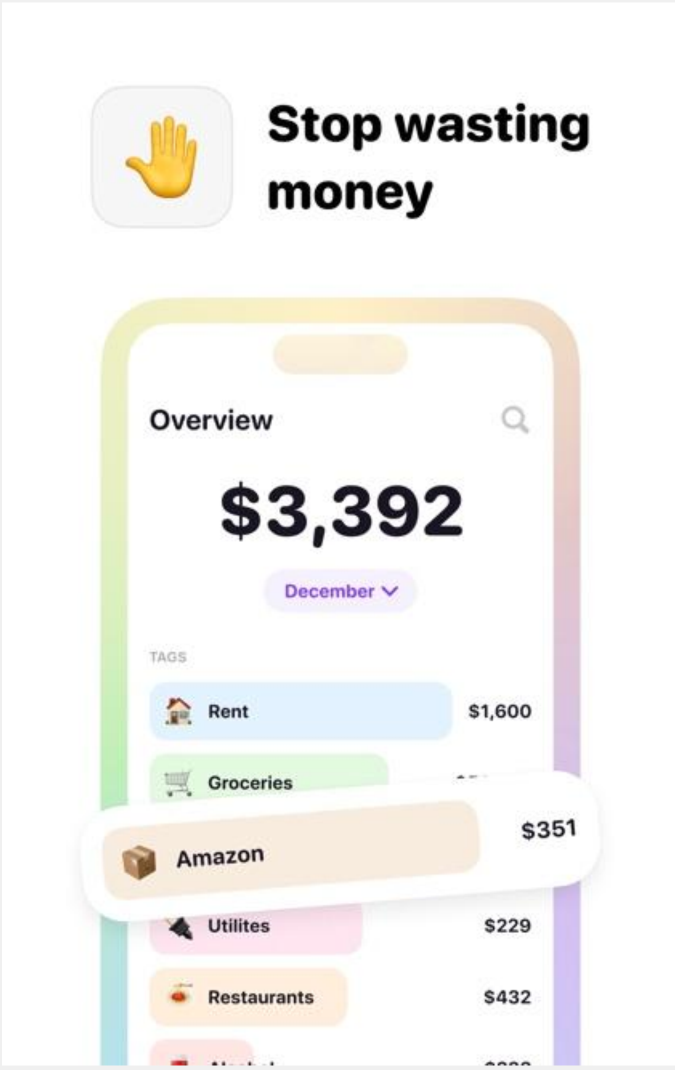



Image credit: Oops by Oops Finance, Inc.

### Customer Experience: Where expectations are liquid and ever-rising

Over the last decade, disruptive technology and data-driven innovation have raised the bar for customer expectations. Today, people no longer compare experiences within a single brand or industry; they benchmark them against the best experiences available anywhere. This concept, known as liquid expectations, means a banking app is judged against the simplicity of Netflix, the personalisation of Spotify, and the intuitive service of a favourite local café.

For young and emerging adults, expectations are on a constant upward trajectory. They want seamless, personalised interactions across all channels, digital and human and expect brands to understand their needs before they even articulate them. Meeting these demands is further complicated by the rapid rise of AI, blockchain, digital currencies, wallets, quantum computing, and even the metaverse, while customers also expect organisations to act responsibly and sustainably.

Gone are the days when a purely functional experience was enough. Customers now seek emotional connection and trust, making it critical for businesses to design experiences that are not just efficient but deeply human, memorable, and meaningful.

For banking, this means serving Young & Emerging Adults with the same speed, simplicity, and personalisation they experience in the best digital services, building trust and loyalty long before major life milestones like a first home loan.

A recent study completed by CSBA said that large banks have a complete CX disconnect [5].

Paul van Veenendaal, Managing Director, CSBA, says,

**You have to look at Disney overseas and how much effort they put in to focus on the experience at every touch-point and the clarity that has. That is that is what we see as paramount.**

**A connected customer experience across the entire customer journey will be important, and with all this investment in the technology, it is paramount that you involve the frontline in the deployment. They talk to the customers every day. They are the canary in the coal mine.**

### Why traditional banks underserve: The social production of financial inclusion of Generation Z in digital banking

The publication titled 'The Social Production of Financial Inclusion of Generation Z in Digital Banking Ecosystems'[6] highlights several ways traditional banks currently underserve Generation Z and is summarised below:

**Exclusivity:** Generation Z perceives traditional banking systems as exclusive, mainly due to stringent employment status requirements. Many in this demographic are unemployed or underemployed, rendering them ineligible for numerous traditional financial products and services. Strict regulatory frameworks and eligibility criteria amplify this exclusivity.

**Lack of relevance:** Generation Z's financial needs and circumstances differ significantly from those of previous generations. Traditional banks have not adapted their business models or product offerings to meet these unique needs, leading to a perception of being outdated and misaligned with the digital native lifestyle.

**Limited digital integration:** Despite the growth of digital financial services, traditional banks have not fully capitalised on digital integration. Their platforms and services need more user-friendliness and seamless integration provided by FinTech companies, leaving a gap that more agile competitors are filling.

**Lack of participatory accountability:** Traditional banks often fail to engage with Generation Z to understand their needs and preferences for financial inclusion. This lack of participatory accountability fosters a sense of exclusion and hinders the development of more relevant products and services.

Findings in this document indicate that traditional banking systems need to fully accommodate Generation Z's digital-first preferences and socio-economic realities.

**Generation Z has a high propensity and competence to use digital devices, social media, and financial technologies. However, they perceive conventional banking and finance as highly exclusive[6].**

**An artificial neural network model used in the study accurately predicted that 97.9% of respondents perceived traditional banking as exclusive. This perception is closely tied to socio-demographic factors, with employment status being a particularly significant variable[6].**

# Introducing the research questions

This research answers a critical question for the future of banking in New Zealand:

## How can digital banks and fintechs use emerging technologies and social engagement strategies to fulfil Young & Emerging Adults' unique financial needs and preferences?

Young & Emerging Adults are the future customers of financial services, yet their behaviours, expectations, and trust drivers remain largely undocumented in New Zealand. Through secondary research, expert insights, and direct engagement with this generation, this work explores how technology, regulation, and social design can create banking experiences that build trust early, foster loyalty, and improve financial inclusion.

To answer the main question, this research is guided by six key sub-questions:

### Overall relationship values with money and banks

How might we understand and address young & emerging adults' current values and perceptions about their relationship with money and banks?

### Technology

How might we explore how young and emerging adults engage with and utilise technology in their financial activities?

### Best practices and enhancing communication

How might we learn from and emulate the organisations that young & emerging Adults admire for delivering effective financial solutions while simultaneously identifying and catering to young & emerging adults' communication and engagement preferences with financial institutions?

### Ideal banking experience

How might we identify and understand the different life stages and  the emotional drivers of trust of young & emerging adults in the context of banking to design products and service value propositions, and what might these value propositions look like?

### Financial literacy

How might we identify and address the financial literacy needs of young and emerging adults to empower them to make informed financial decisions?

### Political, economic, regulation and policy

How can New Zealand's regulatory and macroeconomic policies be adapted to support a digital bank using emerging technologies and innovative strategies, ensuring financial inclusion and growth?

## Why these sub-questions were developed

In the early stages of this project, I conducted desk research to explore what was already known about young and emerging adults' relationship with money, banking, and technology. **What quickly became apparent was a significant lack of publicly available, documented insights specific to this cohort, particularly in a New Zealand context**. This absence suggested that either the research had never been done before, or that existing insights were proprietary and commissioned by individual organisations, and therefore not publicly accessible. This gap confirmed the importance of creating a robust and open research base.

**Each sub-question was developed to explore a key dimension that appeared under-researched, undocumented, or driven primarily by professional observation rather than youth-centred data**. For example, understanding overall values and perceptions of money and banks was essential for grounding the project, while exploring ideal banking experiences required unpacking the life stages and emotional drivers that matter most. Similarly, technology emerged as a critical enabler of the kind of transformation this generation expects, but again, little was documented about how they actually use or want tech in their financial lives.

From communication preferences and financial literacy to the broader regulatory and policy environment, each sub-question was crafted to address a unique yet connected aspect of the challenge. Together, they create a multi-dimensional picture of what it takes to design, deliver, and govern trusted financial experiences for the next generation. This structure also ensured the research could lead to actionable, future-ready recommendations that are both human-centred and contextually grounded in Aotearoa New Zealand.

**Definition of Young & Emerging Adults:**

For the purposes of this report, Young & Emerging Adults are defined as individuals aged 18 to 32 years currently living in New Zealand. This age group represents a transitional life stage, encompassing those who are navigating early adulthood, building financial independence, and establishing long-term relationships with financial services.

# Project methodology

This project adopted a mixed-methodology approach, combining framework-driven design thinking, primary research, and secondary research to ensure the findings are robust, validated, and co-designed with those who have the greatest stake in shaping better banking experiences for young & emerging adults.

## Frameworks guiding the approach

Two complementary frameworks shaped the foundation of this project: Te Korekoreka and Human-Centred Design (Double Diamond).

- The Double Diamond framework[7] was selected for its customer-centric design process, which ensures that the voice and lived experiences of Y&E adults remain at the heart of the research. Its iterative approach of Discover, Define, Develop, and Deliver, aligns seamlessly with the project objective.
- Te Korekoreka[8], grounded in Te Ao Māori (the Māori worldview), provides a holistic, cultural, and future-focused lens to explore complex challenges. By weaving in this framework, the project not only honours the past but also seeks to create a better future for all New Zealanders. The four realms of Te Korekoreka help guide reflection, understanding, creativity, and ultimately action, ensuring the outcomes respect cultural knowledge and promote inclusion.

Together, these frameworks strike a balance between cultural depth and customer-driven innovation, ensuring the project not only designs for Y&E Adults but also designs with them.

## Mixed-Method research design

The research employed a mixed-methods approach to capture both breadth and depth of insights:

- Quantitative online survey with Y&E Adults to understand their financial behaviours, values, and levels of satisfaction with current banking experiences.
- Qualitative in-depth interviews and focus groups with Y&E Adults to uncover the emotional drivers of trust, key pain points, and emerging preferences that numbers alone cannot explain.
- Stakeholder and subject matter expert interviews with fintech founders, legal experts, and industry leaders to provide an upstream perspective on the regulatory, technological, and competitive landscape.

## Fieldwork

The fieldwork conducted was extensive and robust.

**1 x Focus Group** with Māori and Pasifika Y&E adults

**17 x Discovery Interviews** with Young & Emerging Adults

**15 x Discovery Interviews** with subject matter experts

**6 x Co-Design & Validation discussions** with Young & Emerging Adults

**6 x Validation discussions** with subject matter experts

**1 x Online Survey** with Young & Emerging Adults with 100 completing it

**47 hours** of insights generated

***Please see Appendix 1: Stakeholder List, p.104 for the full stakeholder interview list- click HERE***

- Secondary research to analyse global best practices, case studies, and emerging technology trends to contextualise New Zealand's position and opportunities.
- Co-design and validation sessions with Y&E Adults and key stakeholders to refine and validate outputs, ensuring the final recommendations are practical, relevant, and trusted by those they are designed for.

This layered approach allowed the research to validate what was already assumed about this generation while also uncovering new behaviours, values, and expectations that are undocumented in the New Zealand context.

## A two-sided business model lens

The methodology was deliberately designed to address both upstream (B2B) and downstream (B2C) needs within a two-sided business model:

- Upstream (B2B) – Engaging with industry stakeholders and experts ensures the outputs address the needs of banks, fintech's, and policy-makers who will act as enablers of change.
- Downstream (B2C) – Direct engagement with Y&E Adults ensures that their needs, trust drivers, and preferences are deeply understood, shaping solutions that resonate at a personal level.

The Trust Framework developed through this research serves as a bridge between B2B and B2C, illustrating how upstream decisions by banks and policymakers translate into downstream value for customers.

## Grounding the insights in the voices of a generation

Every step of the methodology was grounded in the understanding that loyalty is not earned at the point of a major milestone, like a home loan; it begins much earlier. By involving Y&E Adults throughout the process, the research captures how trust is built (or eroded) in everyday interactions, how technology can be leveraged meaningfully, and how communication and engagement strategies must evolve to connect with this generation.

This rigorous, inclusive, and validated methodology ensures that the project's outputs not only meet the immediate needs of Y&E Adults but also create long-term opportunities to challenge the status quo, enable new entrants, support fintech growth, and help existing banks digitise more deeply.

# Project plan

| High-level task | Discover<br>TE AO TŪROA | Define<br>TE KORE | Develop<br>TE PŌ | Deliver<br>TE AO MĀRAMA |
|---|---|---|---|---|
| **1.** Secondary research – To inform primary research | | | | |
| **2.** Primary research: recruitment for 60–90-minute interviews + Focus Group. Five-minute online survey. | | | | |
| **3.** Analysis of primary research findings | | | | |
| **4.** Develop draft Y&E adult Trust Framework and personas | | | | |
| **5.** Solution design: Co-creation and validation discussions with Y&E adults: Trust Framework, product & service value propositions, life stage findings and personas | | | | |
| **6.** Solution design: Validation discussions and refinement: Subject matter experts (Fintech Founders and leaders) | | | | |
| **7.** Analysis of co-design and validation discussions | | | | |
| **8.** Secondary research: Emerging & Disruptive Technology deep dive and case study analysis | | | | |
| **9.** Secondary research: Regulatory and macroeconomic policies | | | | |
| **10.** Solution design: Finalise Y&E adult Trust framework, personas and product and service value propositions | | | | |
| **11.** Develop and deliver the final report | | | | |

Project plan using the British Design Council Double Diamond and the four realms of Te Korekoreka

Part 1:

# Primary research findings:

Understanding the lives of Young & Emerging adults and the experts supporting them, from Fintech founders to legal and regulation experts

SHAPE

# The life of Young & Emerging adults

## In transition, on a mission

Young and emerging adults, aged 18 to 32, are navigating complex and formative life transitions, such as study, work, financial independence, flatting, and, for a few, home ownership. This generation is both grounded in practical realities and driven by aspirations to live well, align with values, and shape the world around them.

Some are still studying and juggling casual work. Others are early in their careers, navigating adulthood with a mix of optimism and caution. Many are in flatting situations, managing shared expenses, and growing their financial capability through lived experience. For some, mental wellbeing, family dynamics, and community identity also play a significant role in shaping attitudes toward money.

One said they wanted to make their 20s “***a foundation-setting decade”,*** and this encapsulates the wider sentiment.

## Needs, habits, and financial goals

Across the board, Y& E adults express a desire to feel in control of their finances. They want simple tools and clear visibility over where their money is going. Many are actively budgeting and tracking their spending, often using spreadsheets or budgeting apps, and segmenting their income into separate savings buckets for rent, bills, groceries, or future goals.

For this generation, savings are often directed at:

- Future travel.
- Paying off student loans.
- Emergency funds.
- Buying a car.
- Home ownership is often a long-term aspiration.
- Financial freedom and flexibility, including the ability to work by choice, not necessity.

As one interviewee put it: “I don’t want to have to worry about money. I want it to be stable and taken care of in the background.”

## Challenges and frustrations with banks

While their financial habits are evolving, the banking sector has not always kept pace. Several recurring themes emerged when discussing frustrations:

- **Banking is “boring”, “passive”, “outdated”, or “just there”**. There's a sense that while banking works functionally, it lacks emotional connection and relevance to day-to-day life.
- **Apps lack context and actionability**. Tools are often reactive,  users must “hunt” for insights. As one respondent noted, “It should just tell me - ‘hey, you’ve spent more on eating out this week, not make me go find it.”
- **Financial products feel rigid**. Bonus saver accounts penalise users for withdrawing,  an issue for those with irregular income or impulse-control challenges. As one put it: “I miss out on the bonus interest even when I only transfer $20 to cover groceries. That’s demotivating.”
- **Support is transactional, not relational**. Young and emerging adults want to feel known, not like another number.

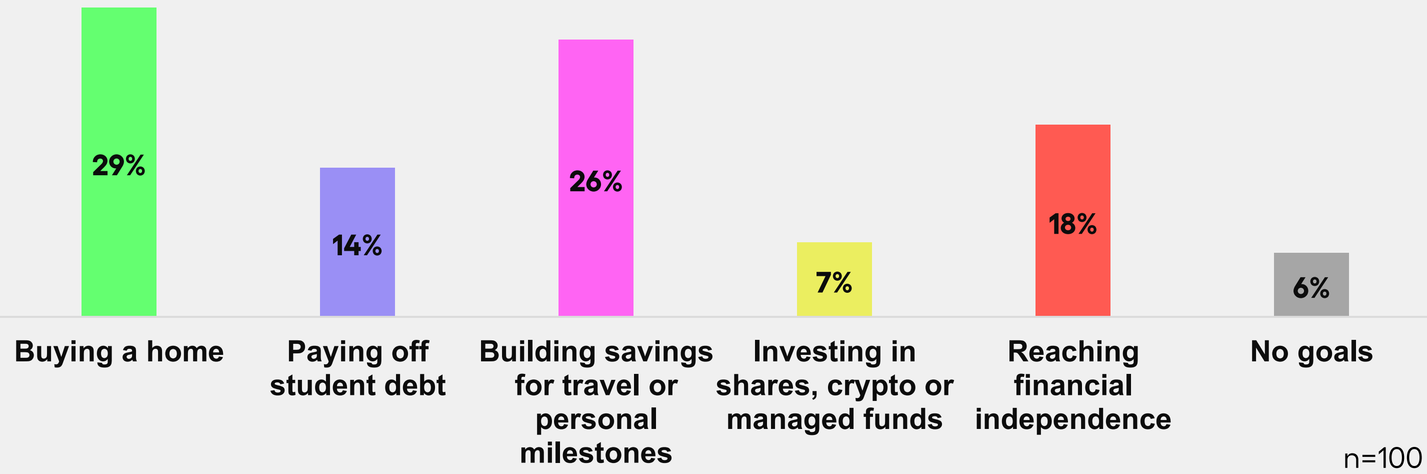
# What drives Young & Emerging adults: Their financial goals and aspirations

***Rolled-up summary – This section highlights the financial goals and aspirations shaping the lives of Young & Emerging Adults. For the full analysis and commentary, see Appendix 2: Primary Research, p.105– click HERE***

For young and emerging adults, money is more than transactions; it's tied to hope, independence, and the realities of navigating early adulthood.

Survey results (n=100) reveal distinct priorities shaped by life stage, income pressures, and ambitions.

## Key findings: Current financial goals




**Homeownership – Still the dream, but feels distant (29%)**

- **Primary aspiration:** 29% cite homeownership as their top financial goal.
- **Reality check**: Rising costs and stagnant wages create a perceived gap between dream and reality.
- **Implication:** Opportunity for banks/fintechs to reframe the path with smaller, realistic steps toward ownership.

**Life-first savings – Travel and milestones (26%)**

- **Focus on experiences now** (travel, study, upgrades) that build momentum toward larger goals.
- **Implication:** Short-term saving tools with gamified progress can form the habit base for future wealth-building.

> **I want to save, but it's for things I can enjoy and feel I'm working toward right now—like a trip or something meaningful.**
>
> - Participant, age 22

**Financial Independence – Peace of mind (18%)**

- Defined as freedom from money stress and having a safety net.
- Implication: Products that automate, simplify, and reduce mental load will resonate.

**Paying off student debt (14%)**

- Debt is seen as a weight preventing future progress.
- Implication: Low-cost refinancing, repayment incentives, and debt-tracking tools could support this segment.

**Investment – A smaller but emerging priority (7%)**

- Interest in shares, crypto, and funds exists, but most are not yet committing major resources.
- Implication: Early, low-risk investment pathways could nurture this interest.

**No current goal (6%)**

- Reflects a transitional life stage rather than disinterest.
- Implication: Opportunity for mentorship-style guidance to help define and set achievable goals.

## The side hustle factor

**1in3**

1 in 3 Y&E adults have an active side hustle alongside study or work, from reselling online to freelancing..

- Mindset: Entrepreneurial, resourceful, digitally fluent.
- Implication: Blend personal & business banking tools; create a “side hustle toolkit” to bank the next wave of micro-entrepreneurs.

## Values and engagement preferences

What they value:

- Simplicity & visibility – Mobile-first, intuitive, transparent.
- Ethical & local – NZ-owned, sustainable, socially responsible.
- Personalisation & control – Custom naming, goal-based accounts, auto-splits, hidden savings.

How They Engage:

- Channels: App chat, notifications, email, social (fit-for-purpose).
- Tone: Relatable, non-patronising, relevant to their life stage.
- Learning Style: Action-based peer stories, gamified tools, short videos.

## Trust and Digital-only banking

- 49% likely to trust a purely digital bank.
- 51% likely to consider leaving current provider for a digital-only bank if it offers superior experience.

***Note:*** App quality is table stakes; proactive, personalised help is the differentiator.

## From Insight to Innovation – 5 Design Implications identified

1. **Real-life financial tools** – Auto-splits, contextual nudges, flexible journeys.
2. **Deeper personalisation** – Goal-based visuals, relevant nudges, life-stage journeys.
3. **Gamified motivation** – Savings streaks, group challenges, unlockable learning.
4. **Human, ethical, local** – Values-aligned, transparent, culturally relevant.
5. **Embedded education** – Bite-sized, in-context learning and influencer partnerships.

# Satisfaction of Young & Emerging adults

## Satisfaction is moderate - but far from motivating

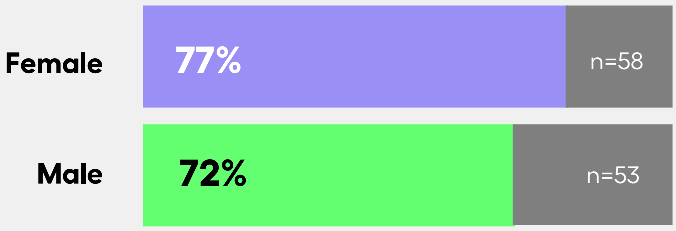
Satisfaction levels among young New Zealanders reveal a system that meets needs, but not one that inspires loyalty. There's clear room for banks to lift trust, personalisation, and cultural relevance.

**74%**

**The average satisfaction score across all respondents is 74%, reflecting a moderate level of contentment with current banking services.**

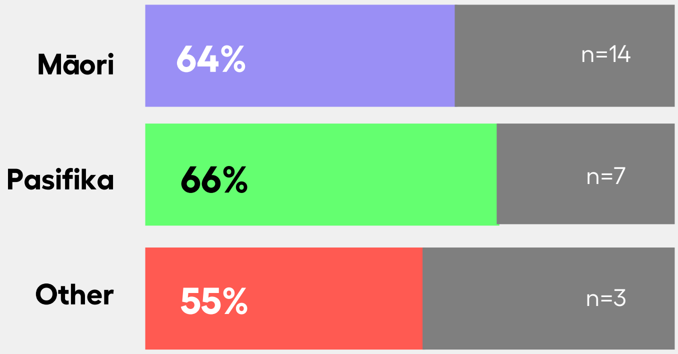
While this result suggests that banks are meeting the basic needs of many Y&E adults, it also signals a significant opportunity: satisfaction is not exceeding expectations, nor creating standout loyalty. In industries where benchmarks of 80% or higher are typical of a strong customer experience, a score in the low 70s indicates a clear need for improvement, differentiation, and deeper engagement.

## By gender: Females are more satisfied



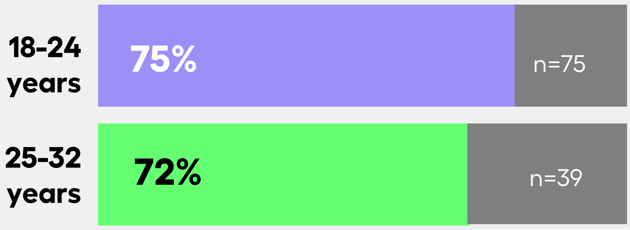

Female respondents reported slightly higher satisfaction than their male counterparts. This may suggest that current banking services are doing a better job of meeting the expectations or communication preferences of young women, or conversely, that men are experiencing more friction or unmet needs. While the gap isn't dramatic, it serves as a signal that gendered expectations and experience design warrant further exploration.

## By ethnicity: Underserved communities feel it the most




The most striking insight lies in satisfaction across ethnic groups. Māori and Pasifika respondents report significantly lower satisfaction levels, falling well below the overall average. This finding aligns with wider systemic gaps in trust, inclusion, and culturally responsive service. The low satisfaction from respondents identifying as 'Other', though from a small sample, further reinforces the importance of equity-driven design in banking experiences.

## Satisfaction by age group: Satisfaction declined slightly by age




Younger respondents aged 18–24 report marginally higher satisfaction than those aged 25–32. This may reflect the relatively more straightforward banking needs of younger users (e.g. transactional accounts, basic savings) versus the more complex financial goals of older Y&E adults, such as investing, credit, or housing, where current services may not be delivering enough guidance, value, or innovation.

## Satisfaction summary

While satisfaction levels aren't alarmingly low, they're not yet where they need to be, especially for an audience that financial institutions claim to prioritise. With an average satisfaction score of 74% and even lower results among Māori, Pasifika, and older young and emerging adults, the data signal an underwhelming emotional connection and unmet expectations.

Critically, satisfaction isn't just shaped by what other banks offer, it's shaped by the entire digital and service ecosystem Y&E adults interact with daily. They're comparing their banking experience not just to a bank down the street, but to Spotify, Sharesies, MECCA, and Apple. Their expectations are liquid, formed by seamless, rewarding, and personalised experiences across industries.

# Values & Expectations of Young & Emerging adults

Young & Emerging Adults are not just looking for products, apps and features that "work", they're looking for providers that understand them, align with their values, and help them grow with confidence. These values emerged from extensive primary research and have been validated through real conversations with young New Zealanders navigating study, first jobs, flatting, side hustles, saving, and investing.

These expectations are not just preferences; they are decision-making drivers. When unmet, they lead to disengagement and distrust. When honoured, they build loyalty, advocacy, and lifelong relationships. This section outlines the five values that shape how Y&E adults want to experience financial services today.

## Clear and Fair

**Transparent, honest, and easy to understand - no jargon, no surprises.**

Y&E adults value straight-up clarity. They're entering new financial territory and want to feel confident, not confused. Whether it's understanding fees, interest rates, or eligibility, they expect transparency and fairness at every step. Clear communication replaces doubt with trust and makes financial literacy feel accessible.

**Why it matters:** Many participants described their current banks as "average" or "neutral", suggesting a lack of emotional connection. Delivering on clarity and fairness is an opportunity to build credibility and trust, particularly during foundational financial decisions.

**Examples:**

- Use plain language in app interfaces, product explanations, and terms.
- Break down fees and clearly explain why they're applied.
- Set transparent rules for rewards, interest rates, and benefits.
- Offer second-chance options (e.g. waived late fees or overdraft forgiveness) to show fairness in action.

## Instant and Digital

**Seamless, app-first experiences that are fast, flexible, and available anytime.**

This generation expects banking to feel like the best of tech - smooth, responsive, and always ready. Delays and friction are red flags. Whether it's paying someone, opening an account, or setting up a goal, Y&E adults want digital-first tools that make things happen instantly.

**Why it matters:** Convenience isn't a feature, it's a baseline. Participants shared repeated frustrations with clunky onboarding, slow transfers, or delays in updates. Speed = respect in their world.

**Examples:**

- Instant setup of accounts, goals, or shared payment features.
- Real-time spend tracking and notifications.
- Biometric login, instant approvals, and digital wallets (e.g., Apple Pay).
- Fully in-app goal setting, onboarding, or investment top-ups.

## Personalised and Supportive

**Designed for my life - guided, relevant, and empowering.**

Y&E adults want to feel seen, not sorted into generic tiers. They value tools that respond to their specific life stage and financial habits and appreciate nudges that guide them (not pressure them). Support can be digital, but it must feel intentional and human.

**Why it matters:** Many said they want banks to be “more than a money holder.” Personalised support helps build capability, confidence, and loyalty, particularly for firsts: first jobs, first flats, or first investments. Importantly, Y&E adults are open to their data being used, when it’s for their benefit, with transparency and consent. They recognise that banks hold deep insights into their behaviours, and view that as a privilege, not a right. Banks that respect this relationship and use data to genuinely improve the experience will earn trust and deepen engagement.

**Examples:**

- Auto-split payday into savings, essentials, and lifestyle spending.
- Smart nudges: “You’re 90% to your travel fund - want to finish it off?”
- Guided options based on comfort level and experience.
- Pre-designed journeys (e.g., Investment journey).

## Ethical and Purposeful

**Values-aligned, socially conscious, and transparent about impact.**

This generation doesn’t just ask “what does this bank do for me?” - they ask, “what does this bank do with my money?” Y&E adults want to support providers who reflect their cultural values, environmental ethics, and social principles. Being purposeful and transparent earns pride, not just preference.

**Why it matters:**

Loyalty increases when people feel aligned. Māori and Pasifika participants in particular expressed interest in culturally aligned services and impact. The ethical lens is a filter for choice.

**Examples:**

- Ethical investment options and carbon-offset tools.
- Collaborations with kaupapa Māori or sustainability-focused groups.
- Transparent reporting on lending, investment, and operations.
- Visible social impact content: videos, reports, or in-app highlights.

## Innovative and Easy

**Smart tools that solve problems - simply, intuitively, and beautifully.**

Y&E adults are busy navigating real-life complexities: shared bills, rent, savings goals, study debt, and side gigs. They don’t want flashy features, they want smart, intuitive tools that genuinely make life easier. Innovation must be meaningful, not just modern.

**Why it matters:**

Many expressed frustration with having to “hunt for features” or not knowing what their bank could even do. Clean UX, clever problem-solving, and modular design signal a brand that gets them.

**Examples:**

- Hidden or “ghost” accounts to prevent impulse spending.
- Loyalty programs with smart gamification that reward healthy habits.
- AI-based budgeting tools that learn and adapt to user behaviour.
- Customisable dashboards that surface what matters most.

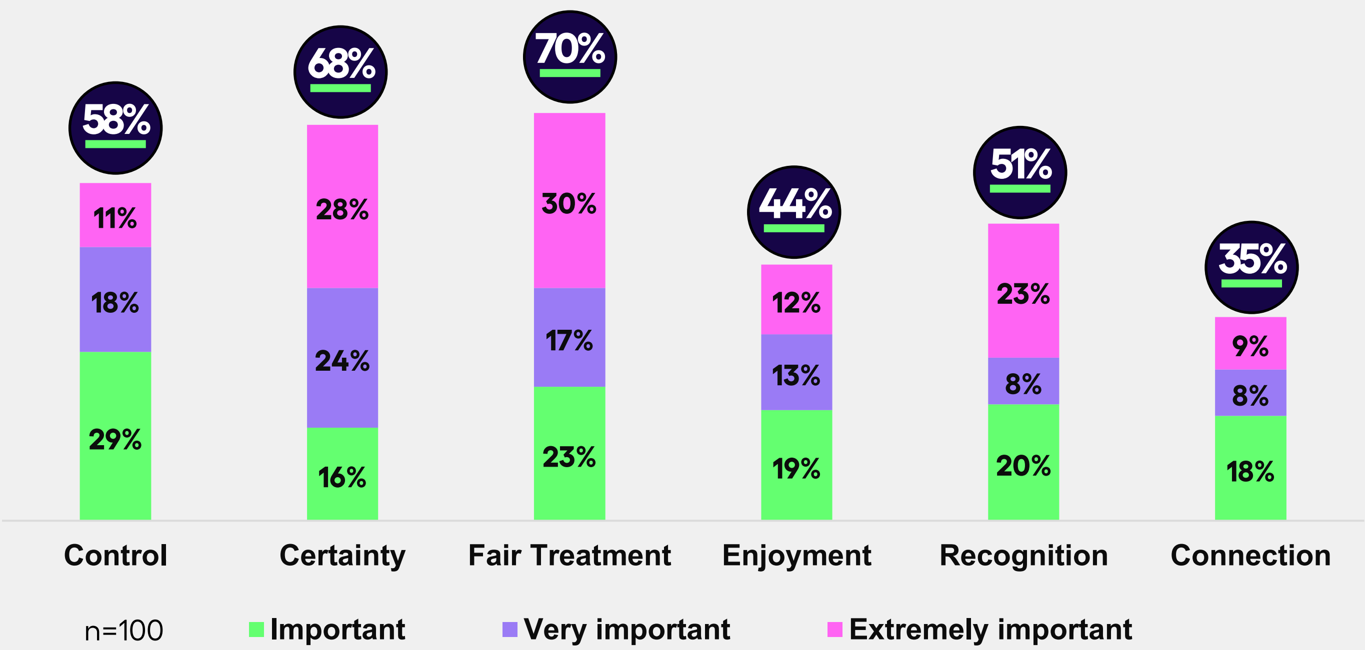
# Y&E Adults Emotional Drivers of Trust

**Rolled-up summary – This section outlines the emotional drivers of trust that shape how Young & Emerging Adults engage with banks and fintechs. For the full analysis and commentary, see Appendix 2: Primary Research, p.112– click HERE**

For Y&E adults (18–32), functional satisfaction is not enough — it may keep them from leaving, but it won't inspire loyalty or advocacy. In a digital-first world where their expectations are shaped by the best experiences across industries, emotional connection has become the true currency of trust, and trust is what drives lasting relationships, repeat engagement, and brand advocacy. Our research, adapted from the Ipsos Forces of Customer Experience framework[9], identifies six emotional drivers that shape trust in banking for this generation:

1. **Fair Treatment** – Feeling respected, not punished or judged.
2. **Certainty** – Knowing what to expect, with no hidden rules or fees.
3. **Control** – Feeling in charge of money and choices.
4. **Recognition** – Efforts, loyalty, and identity are seen and valued.
5. **Enjoyment** – Using the bank is smooth, satisfying, and occasionally fun.
6. **Connection** – Feeling part of a shared journey, not alone.

## Findings: Emotional Drivers ranked by importance



## Top 3 – The foundation of trust

**Fair Treatment - 70% importance**

- Most critical driver; 30% rate it extremely important.
- Rooted in justice, equity, and respect — especially during early milestones (first jobs, first loans, hardship).
- Design implication: Embed fairness in policies, tone, and support.
- ***Example:*** First-time fee forgiveness, flexible hardship assistance, life-stage lending criteria

**Certainty - 68% importance**

- Transparency and predictability build confidence.
- Erodes quickly if terms are vague or rules shift without warning.
- Design implication: Proactive, clear communication at every step.
- ***Example:*** Real-time "what you'll pay and why" overlays, proactive penalty warnings.

**Control - 58% importance**

- Autonomy through tools, insights, and flexibility, especially with irregular income or shifting expenses.
- Design implication: Interfaces and features that enable proactive decision-making.
- ***Example:*** Customisable payday auto-splits, goal-tracking dashboards, savings lock toggles.

## Secondary drivers – The accelerators

**Recognition - 51% importance**

- Goes beyond perks, celebrates progress, resilience, and identity.
- Design implication: Authentically acknowledge milestones and diversity.
- ***Example:*** "You've saved every week for 3 months – we see you" messaging, culturally inclusive comms.

**Enjoyment - 44% importance**

- Makes banking engaging and habit-forming.
- Design implication: Remove friction, create micro-moments of delight.
- ***Example:*** Gamified savings streaks, goal celebrations, progress reports.

**Connection - 35% importance**

- Lowest ranked but high potential for differentiation, especially for Māori, Pasifika, and purpose-driven customers.
- Design implication: Foster community, peer learning, and shared goals.
- ***Example:*** Group savings challenges, creator-led financial storytelling.

## Strategic implications for banks & fintechs

Banks and fintechs should start with the essentials **of Fair Treatment, Certainty, and Control** to establish trust, then layer in differentiators such as **Recognition, Enjoyment, and Connection** to deepen loyalty, ensuring every product, service, and communication is designed with empathy and regularly measuring emotional performance alongside functional KPIs.

# Communication the connects: How Young & Emerging Adults want to engage with their bank

**Rolled-up summary – This section explores how Young & Emerging Adults want to engage with their banks and fintechs. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.118– click HERE**

## Overview – Timing, tone, and trust

For Y&E adults, communication isn't about choosing one channel — it's about the right channel at the right moment.

- Email is the anchor for clarity and control, where they can digest and act on their own terms.
- In-app chat and notifications drive quick, in-flow engagement.
- Push notifications build warmth and immediacy — but only when conversational, not corporate.
- Human interaction via phone or video seals the deal for big decisions or emotional moments.

This "channel choreography" demands seamless movement between fast digital nudges and thoughtful human support.

### **Preferred communication channels** (see preference chart in appendix 2, p.118)

| Rank | Channel | Why It Matters | % Preference score |
|---|---|---|---|
| 1 | **Email** | Clarity, permanence, reflection; ideal for detailed, high-value comms. | **75%** |
| 2 | **In-app Notifications** | Contextual prompts, habit-building, real-time nudges. | **59%** |
| 3 | **SMS** | Direct and accessible for timely updates. | **59%** |
| 4 | **Digital chat** | Instant, in-flow, often first touchpoint before email follow-up. | **50%** |
| 5 | **Phone call** | Reserved for serious, high-stakes topics. | **42%** |
| 6 | **Face-to-Face (Virtual)** | Confidence-building for major financial decisions. | **35%** |
| 7 | **Push notifications** | Personality and encouragement, not corporate pitches. | **32%** |

## Channel Insights

**Email – 'On my terms'**

- #1 preference — valued for control, detail, and ability to revisit.
- Best for: personalised summaries, visual progress updates, product launches, milestone recognition.
- Often the end point in a multi-channel journey, not the start.

**In-app notifications & digital chat – 'In the flow'**

- Timely, relevant, and low-friction.
- Best for: savings nudges, budget insights, quick actions without leaving the app.

**Push notifications – 'Sound like a mate'**

- High engagement if warm and conversational.
- Best for: celebrating streaks, timely reminders, small wins.

**Phone & virtual face-to-face – 'Human when it matters'**

- Reserved for life-stage milestones, complex decisions, or reassurance.
- Best for: mortgage advice, fraud concerns, KiwiSaver changes, hardship support.

## Strategic Implications for banks & fintechs

Banks and fintechs should design communication as a journey, not a set of silos, moving customers from quick nudges to detailed follow-up and human reassurance.

- **Tone is a brand asset** – Use warm, human language; ditch jargon.
- **Respect headspace** – Allow customisation of channel, timing, and content.
- **Build emotional bridges** – Recognise milestones, support in complexity, and match tone to life stage.
- **Make escalation easy** – Ensure clear, seamless paths from digital to human support.

## Key takeaways

- Communication is a multi-touch sequence: digital nudges → chat → email → human.
- Email is not dead – It's the trust anchor for this generation.
- Personality matters – robotic tone kills engagement; warmth builds it.
- Human connection, even digitally, remains vital in high-emotion, high-stakes moments.

# What rewards really matter: How Young & Emerging Adults want to be recognised

**Rolled-up summary – This section examines what rewards and recognition truly matter to Young & Emerging Adults. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.122– click HERE**

## Overview – More than perks, it's a partnership

For Y&E adults, rewards are about motivation, recognition, and progress, not just freebies. They want to feel supported, celebrated, and encouraged to make better financial choices, and they want recognition for small wins as much as big milestones.

In interviews, many described their financial journey as "figuring it out as we go." Loyalty programs that truly resonate will:

1. Relieve immediate financial pressure.
2. Encourage good habits like saving regularly.
3. Support lifestyle and social experiences that matter to them.

## Preferred Rewards – Ranked by impact (see preference chart in appendix 2, p.123)

| Rank | Reward | % Preference score | Why It Matters |
|---|---|---|---|
| 1 | **Cashback on everyday spending** | **67%** | Instant relief, flexible use, and a sense of control. |
| 2 | **Higher interest rates on savings** | **65%** | Encourages saving habits; progress feels tangible. |
| 3 | **Discounts on Bills/Utilities** | **62%** | Directly reduces cost of living; builds trust. |
| 4 | **Investment rewards** | **31%** | Aspirational, for later life stages. |
| 5 | **Discounts on experiences** | **30%** | Enhances lifestyle, but secondary to essentials. |
| 6 | **Discounts on subscriptions** | **29%** | Adds social and entertainment value. |
| 7 | **Financial coaching** | **16%** | Future-focused; niche for now. |

## Insights from the top rewards

### Cashback – 'feels real'

- Most valued for its immediacy and flexibility.
- Rewards small positive behaviours without locking users into brands.

### Higher interest on savings – 'Progress pays'

- Seen as the bank "having your back."
- Motivates consistent saving, even for modest goals.

### Discounts on essentials – 'Real Support'

- Reduces unavoidable costs like power, internet, and groceries.
- Positions the bank as a partner in everyday life.

### Lifestyle perks – 'Nice to have'

- Streaming, gym, or travel perks enhance connection but are not core priorities.

### Investment rewards & coaching – 'For later'

- Interest exists but not a priority until financial basics are secure.

## Strategic implications for banks and fintechs

To win Y&E adults, banks should:

- **Lead with cash and essentials** – Show immediate, tangible impact through cashback and bill discounts.
- **Reward good habits** – Offer higher savings rates for consistent deposits or debt reduction.
- **Layer lifestyle perks on top** – Add social and entertainment rewards without replacing financial fundamentals.
- **Partner for value** – Collaborate with utilities, grocery chains, and subscription brands for meaningful offers.
- **Gamify progress** – Use badges, streaks, and challenges to make milestones engaging and shareable.

## Co-design concepts- making rewards work (and fun)

Co-created with participants, an ideal program would:

- **Celebrate progress** – Streak rewards, badges for savings, debt repayment milestones.
- **Support daily life** – Discounts on essentials.
- **Make saving social** – Group challenges with friends or flatmates.
- **Add delight** – Surprise perks for hitting milestones or completing "money missions."

## Key takeaways

- Rewards must align with real-life pressures and ambitions - essentials before luxuries.
- Recognition is as important as the reward itself, feeling seen drives loyalty.
- The most successful programs combine financial support, habit reinforcement, and moments of joy.
- Gamification can make progress tangible and banking feel more human.

# How Young & Emerging Adults educate themselves about money

**Rolled-up summary – This section explores how Young & Emerging Adults educate themselves about money. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.127– click HERE**

## Overview – Learning in the age of distraction

In a world of busy schedules, competing priorities, and constant digital noise, Y&E adults are building financial literacy in fast, social, and highly contextual ways. Traditional workshops and jargon-heavy materials no longer fit. Instead, financial education now happens:

- **In the flow of life** – short, digestible bursts at the moment of need.
- **In trusted spaces** – via peers, influencers, and communities they relate to.
- **In safe formats** – jargon-free, inclusive, and non-judgemental.

This shift presents a strategic opportunity: banks and fintechs that embed education seamlessly into digital and real-life touchpoints can become the next trusted step after family and friends.

## Where Y&E adults learn today (see chart in appendix 2, p.127)

| Channel | % Using | Key Insight |
|---|---|---|
| **Social media** (TikTok, Instagram, YouTube) | 58% | Fast, visual, relatable; led by influencers like @maorimillionaire_. |
| **Friends & family** | 56% | First circle of trust, but quality of advice varies. |
| **Podcasts** | 23% | Deeper learning when aligned to lifestyle; e.g. The Curve, Girls That Invest. |
| **Books & courses** | 23% | Formal, structured learning for motivated segments. |
| **No active education** | 16% | Disengaged or intimidated; biggest opportunity segment. |
| **Other sources** (e.g., MoneyHub) | 3% | Self-starters; already financially engaged. |

## Key audience insights

**1. Social media – 'Sharp, scrollable, real''**

- Content must be bite-sized, relatable, and actionable.
- Peer-led voices outperform corporate messaging.
- Opportunity: in-app explainers tied to real financial actions.

**2. Friends & Family – The first advisors**

- Trust is built here first; advice quality varies.
- Banks can position as the "next trusted step" by reinforcing, correcting, and elevating learning.

**3. Podcasts – Learning on the go**

- Works when it feels conversational and values-aligned.
- Creates community, not just content.

**4. The Silent 16% – Not seeking education**

- Barriers: low perceived relevance, no exposure, fear of complexity.
- Opportunity: approachable, bite-sized entry points linked to life goals.

## Strategic implications for banks and fintechs

To be relevant educators for Y&E adults, banks should:

- **Embed learning into experiences** – Turn real actions (opening an account, setting a goal) into teachable moments.
- **Partner with trusted voices** – Leverage credible influencers to deliver content.
- **Make it scrollable, not stodgy** – TikTok reels, gamified micro-lessons, interactive challenges.
- **Build peer learning communities** – Facilitate safe, moderated spaces for sharing tips and experiences.
- **Engage the disengaged** – Use nudges and incentives to reach the 16% who currently opt out.

## Key takeaways

- **Financial education is no longer top-down** — it's social, participatory, and embedded in life.
- **Trust beats authority** — peer-led voices and relatable experiences drive engagement.
- The **16% disengaged** are the biggest growth and loyalty opportunity if approached with empathy and relevance.
- Banks that make learning **immediate, human, and habit-forming** can win long-term trust and advocacy.

# Cultural considerations: Māori and Pasifika in banking

**Rolled-up summary– This section highlights cultural considerations for Māori and Pasifika in banking. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.132– click HERE**

## Overview – Beyond inclusion to cultural collaboration

Māori (64% satisfaction) and Pasifika (66%) young and emerging adults report significantly lower satisfaction than the overall average (74%). These gaps are rooted in historical inequities, cultural values around money, and systemic misalignment between traditional banking models and collective financial behaviours.

This work draws on the Te Korekoreka framework, a Māori model for honouring the past and designing better futures to understand lived realities and co-create culturally aligned solutions.

## Māori – Collective wealth and mana

**Cultural context:** Financial decisions are often made collectively, pooling whānau resources for shared goals (e.g., tangihanga, marae upkeep, helping relatives).

**Challenges:**

- Historic scarcity limiting intergenerational financial literacy transfer.
- System barriers - rigid ID requirements, assumptions about internet access, intimidating bank presence.
- Low trust - banks perceived as transactional, not relational.

**Opportunities:**

- Partner with iwi to deliver Kaupapa Māori financial education in te reo.
- Increase Māori representation in banking staff.
- Create flexible onboarding pathways and community-led services.

## Pasifika – Giving, obligation, and community status

**Cultural context**: Strong value on giving, especially to the Church; generosity tied to pride and recognition.

**Challenges:**

- Financial strain from high contributions, leading to debt or difficulty covering essentials.
- Status pressure can drive unsustainable spending patterns.

**Opportunities:**

- Support financial literacy while respecting cultural obligations.
- Showcase role models who combine cultural giving with sustainable money habits.
- Offer community-based guidance and pathways for financial stability.

## Shared values – shared needs

Both Māori and Pasifika prioritise:

- Deep love for whānau/family and community.
- Cultural emphasis on sharing, giving, and connection.
- Desire to uplift others and live positively.

**The challenge and opportunity:** Current systems reward individualistic behaviours, but these communities thrive on collective models. Banks that embrace this can build deep loyalty.

## Strategic actions for banks and fintechs

1. **Co-create with communities** – Partner with iwi, Pasifika churches, and local organisations to design products aligned with collective cultural values.
2. **Invest in representation** – Recruit and grow Māori and Pasifika talent at all levels.
3. **Rethink access** – Flexible ID and onboarding, offline pathways, school-based account opening.
4. **Deliver culturally grounded financial education** – Neutral, unbranded, in te reo Māori and Pacific languages.
5. **Shift to collective models** – Shared accounts, whānau savings tools, community investment products.

## Te Korekoreka pathway for banking transformation

- **Te Ao Tūroa**: Recognise current inequities and mistrust.
- **Te Kore:** Understand the whakapapa (origins) of these challenges.
- **Te Pō:** Design culturally safe, inclusive solutions.
- **Te Ao Mārama:** Take collaborative action and embed representation.

## Key takeaways

- Māori and Pasifika are **not "hard to reach"** — they are underserved by systems that overlook collective values.
- Financial inclusion must be **practical, enduring, and culturally grounded**, not tokenistic.
- Representation and collaboration are trust accelerators.
- Start small, focus on doing one thing culturally right, then scale.

# Always on, always digital: How Young and Emerging Adults navigate tech, cash and banking channels

**Rolled-up summary-This section examines how Young & Emerging Adults navigate technology, cash, and banking channels. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.135 – click HERE**

## Overview – Banking in a packet-first world

For Young & Emerging Adults, the smartphone is not just a device, it's the command centre for life. Banking is just one of many digital ecosystems they inhabit daily, alongside social media, streaming, gaming, and AI-powered tools.

This generation's expectations are liquid across industries — shaped by how Netflix recommends, Spotify curates, and AI tools instantly answer. Anything less than always-on, hyper-personalised, and frictionless feels outdated.

## Technology & engagement – Fluid, intuitive, adaptive

- Digital natives who move seamlessly between platforms and apps.
- High engagement with AI for research, work, and lifestyle (e.g., ChatGPT, Perplexity, AI workout plans).
- Expect banking apps to "remember" them — nudging about bills, suggesting savings tips, and surfacing relevant products without being asked.
- Universal UX expectations: If a playlist can be customised in seconds, so should financial tools.

## Cash – 'If it's not digital, it's not real money'

- Cash is rarely used, and when received, often forgotten or spent on low-stakes purchases.
- Seen as disconnected from "real" finances; no link to budgeting or savings.
- Digital wallets and contactless payments dominate, making transactions feel instant, abstract, and integrated.
- Generational shift: carrying cash is seen as an older-generation habit.

## Branches – The fading default

- Most cannot recall their last branch visit; opening a childhood account is the most common memory.
- Digital channels are preferred even for major life events (e.g., mortgage applications) unless face-to-face adds clear value.
- Branches are viewed as safety nets for complex, high-emotion conversations or for people less confident with technology.

## Strategic Implications for banks & fintechs

1. **Mobile-first is non-negotiable:** Your app is your branch — it must be fast, intuitive, and meaningful.
2. **Rethink payments for a cashless future:** Simplify digital wallets, integrate contactless by default, and remove all unnecessary friction.
3. **Redefine branch value:** Focus on relationship-driven conversations (life-stage advice, complex lending) rather than routine transactions.
4. **Leverage AI for personalisation at scale:** Contextual nudges, budgeting tools, and instant "where do I start?" answers.

## Key takeaways

- Y&E adults expect **always-on access** and experiences that match the best digital platforms in their lives.
- **Cash is culturally irrelevant** for daily spending — digital money is the only money that matters.
- Branches must evolve to justify their existence; **digital is the default** channel.
- AI and personalisation are the competitive edge — **meet needs before they're spoken**.

# How can regulatory and macroeconomic policies support digital banks, innovation and financial inclusion

**Rolled-up summary – This section explores how regulatory and macroeconomic policies can support digital banks, foster innovation, and promote financial inclusion in New Zealand. For the full analysis, commentary, and quotes, see Appendix 2: Primary Research, p.138– click HERE**

## Overview – A pivotal moment in NZ banking

New Zealand's financial services sector faces a rare window for structural change. High entry barriers, such as the NZ$30m capital requirement for new banks (stricter for local than foreign entrants), have kept competition low and innovation slow.

Meanwhile, consumer expectations have shifted: seamless, digital-first banking is now the baseline. Regulatory, macroeconomic, and infrastructure shifts (AI Strategy, Customer & Product Data Bill, Digital ID, CBDC exploration) create an opportunity to rebuild banking for inclusion, competition, and growth — if frameworks adapt in time.

## Why macroeconomic policy matters

Macroeconomic stability is the foundation for innovation:

- Low inflation and stable employment lower funding risk for new entrants.
- Fiscal policy can directly enable inclusion through digital infrastructure and literacy investments.
- Stability attracts patient, innovation-aligned capital, not speculative flows.
- Policy levers can accelerate digital ID adoption, fibre/mobile coverage, and open banking rollout — all prerequisites for inclusive digital finance.

## Now- Current state

**Competition & licensing barriers**

- Market dominated by the "big four" (ANZ, ASB, BNZ, Westpac). No major disruptor in personal banking.
- High fixed capital requirements disadvantage local challengers.
- Commerce Commission recommends tiered licensing and reduced capital lock-up for small, well-capitalised entrants[10].

**Regulatory landscape**

- Deposit Takers Act 2023 introduces scaled prudential requirements, but capital minima remain high.
- Slow open banking rollout — still voluntary; CPD Act regulations due Dec 2025.
- AML/CFT rules seen as disproportionate for low-risk customers; reform underway to simplify onboarding.
- FMA shifting toward outcomes-based regulation with room for innovation.

**Infrastructure momentum**

- Payments NZ API Centre sandbox live; FMA fintech sandbox pilot in 2025.
- Digital Identity Trust Framework[11] in force; accredited providers can now be used for onboarding.
- CBDC design work progressing, with emphasis on inclusivity, resilience, and offline capability.

## Next – Short term priorities (1-2 years)

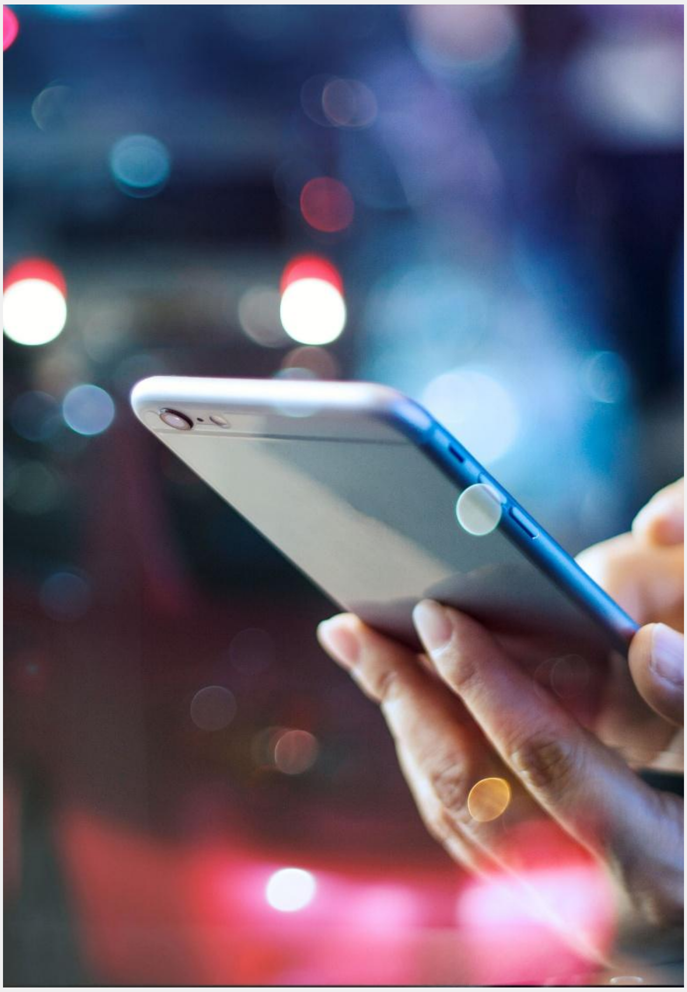
- **Calibrated entry regime** – Tiered licensing, lighter capital for limited-service digital banks.
- **Accelerate open banking** – Mandated APIs by Dec 2025 (big four) and 2026 (Kiwibank), extend to open finance.
- **AML/CFT reform** – Simpler onboarding for low-risk cases (youth, SMEs, trusts).Payments integration – Broaden ESAS access to non-bank payment providers.
- **Digital ID adoption** – Embed accredited IDs in all onboarding flows.
- **Responsible AI** – Sector-specific guidance for ethical AI in credit, advice, and fraud detection.

## Future – Strategic vision (5-10 years)

- Dynamic, principles-based regulation – Permanent sandboxes, rapid licensing, tech-neutral rules.
- Programmable money & CBDC – Integrated into retail banking for conditional payments, offline use, and resilience.
- Open finance ecosystems – Extend data portability to credit, KiwiSaver, insurance, and utilities.
- AI-powered personal finance – Transparent, explainable AI for predictive budgeting and tailored advice.
- Inclusive finance models – Fee-free youth accounts, gamified savings tools, and ESG-aligned investment options.
- Māori data sovereignty – Co-designed services, community-led ID verification, communal account features.

## Key takeaways

- Level the playing field – Tiered licensing and capital reform are essential to local innovation.
- Infrastructure is inclusion – Open APIs, digital ID, and real-time payments are non-negotiables.
- Macroeconomic stability attracts the right capital – Align fiscal and monetary policy with innovation goals.
- Regulation must evolve with tech – From CBDCs to AI, frameworks need built-in agility.
- Cultural alignment drives trust – Embed Māori and Pasifika values in product design and policy.



Part 2:

# Secondary research findings:

Scanning the horizon: Technology deep dive and case studies shaping the future of trust in banking

SHAPE

# Introduction to secondary research: Technology and case studies

To design banking that truly resonates with Young & Emerging Adults in Aotearoa, we must first look outward — to the technologies, innovations, and social engagement strategies already shaping financial lives globally.

**This secondary research provided the evidence and context** that informed every conversation with Y&E Adults, fintech founders, legal experts, and industry leaders. It captures what's working locally and abroad and identifies lessons we can adapt to New Zealand's unique financial and cultural landscape.

## Why this matters

For Y&E Adults, emerging technologies aren't "next-gen", they're now-gen. From AI-powered Spotify playlists to instant Apple Pay checkouts, speed, simplicity, and personalisation are the baseline. The question for banks and fintechs isn't whether to use these tools, but how to deploy them responsibly and effectively to build trust and value.

## Key technology themes explored

- **AI & Personal AI Agents** – Anticipating needs, easing financial stress, and delivering personalised, in-the-moment insights.
- **Payment Innovation** – Contactless, instant transfers, and embedded payments making convenience the new currency of trust.
- **Open Banking** – Connecting accounts, budgeting, saving, and investing in one place to empower informed, values-aligned choices.
- **Digital Wallets & Super Apps** – Meeting youth where they already are — in the apps that manage their day-to-day lives.
- **Digital Identity** – Enabling instant onboarding, stronger security, and seamless experiences.

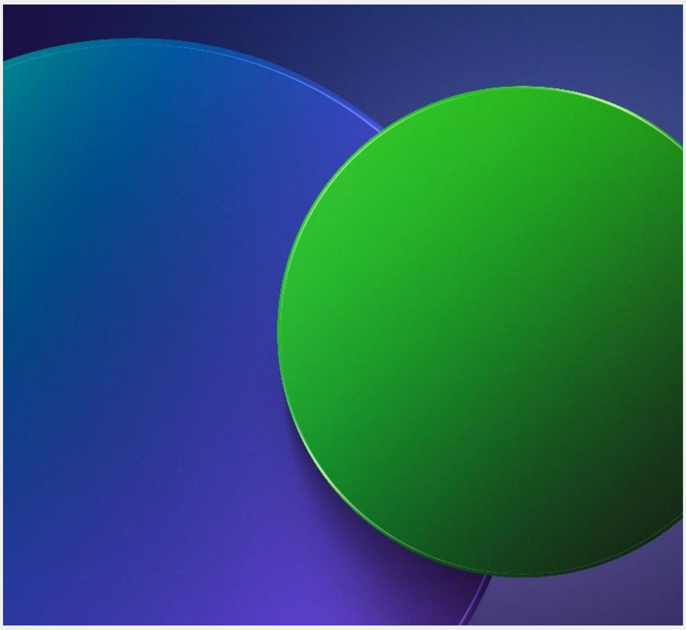
## Learning from global leaders

Case studies include **Wise, Up Bank, Sharesies, Revolut, and Monzo** — all organisations that have won the trust of young consumers through youth-first design, transparency, and community engagement. From Monzo's viral grassroots growth in the UK to Sharesies' mission-driven investing in NZ, these examples prove what's possible when innovation aligns with youth values.

## From insight to impact

This research not only framed our primary research questions but also allowed us to explore where New Zealand's Y&E experience aligns, and where it diverges from global trends. It ensures that the recommendations ahead are grounded in best practice and ready for real-world application.

What follows is a series of deep dives into each technology area and case study, exploring how they've been applied elsewhere and what they could mean for New Zealand's next chapter in banking innovation.



# **AI in Banking:** The rise of AI-powered financial experiences

**Rolled-up summary – This section summarises the key findings on AI in banking. For the full analysis, detailed commentary, and supporting quotes, see Appendix 3: Secondary Research, p.147– click HERE**

## Overview – From back office tool to customer experience engine

Based on my research into AI adoption in banking, drawing on global case studies, technology benchmarks, and Y&E Adults' expectations, I analysed how AI is shifting from efficiency-focused back-office automation to becoming a front-line driver of personalised, trust-based financial experiences.

This analysis revealed three key patterns:

1. **Personal AI agents** can address Y&E Adults' need for real-time, contextual guidance, helping reduce financial stress through automation and tailored nudges.
2. Banks that blend **AI-driven personalisation with human empathy** are best positioned to build long-term loyalty.
3. NZ's open banking and digital identity initiatives present a **unique opportunity** to leapfrog into AI-powered, hyper-personalised services — provided trust, ethics, and governance are built in from the start.

These conclusions shape the strategic direction outlined in this section: banks must treat AI not as a "future option" but as a now-critical capability for delivering scalable personalisation, inclusivity, and competitive advantage.

## Defining AI in banking

- **Artificial Intelligence:** Algorithms, machine learning, and automated "personal agent" systems performing human-like tasks.
- **Personal AI Agents:** AI-driven assistants within banking apps that answer queries, manage budgets, and provide tailored advice.
- **Large Language Models (LLMs):** GPT-4, Claude, and Gemini are all fine-tuned with proprietary banking data to ensure accuracy, compliance, and contextual relevance[12].

**Key benefits:**

- 24/7 customer service with fast turnaround times.
- Hyper-personalisation with personalised budgeting, investment journeys, savings nudges, and financial literacy support.
- Enhanced fraud detection and risk management.

## Global and local examples

- **Bank of America – Erica[13]:** Handles 2M+ daily interactions, offering proactive insights.
- **JPMorgan – IndexGPT[14]**: Investment strategy powered by generative AI.
- **NatWest – Cora+[15]:** Complex query handling via conversational AI.
- **Kiwibank[16]:** AI voice assistant reduced call abandonment by 28%.
- **UBank (AU) – Mia [17]:** Mortgage and product queries handled through natural language processing.

## Now, next, Future – AI's evolution in banking

| Stage | Description | Example capabilities |
|---|---|---|
| **NOW** | AI handles task-based interactions and improves efficiency. | Spending insights, chatbots, bill automation, basic loan checks, savings nudges. |
| **NEXT** | AI becomes a proactive coach, responding to behaviour and life moments. | Financial wellness plans, personalised nudges, cross-product advice, fraud alerts. |
| **FUTURE** | AI acts as a trusted financial agent with permission to act. | Multi-bank optimisation, rate negotiation, life stage planning, and emotional coaching. |

### Where AI works, where humans matter

- **AI-led:** Balance checks, fraud alerts, budgeting insights, bill reminders, and loan eligibility checks.
- **Human-led:** Debt restructuring, mortgage advice, first-home guidance, long-term planning.
- **Blended:** Switching banks, investment advice, borrowing decisions.

**Strategic principle:** AI should free up humans for high-emotion, high-complexity moments where empathy and cultural understanding matter most.

### Opportunities in NZ

- **Open banking synergies**: AI leveraging Consumer Data Right to act across multiple institutions.
- **Hyper-personalisation:** Life-stage and values-based financial coaching.
- **Financial inclusion:** Democratise advice for underserved groups.

### Challenges to address

- **Data privacy & security:** Protecting sensitive financial data.
- **Algorithmic bias:** Avoid reinforcing inequalities.
- **Legacy integration:** Modernising infrastructure.
- **Regulatory caution:** Balancing innovation with oversight.

### Strategic implications for banks and fintechs

- Fine-tune models with **NZ-specific legal, regulatory, and cultural guardrails.**
- Build **trust through transparency**, explainability, and consent-based data use.
- Design AI to **augment, not replace**, human relationships.
- Invest in **responsible AI governance** to sustain customer confidence.

### Key takeaways

- AI is shifting from **back-office efficiency to front-line personalisation**.
- The winners will **blend automation with human empathy.**
- NZ's move toward open banking and digital identity can **accelerate AI's impact** if adopted responsibly.
- Trust, ethics, and governance are the **non-negotiable enablers** of long-term success.

# **Payment technology:** From tap to trust

**Rolled-up summary – This section summarises the key findings on payment technology. For the full analysis, detailed commentary, and supporting quotes, see Appendix 3: Secondary Research, p.153– click HERE**

## Overview – Payments as the new battleground of trust

Based on my research into payment innovation, including local market analysis, global leader comparisons, and Y&E Adults' payment behaviours, I examined how speed, simplicity, and embedded convenience have become the defining features of a trusted payment experience.

This analysis led to several conclusions:

1. Payments are **now a primary trust signal** — any friction risks losing customers to faster, more seamless alternatives.
2. NZ lags behind global leaders in **real-time payments and open banking-enabled payment initiation**, but reform and infrastructure upgrades could close the gap quickly.
3. Innovation in **digital wallets, QR payments, and cross-border instant transfers** can deliver not just convenience but also economic efficiency and inclusion, if banks move proactively.

These outcomes highlight that payments are no longer just a back-office function, they are the frontline of the customer relationship.

## Current state – Fast, frictionless, digital first

- **Contactless:** Usage up 62% since 2018[18]; pandemic PIN-free limit increase cemented "tap-and-go" as the norm.
- **Digital Wallets:** Apple Pay, Google Pay, and local entrants like Dosh are making instant, 24/7 P2P payments a reality.
- **Legacy gaps:** Until 2023, NZ lacked true real-time payments; batch processing delays persisted.
- **First steps forward**: 7-day settlement now active; open banking APIs rolling out for payment initiation.

## Why it matters

- **Customer expectation shift** – Instant, mobile, and embedded payments are now baseline expectations.
- **Competitive risk** – Fintechs and big tech can disintermediate banks if payment experiences lag.
- **Economic impact** – Faster, cheaper payments improve efficiency; AU's real-time payments saved A$205M in 2021[19]
- **Inclusion & access** – Digital tools can extend financial access, but must be designed for all demographics.

## Emerging trends – The next 1-3 years

1. **Payment system reform:** Interchange fee caps could save NZ merchants and consumers $100M+ annually[20], lowering costs and surcharges.
2. **Real-time payments:** Industry + RBNZ aligned on delivering instant account-to-account payments; lessons from Singapore's PayNow, India's UPI, and Australia's NPP.
3. **Open banking payment initiation:** "Pay by Bank" via third-party apps like Volley could bypass card networks, lowering fees and keeping transactions within the banking system.
4. **QR Code payments**: Early signs in NZ; potential for low-cost, merchant-friendly payments, especially in small business and charity sectors.
5. **Security enhancements**: "Confirmation of Payee", biometrics, and tokenisation are key to maintaining consumer trust.

## Future horizon – 5+ years

- **CBDCs:** Digital NZ dollar for low-cost, offline-capable payments; potential to spur innovation but challenge deposit models.
- **Integrated digital identity**: Linking verified identity to payments for stronger security and frictionless onboarding.
- **Cross-border real-time links:** Potential for NZ–AU–UK instant payment corridors.
- **Embedded & invisible payments:** IoT, wearables, and "no checkout" retail models.

## Strategic implications for banks and fintechs

- **Invest in real-time infrastructure:** Core upgrades and API readiness are non-negotiable.
- **Compete on experience, not just price:** Seamlessness and security are key trust drivers.
- **Seize open banking opportunities:** Partner with innovators to deliver new payment flows.
- **Lead on inclusion & education:** Ensure cashless doesn't mean exclusion.
- **Shape, don't chase:** Engage early with CBDC, QR, and cross-border pilots to influence design.

## Key takeaways

- Payments are **the frontline of customer experience** — fast, easy, and secure must be the default.
- NZ **risks falling behind global leaders** if real-time and open payments are delayed.
- Collaboration between banks, fintechs, and regulators is the fastest path to **an inclusive, future-ready ecosystem.**

# **Open Banking, open opportunity:** From compliance to competitive edge

**Rolled-up Summary – This section summarises the key findings on open banking. For the full analysis, detailed commentary, and supporting quotes, see Appendix 3: Secondary Research, p.161– click HERE**

## Overview – Payments as the new battleground of trust

Based on my research into New Zealand's open banking journey, including global market comparisons (UK, EU, Australia), regulatory developments, and early adoption patterns, I analysed how secure data sharing and third-party payment initiation are reshaping the competitive landscape.

This analysis led to three key conclusions:

1. Early industry-led progress in NZ has laid strong technical and partnership foundations, but mandatory regulation will be the catalyst for scale and consistency.
2. Open banking's value for Y&E Adults lies in control, choice, and convenience — enabling them to manage all financial activity in one place, compare products easily, and access new services quickly.
3. The shift from voluntary to regulated open banking is also a competition and innovation trigger, giving fintechs, banks, and even government agencies the tools to deliver faster payments, tailored products, and more inclusive services.

The strategic opportunity is clear: open banking should be treated not just as a compliance exercise, but as an innovation platform for customer-centric growth.

## Now- Current state

- **Global context:** UK (13.3M active users, 8% of online payments) [21], EU (PSD2), and Australia (Consumer Data Right) show open banking's potential when backed by regulation.
- **NZ status:** API Centre standards in place; big four banks live with payment initiation APIs (May 2024) and account information APIs (Nov 2024).
- **Early partnerships:** Akahu integration at Westpac; BNZ's "Payap" QR payments; third-party fintech services like Volley, BlinkPay, Dosh.
- **Consumer demand already real:** 1M+ New Zealanders use "unregulated" services via screen-scraping [22] — regulated APIs replace these with secure, consent-based access.

## Next – Implementation 2025-26

- **Regulatory trigger:** Customer and Product Data Act 2025 introduces the Consumer Data Right for banking.
- **Deadlines:** Big four banks by Dec 2025; Kiwibank by mid-/end-2026.

**Key features:**

- Standardised data scope (balances, transactions, product details).
- Accredited Third-Party Provider (TPP) regime with strict security/consent requirements.
- Caps on API fees to avoid barriers for fintechs. Mandatory interoperability with API Centre standards.

**Execution focus:** Robust API platforms, OAuth2 authentication, streamlined fintech onboarding via a "partnering framework."

## Future – Towards open finance and data portability

- Expansion to open finance (investments, insurance, KiwiSaver) and other sectors (energy, telco).
- Consent wallets enabling customers to manage who has their data centrally.
- Embedded finance in retail, accounting, and non-bank platforms.
- Deeper digital identity integration for secure onboarding and cross-service trust.
- Potential for cross-border interoperability with aligned markets.

## Opportunities for banks and fintechs

- Customer stickiness through aggregation, personalisation, and new payment flows.
- Competition edge by embedding open banking into core CX strategies.
- Financial inclusion by leveraging transaction data to serve thin-file customers.
- Cross-sector plays as CDR expands.

## Key takeaways

- **Open banking is now inevitable in NZ** — regulation, infrastructure, and consumer demand are aligned.
- The **winners** will be those who go beyond compliance to create **value-rich ecosystems** customers choose to stay in.
- Implementation success hinges on **collaboration** between banks, fintechs, and regulators — particularly on payments adoption, digital identity, and consumer education.

# **Digital Wallets:** The pocket sized future

**Rolled-up summary – This section summarises the key findings on digital wallets. For the full analysis, detailed commentary, and supporting quotes, see Appendix 3: Secondary Research, p.171– click HERE**

## Overview – From payment tool to digital hub

Based on my research into digital wallet adoption in New Zealand and globally, including consumer behaviour data, bank product offerings, open banking developments, and emerging identity standards, I analysed how wallets are moving from single-purpose payment tools to becoming multi-function digital platforms that could one day hold our entire financial, identity, and service ecosystem.

This analysis led to three key conclusions:

1. Digital wallets are rapidly shifting from "nice-to-have" to an expected payment option, especially among Y&E Adults and Māori communities.
2. The integration of open banking will transform wallets from card-replacement tools into multi-bank, multi-service financial hubs.
3. The future potential lies in "super wallets" that combine payments, identity, and access to multiple sectors, requiring banks to collaborate across industries to stay relevant.

The strategic imperative is clear: banks and fintech's must decide whether to own the wallet experience, partner with global leaders, or risk becoming invisible back-end providers.

## Now- Current state

- Adoption rising: 15% of Kiwis now regularly use digital wallets (up from 10% in 2022); traditional card preference dropped from 77% to 67% in two years[23].
- Younger demographics lead: Y&E Adults and Māori communities show the highest uptake.
- COVID-19 impact: Accelerated contactless and mobile payment adoption.
- Bank enablement: All major banks now support Apple Pay/Google Pay; fintechs like Wise and Airwallex bring multi-currency wallets.
- Competitive pressure: Big Tech and international fintechs entering the NZ market elevate consumer expectations.

## Next – Open banking as the game changer

- From December 2025, the Consumer and Product Data Act will mandate open banking for the big four banks (Kiwibank follows in 2026).
- **Integration opportunities:** Wallets could show balances across banks, initiate payments directly from any account, or offer in-wallet budgeting tools.
- **Partnership potential:** Collaborations with Apple, Google, Wise, and Stripe and other payment providers can expand features without large development overheads.
- **Value-added services:** API-driven features like account aggregation, fee-avoidance alerts, and merchant payment choice.
- **Security & trust**: Growing consumer comfort with data sharing (37% in 2024 vs. 16% in 2020)[23] is contingent on visible privacy and safety safeguards.

## Future – Super wallets & digital identity integration

- All-in-one hubs: Payments + identity + credentials + sector services (e.g., transport, health, insurance).
- Digital identity link: Integration with NZ's Digital Identity Services Trust Framework for storing secure, verifiable credentials.
- Global alignment: Participation in initiatives like the OpenWallet Foundation to ensure interoperability.
- CBDC readiness: Potential for Reserve Bank-issued digital cash in wallets.
- Super-app model: Lessons from Asia's Alipay/WeChat Pay could inspire NZ's own open data-enabled platforms.

## Opportunities for banks and fintechs

**Own or influence the wallet:** Develop bank-led wallets or be a trusted backbone in third-party ecosystems.

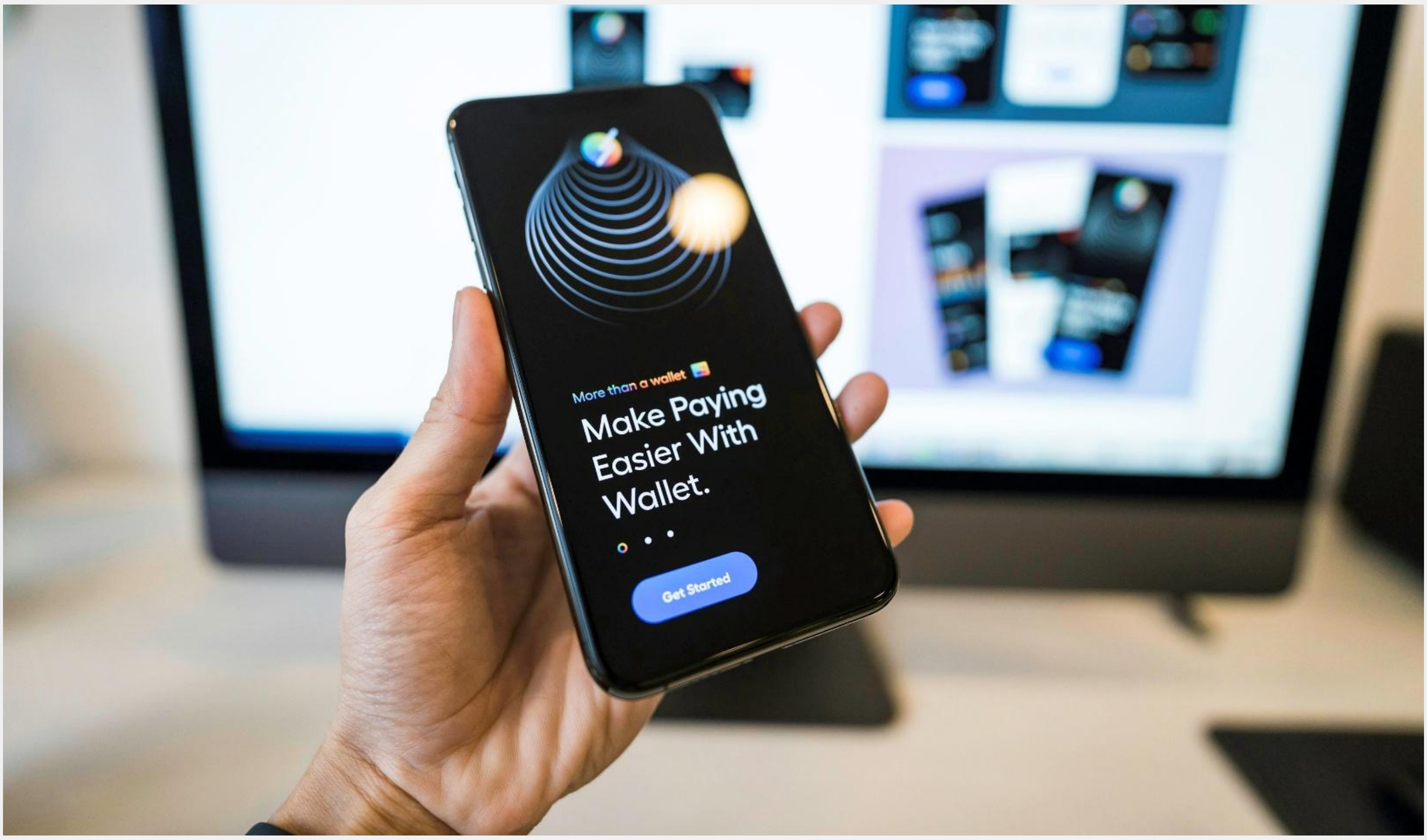
**Co-opetition:** Partner with Big Tech to enhance CX while maintaining relevance.

**Leverage APIs:** Deliver personalised, cross-account services that build loyalty.

**Lead in trust:** Position as the safe, compliant custodian of sensitive financial and identity data.

## Key takeaways

- Digital wallets are **central to the emerging financial landscape** — adoption and expectations are rising fast.
- Open banking will **supercharge wallet functionality**; being first to market with integrated features is a competitive advantage.
- The **future battleground** will be identity, interoperability, and cross-sector services — not just payments.
- Banks that fail to engage risk will be relegated to the back-end while others own the customer relationship.



# **Digital Identity:** Re-shaping trust

**Rolled-up summary –This section summarises the key findings on digital identity. For the full analysis, detailed commentary, and supporting quotes, see Appendix 3: Secondary Research, p.177– click HERE**

## Overview – From paperwork to portable trust

Based on my research into New Zealand's digital identity landscape, which includes RealMe usage, the new Digital Identity Services Trust Framework, international benchmarks, and fintech perspectives, I analysed how verified digital credentials can remove friction, strengthen trust, and expand financial inclusion.

This analysis led to three key conclusions:

1. Digital identity is no longer optional — it is becoming the backbone of secure, low-friction banking and customer onboarding.
2. The combination of RealMe's scale and the Trust Framework's governance provides a ready platform for both government and bank-issued credentials.
3. Banks that act early by integrating, issuing, or co-developing trusted IDs can position themselves as identity brokers and unlock new revenue and customer engagement models.

The strategic opportunity is to move beyond compliance and own the digital trust layer, ensuring banking is the easiest and safest way for customers to prove who they are, anywhere.

## Now- Current state

- **RealMe adoption:** 1.5M+ verified identities[47]; supported by major banks for online onboarding.
- **Process gains:** Verification times cut from >1 month to ~10 minutes in pilots [47].
- **Trust Framework (2024):** Accreditation scheme for identity providers with strict privacy, consent, and security standards.
- **Government commitment**: New Trust Framework Authority to oversee providers; official trust mark signals compliance.
- **Bank benefits:** Reduced onboarding friction, lower compliance costs, and reduced risk of document fraud.

## Next – 1-2 year horizon

- **New credentials:** Digital Driver's Licence, potential "Bank ID", and trade credentials accessible via approved apps.
- **NZ Verify app:** Proof-of-concept for privacy-preserving mobile credentials (e.g., confirm 18+ without sharing other data).
- **Bank participation models:**
    - Integrate existing tools (RealMe, NZ Verify).
    - Issue their own credentials under the Trust Framework.
    - Collaborate on a unified "Bank ID" scheme.
- **Interoperability focus**: Support for ISO and W3C standards to ensure multi-wallet compatibility.

## Future – 5+ year vision

- **Invisible verification:** Identity checks embedded seamlessly into transactions.
- **User-owned credentials:** Individuals control and reuse their ID across services.
- **Global interoperability:** Potential for NZ credentials to work abroad via international alignment.
- **Inclusion by design:** Early issuance in schools could remove ID barriers for young adults, Māori, and Pasifika communities.
- **Cross-sector role:** Digital identity as the trust layer for open banking, payments, and wider economy.

## Global benchmarks

- Sweden's BankID: 99% adult adoption; multi-sector authentication beyond banking[50].
- Australia's ConnectID: Bank-issued credentials enabling cross-business verification; awareness jumped 20 points in one year [51].

## Opportunities for banks and fintechs

- **Be first to market** with integrated and customer-friendly verification options.
- **Expand trust role** by issuing credentials under the Trust Framework.
- **Drive inclusion** through school-based and community ID programs.
- **Innovate with consent-based data sharing** for personalised, cross-sector services.
- **Secure the future** with advanced fraud analytics, biometrics, and privacy-by-design.

## Key takeaways

- Digital identity will be **a primary CX differentiator** in the next five years.
- NZ's regulatory and technical foundations are in place — **execution speed is now the advantage.**
- Banks that shape the digital identity ecosystem will control a critical customer touchpoint that extends beyond finance.
- Trust, security, and inclusion must be designed in from the start to ensure adoption and avoid reputational risk.

CASE STUDIES

# Wise, Up Bank, Sharesies, Revolut, and Monzo

SHAPE

# **Global inspiration**: 5 Youth and Young & Emerging Adult banking success stories

**Rolled-up summary – This section provides a high-level synthesis of five global case studies. For the full detailed case studies, see Appendix 3: Secondary Research, p.183– click HERE**

Across global markets, several fintechs and challenger banks have rewritten the rulebook for engaging young and emerging adults. Their success stems from aligning technology, brand personality, and financial accessibility with the values and habits of a generation raised on digital convenience and social connection.

**Wise** became the go-to for borderless money by stripping away the pain of international transfers. Offering multi-currency wallets in 40+ currencies, transparent FX rates, and integration with partner banks, Wise makes cross-border banking fast, affordable, and easy — saving users millions in fees and delivering trust through radical transparency[24].

**Up Bank** transformed everyday banking into a game. Its playful, gamified features — from savings challenges to save-before-you-buy tools — make managing money social, rewarding, and fun. This approach has turned 900,000+ Australians into loyal users, driven by referrals and a brand that speaks their language[25].

**Sharesies** democratised investing in New Zealand, proving that wealth-building isn't just for the wealthy. By allowing fractional investments from as little as NZ$5, introducing Kids Accounts, and wrapping it all in accessible education, Sharesies has empowered over 800,000 users to start investing with confidence and purpose[26].

**Revolut** built a financial "super-app" that removes the need for multiple accounts. With 52M+ customers, it combines payments, savings, investing, and budgeting in one seamless platform, constantly adding features that resonate with youth culture and global lifestyles[27].

**Monzo** redefined trust by positioning itself as a friendly, supportive companion. Its free, full-featured youth accounts include spending safeguards, real-time budgeting, and interactive saving tools, all backed by relatable, social-native marketing that builds emotional connection[28].

**01** | **Lead with transparency** – Clear pricing, no hidden fees, and real-time updates turn first-time customers into long-term advocates by removing uncertainty and building credibility from the start.

**02** | **Gamify good habits** – Incorporate challenges, social saving features, and progress tracking to make financial discipline rewarding and even enjoyable, encouraging consistent engagement and deeper loyalty.

**03** | **Remove barriers to entry** – Lower or eliminate minimums; enable fractional investing and free basic accounts so that everyone, regardless of income level, can participate in financial growth.

**04** | **Design for life stages** – Tailor products and features to match key milestones—teens opening their first account, students managing tight budgets, early earners saving for goals, and young families building stability.

**05** | **Be social, not just digital** – Leverage authentic influencers, peer referrals, and platform-native content to create emotional connection and integrate the brand into the digital spaces young people already inhabit.

**06** | **Integrate & simplify** – Offer one intuitive platform for payments, saving, investing, and budgeting, reducing friction and keeping customers within your ecosystem.

**07** | **Embed safeguards** – Implement age-appropriate spending controls, debt prevention tools, and proactive fraud detection to protect young users and reassure parents.

**Call to Action** – New Zealand's opportunity is to blend global best practice with local cultural and regulatory realities, creating financial experiences that are trusted, engaging, and genuinely youth-focused.

SOLUTION:
# Design & Framing:

A co-designed framework grounded in trust, built around real lives, real needs, and real aspirations.

SHAPE

# From discovery to a Connected Trust Experience

Over the past months, we undertook an in-depth programme of primary and secondary research to understand how New Zealand's Young & Emerging Adults (18–32) think about, engage with, and want to experience money and banking. This work set out to answer six core "How might we…" questions spanning values and perceptions, technology use, best practices, communication preferences, ideal banking experiences, financial literacy needs, and the role of regulation and policy.

Through deep interviews, expert insights, validation sessions, and a review of global and local case studies, we explored:

- **Overall relationship and values with money and banks** – uncovering current perceptions, levels of satisfaction, and the trust factors that matter most.
- **Technology engagement** – how digital tools like AI, open banking, payment innovations, digital wallets, and digital identity are shaping financial habits.
- **Best practices and communication** – lessons from admired organisations and the formats, channels, and tone that young adults respond to.
- **Ideal banking experience** – mapping four distinct life stages and identifying the emotional drivers of trust: Control, Certainty, Fairness, Enjoyment, Connection, and Recognition.
- **Financial literacy** – identifying gaps in knowledge and preferred ways to learn and build capability.
- **Political, economic, regulation and policy** – understanding how enabling frameworks can drive innovation, financial inclusion, and growth.

From this integrated research, clear themes emerged: young adults want financial experiences that are transparent, supportive, relevant, and tailored to life stage; they expect technology to simplify and personalise their financial world; they value authentic, two-way communication; and they seek products and services that build both functional capability and emotional connection.

**These insights informed the creation of the Young & Emerging Adult Trust Framework – a blueprint for The Connected Trust Experience**. The framework aligns four critical life stages with the values and expectations young adults hold for financial institutions. It is supported by co-created product and service value propositions, tested with Y&E adults to ensure they are relevant, appealing, and actionable. Four detailed personas bring the framework to life, enabling banks and fintechs to design with empathy and precision.

This is more than an insight report – it's a solution for action. By aligning life stages, emotional drivers, and technology enablers, the Trust Framework shows how financial services can become more transparent, engaging, and trusted, meeting young adults where they are and supporting them through the moments that matter most.

**In this section, you'll find:**

**Introduction to the Trust Framework** – A Connected Trust Experience – An overview of all elements that make up the Trust Framework and together create the Connected Trust Experience. This includes the four key life stages, the emotional drivers of trust, and the associated personas that bring each stage to life.

**Execution Model** – A practical guide for fintechs, digital banks, and traditional banks to implement these insights. This includes the execution narrative and the co-created product and service value propositions designed to meet the needs of each life stage.

INTRODUCTION:

# The Young & Emerging Adult Trust Framework:

A blueprint for The Connected Trust Experience

SHAPE

# The Connected Trust Experience

When designing around life stages, emotional drivers, communication preferences, and values, you create more than products; you build Connected Trust Experiences. It's the outcome of aligning every touchpoint to what matters most, delivering banking that feels seamless, human, and built for this generation.

- Design **PRODUCTS** that help Young adults Grow, Pay, Decide and Learn
- Build them on the **EMOTIONAL DRIVERS OF TRUST**
- **COMMUNICATE** through the channels they value most
- Deliver experiences that meet their **VALUES AND EXPECTATIONS**

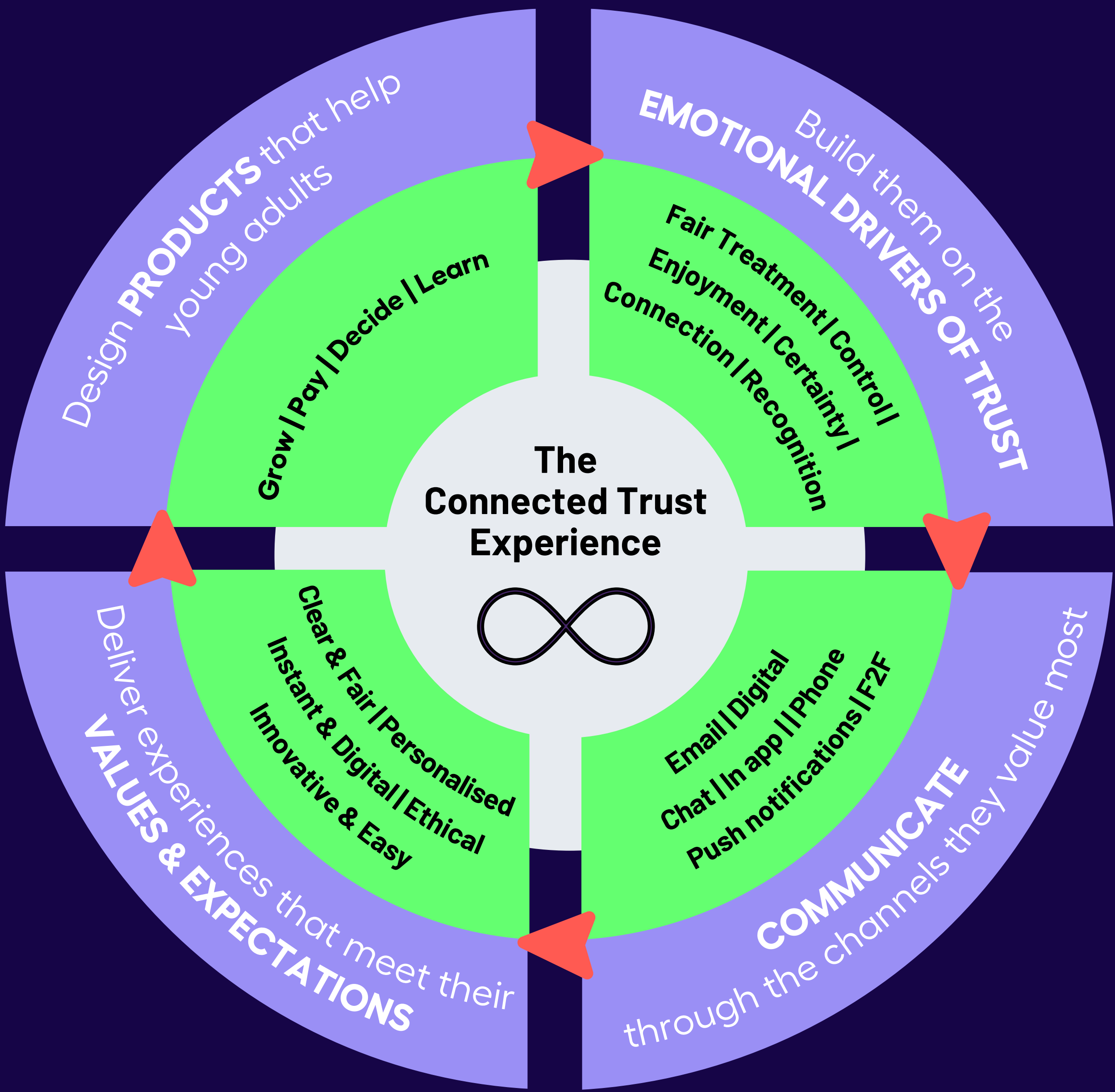
SHAPE

# Young & Emerging Adults Trust Framework

## BANKING BASICS

- Security
- Easy start
- Digital access
- Great UX
- On-demand help

**School to Uni** *18 years* → **Uni to first job** *22 years* → **Important life stages** → **Building Momentum** *28 years* → **Future Focussed** *32 years*




## TECHNOLOGY ENABLERS

**AI & Machine learning**
Make smart, fast, and personal

**Payment Tech**
Flexible, social, powerful

**Open Banking**
Let my data work for me

**Digital identity**
Prove who I am, easily

**Digital Wallet**
Carry less, pay smart

# **Banking basics:** The non-negotiable for trust

**BANKING BASICS**

Security | Easy start | Digital access | Great UX | On-demand help

Before you can innovate or inspire loyalty, you must get the foundations right. These are the absolute must-haves, the hygiene factors that, if missing, erode trust instantly. Nail these, and you establish the baseline confidence needed to build deeper relationships with young and emerging adults.

## Security: Protecting my money, my data, and my future

Trust starts with safety. If a customer doubts your ability to protect their personal information, money, or future financial wellbeing, everything else falls apart. Banks and fintechs must proactively defend against fraud and scams, clearly communicate security measures, and respond promptly when issues arise. For Y&E adults, who are hyper-aware of digital risks, security isn't just a feature; it's the invisible shield that proves you're worthy of their trust.

## Easy start: Seamless, fast, and frictionless onboarding

Onboarding is the first real test of trust. If you make it painful, slow, or confusing, you send the message that the rest of the relationship will feel the same. Young customers expect a tap-and-go experience - simple identity verification, fast account setup, and clarity from the start. Removing friction here isn't just about convenience; it signals that you respect their time and are ready to deliver on your promise of being modern, accessible, and trustworthy.

## Digital Access: Banking that works anywhere, for everyone

Accessibility is a trust signal. Internet banking should simply work - fast, reliable, and available, regardless of where someone lives or how they connect. Young & Emerging Adults expect 24/7 access to their accounts, with no hidden barriers or outdated systems. When digital access is seamless, you're proving that you're serious about inclusion and that customers can depend on you to be there when it matters most.

## Great UX: Making banking simple, intuitive, and beautiful

The best user experience is almost invisible- it just works. Y&E adults compare your app or platform to the digital products they already love, and they won't tolerate clunky, outdated interfaces. A clean, intuitive, and even beautiful design tells them you care about their experience, not just their transactions. Investing in great UX isn't cosmetic; it's a trust-building strategy that reduces anxiety, builds confidence, and makes engagement effortless.

## On-demand support: Help, whenever and however it's needed.

Even the most independent digital natives need help at some point. Trust grows when support feels instant, human, and on their term, whether that's self-serve help, live chat, or a real person on the phone. Long wait times, dead-end FAQs, or inaccessible support erode confidence fast. Banks and fintechs that truly help on demand show that they've got their customers' backs, especially in moments of stress or uncertainty.

# Life stage: School to Uni (around 18 years)

## Why this is an important point in their life when it comes to banking

This is the first real step into financial independence. At this age, young adults are managing money on their own for the very first time, often without parental oversight. They're forming their earliest impressions of banks and fintechs, impressions that can last for years. If banking feels intimidating, overly complex, or unhelpful now, it risks creating long-term mistrust. This is the moment where banks can earn trust early by being approachable, clear, and supportive.

## What they're doing at this time of their life

They're starting university or tertiary study, moving into shared flats or student accommodation, and juggling part-time work, study, and social life. It's also the stage of opening their first bank account in their own name, paying rent and utilities, learning to budget weekly for food and bills, and maybe receiving their first student loan. Many are also making their first financial mistakes—overspending, forgetting to pay a bill, or running out of money before payday.

## Needs and preferences

They want simple, jargon-free banking that makes life easier, not harder. Digital-first experiences are a must, fast onboarding, intuitive mobile apps, and tools that help them track where their money is going. They prefer bite-sized guidance they can trust without feeling judged, and they value certainty (no hidden fees) and fair treatment (not punished for being new to money management). Banking should feel like a helpful partner, not a barrier.

## Life challenges they are trying to solve and navigate

They're overwhelmed by change—new city, new friends, new responsibilities. Managing shared flat expenses can be messy and cause friction with flatmates. They lack the confidence to make good money decisions and don't yet know the basics of saving, budgeting, or avoiding debt traps. There's also social pressure; they want to enjoy uni life but fear running out of money. At this stage, they need banks to remove confusion, build confidence, and keep things stress-free.

## Moments that matter that banks and fintech's need to get right

1. Facing their first financial mistake (like overdrawing an account).
2. Setting up their first budget for flatting and uni life.
3. Learning to cook, pay bills, and grocery shop on a budget.
4. Setting their first short-term savings goals (for trips, events, or emergencies).
5. Receiving their first allowance or income from part-time work.
6. Splitting and managing shared expenses fairly with flatmates.
7. Making their first small investment or KiwiSaver choice.

At the School to Uni stage, trust is built on getting the Banking Basics right—security, easy onboarding, simple digital access, and on-demand support. Young adults are forming their first financial habits and expectations, so banks and fintech's must demonstrate that they are clear, approachable, and fair from the outset.

**Persona**

# BEN

**AGE:** 18

**OCCUPATION:**
University student

**LIVING SITUATION:**
Flatting with four others

**ABOUT BEN:**
Ben is just beginning his journey into financial independence. He's starting university, staying in a flat with four others and managing his own money for the first time. He feels overwhelmed by financial jargon and lacks the confidence to make sound money decisions without guidance. Ben needs simple tools and support to manage the money he has, learn savings habits, and understand basic financial literacy.

> "I just want to know I'm doing the right things with my money, without having to ask my parents or Google everything.

## CURRENT NEEDS

**Easy start**
Ben wants a banking relationship that's simple to set up, without complex terms or hidden conditions.

**Support for shared living**
He needs help navigating the logistics of flatting -especially splitting bills and managing shared expenses fairly.

**Personalised choices**
He's looking for account and savings options that reflect his student life and lifestyle, not a one-size-fits-all.

**Help managing money**
Ben is new to budgeting. He needs smart tools to help him track spending, set savings goals, and avoid running out of money each week.

## PAIN POINTS

**Overwhelmed by jargon**
Banking language and financial decisions feel intimidating and complex, especially during a life stage already full of change.

**Lack of confidence**
Ben doesn't feel equipped to make smart money choices on his own yet—he's looking for guidance, not judgement.

**Friction with flat finances**
Coordinating expenses with flatmates is a source of confusion and tension—there's no clear or easy way to manage it today.

## MOMENTS THAT MATTER

Life events that are financial triggers where banks can step in with support:

- **Facing their first financial mistake**
- **Their first budget - getting ready for flatting life**
- **Learning to cook, pay bills, and grocery shop**
- **Setting their first financial savings goals for the short & medium term**
- **Their first allowance or earnings from part-time work**

## TOUCHPOINTS

- Online banking & mobile app
- In-app messaging
- Online onboarding
- Social media & Podcasts

## EMOTIONAL DRIVERS OF TRUST

**Fair Treatment**
I feel respected - not punished or judged

**Certainty**
I know what to expect - no hidden rules or fees

**Control**
I feel in charge of my money and my choices

## JOBS TO BE DONE

I want to confidently manage shared expenses in my flat, so I don't feel lost or cause tension with my flatmates.

I want to build smart money habits early, so I don't fall behind or feel embarrassed asking for help.

I want a simple way to learn budgeting while I live independently for the first time, so I can feel in control of my spending.

I want to learn from my financial mistakes in a way that helps me grow, not feel ashamed, so I stay engaged and keep trying.

## ALIGNED PROPOSITIONS

**MoneyFit**
(habit-building + rewards)

**MoneyBites**
(snackable learning)

**CoughUp** (bill-splitting)

**HiddenPot** (save invisibly, reduce temptation)

**Finni** (empathetic coaching & support)

# Life stage: Uni to first job (around 22 years)

## Why this is an important point in their life when it comes to banking

This stage marks the transition from student life to the beginnings of a professional career—when income starts to grow, but so do responsibilities. It's the first time they're balancing earning, saving, and repaying debt simultaneously. How banks show up now can either build confidence and loyalty or reinforce feelings of being unsupported. At this stage, trust deepens when banks help them feel in control and make the shift from surviving week-to-week to planning ahead.

## What they're doing at this time of their life

They're landing their first full-time job, moving into more stable housing (often still flatting with friends), and learning to manage a regular salary. This is when student loans kick into repayment mode, and savings for future goals—like travel or a first car—become a priority. They're also starting to explore financial products beyond a basic transaction account, like KiwiSaver contributions, credit cards, or their first investment.

## Needs and preferences

They need smart tools to help them stay on top of their money—auto-saving features, spending insights, and gentle nudges to build good habits. They value certainty (knowing exactly what's coming in and out), control (clear visibility of debt and savings), and enjoyment (feeling good about progress without being restricted). They want guided support that doesn't feel sales-driven, especially when making their first financial decisions beyond the basics.

## Life challenges they are trying to solve and navigate

They're overwhelmed by change—new city, new friends, new responsibilities. Managing shared flat expenses can be messy and cause friction with flatmates. They lack the confidence to make good money decisions and don't yet know the basics of saving, budgeting, or avoiding debt traps. There's also social pressure; they want to enjoy uni life but fear running out of money. At this stage, they need banks to remove confusion, build confidence, and keep things stress-free.

## Moments that matter that banks and fintech's need to get right

They're juggling debt repayments, higher living costs, and the temptation of having more disposable income than ever before. Without guidance, it's easy to overspend or delay building healthy financial habits. They often lack financial literacy around saving for the long term, choosing investments, or understanding how interest and fees really work. This is where banks need to help them bridge the gap between student simplicity and adult financial confidence.

## Moments that matter that banks and fintechs need to get right

1. Receiving their first full-time paycheck.
2. Employer benefits and KiwiSaver contributions starting.
3. Getting their first credit product (credit card, overdraft, or personal loan).
4. Creating or rebuilding savings goals (e.g., travel, home deposit).
5. Making their first investment decision
6. Balancing student loan repayments with everyday life.
7. Temptation spending—helping them avoid lifestyle inflation and stay in control.

At the Uni to First Job stage, the Emotional Drivers of Trust—control, certainty, and enjoyment—become even more important. By stepping in with the right products, nudges, and guidance at key life moments, banks can demonstrate that they're not just keeping up with their customers' journey but actively helping them move forward.

**Persona**

# MIA

**AGE:** 22

**OCCUPATION:**
Recent graduate, full-time employee

**LIVING SITUATION:**
Renting with two close friends

**ABOUT MIA:**
Mia has just landed her first full-time role after finishing university. She's balancing repaying student loan debt with saving for travel and future goals. Managing finances is a juggle - she seeks simple tools to stay in control. Mia wants banks to help her develop solid financial habits and feel empowered to make informed decisions and choose realistic investment options, considering she now has more money coming into her account.

> It's exciting having more money coming in but it also makes it easier to lose control if I'm not careful.

## CURRENT NEEDS

**Always on, digital first banking**
Mia expects her banking experience to match the speed and ease of her favourite apps - fast, intuitive, and accessible anytime.

**Investment options made for her**
She's ready to start investing, but only if the tools reflect her life stage, values, and knowledge level - not generic products built for older customers.

**Smarter tools**
Mia wants clear, simple tools that help her track where her money goes, avoid mindless spending, and stay on top of her financial goals.

**Guided learning that doesn't feel judgy**
Mia wants to improve her financial confidence - but in a way that feels empowering, not overwhelming. She's looking for guidance that's non-patronising, visual, and embedded into her banking experience.

## PAIN POINTS

**Juggling debt & daily costs**
Student loan repayments and rising living expenses leave little breathing room. She often feels stuck between paying off debt and enjoying life.

**Lacking financial habit building skills**
Mia didn't grow up with strong money habits and finds it hard to know where to start now that she has regular income.

**Tempted by spending freedom**
Having more money than ever before feels empowering but also dangerous. Without structure, it's easy for Mia to overspend and feel guilty afterward.

## MOMENTS THAT MATTER

Life events that are financial triggers where banks can step in with support:

- **First full-time paycheck**
- **First credit product**
- **First investment decision**
- **Employer benefits and KiwiSaver contributions start**
- **Creating or rebuilding savings goals**

## TOUCHPOINTS

- Online banking & mobile app
- In-app messaging
- Loan / Investment Consultant
- Social media & Podcasts

## EMOTIONAL DRIVERS OF TRUST

**Enjoyment**
Using my bank is surprisingly satisfying - even fun

**Certainty**
I know what to expect - no hidden rules or fees

**Control**
I feel in charge of my money and my choices

## JOBS TO BE DONE

I want tools that help me separate fun spending from savings, so I can enjoy life without guilt or going into debt.

I want help turning income into consistent habits, so I feel like I'm making progress financially.

I want personalised nudges and reminders that feel helpful, not preachy, so I stay in control without stress.

I want to experiment with investing in a low-stakes way, so I can learn by doing without risking too much.

## ALIGNED PROPOSITIONS

**Save to Splurge** (rewarding good spending choices)

**NudgeSense** (daily nudges for behaviour change)

**MoneyMoves** (habit-based rewards)

**GrowKit** (investing for beginners)

**QuestVest/GoalGetter** (gamified exploration)

# Life stage: Building momentum (around 28 years)

## Why this is an important point in their life when it comes to banking

This is the stage where financial decisions start to feel bigger and more permanent. After several years of working and growing their income, they're moving beyond just managing day-to-day money to building real financial momentum, saving more intentionally, investing, and thinking about major milestones like homeownership. Trust is earned at this stage by showing clarity and transparency, which helps them make confident decisions while avoiding the feeling of being overwhelmed by complexity.

## What they're doing at this time of their life

They're paying down the final stretch of student debt, actively building savings toward a house deposit or another big goal, and investing more regularly. Many are moving in with a partner or stabilising their living situation and may be thinking about joint financial goals. They're also more conscious about optimising things like KiwiSaver contributions, comparing banks or providers, and seeking advice on whether they're on the right track for the future.

## Needs and preferences

They want smarter financial tools that help them track progress, plan ahead, and feel reassured they're making the right moves. They value recognition, seeing their efforts and discipline reflected in rewards or better opportunities. They seek advice tailored to their specific goals and risk level, rather than generic or sales-focused. Seamless digital experiences are non-negotiable, but at this stage, they also appreciate trusted, human support when decisions feel high stakes.

## Life challenges they are trying to solve and navigate

They're motivated to achieve bigger goals but can feel like they're "flying blind" when it comes to the best way to save, invest, or prepare for a mortgage. Progress can feel invisible, leading to frustration or second-guessing whether they're doing enough. Comparing KiwiSaver providers, investment funds or switching banks can feel complicated and exhausting. At this point, banks must simplify complexity, make progress visible, and provide reassurance that customers are on the right track.

## Moments that matter that banks and fintech's need to get right

1. Tracking progress toward a house deposit milestone
2. Paying down the final stretch of student loan debt
3. Setting up a joint savings account or goal with a partner
4. Seeking investment knowledge, advice, or guidance
5. Receiving a pay rise or bonus and deciding what to do with it
6. Comparing KiwiSaver providers and switching fatigue
7. Making their first pre-approval enquiry for a mortgage

At the Building Momentum stage, Recognition, Fair Treatment, Control, and Certainty become critical emotional drivers. Lina and her peers want banking to feel like it's working with them, not against them and on the path to bigger goals. Trust grows when banks provide visible progress, proactive insights, and personalised guidance that turns complexity into confidence. This is the stage where banks can strengthen long-term loyalty by proving they're invested in their customers' success.

Persona

# LINA

**AGE:** 28

**OCCUPATION:**
Mid-level professional

**LIVING SITUATION**:
Renting a flat with her partner

**ABOUT JORDAN:**
Lina is in the momentum-building phase of their financial life. After years of student life and early-career grind, they're now earning more and making intentional financial choices: building savings, investing regularly, and chipping away at their student loan. They're financially aware, but not an expert. They've done the mahi to get ahead, and now homeownership is the big milestone in focus.

"

I'm doing all the right things - saving, investing, paying off debt, but sometimes it still feels like I'm flying blind.

## CURRENT NEEDS

**Transparent, Trustworthy Support**
Lina expects clear communication, honest advice, and no hidden fees. She wants to feel like her bank has her back, not a sales agenda.

**Smarter tools for growth**
She's actively trying to build momentum: saving for a house, investing, and clearing debt. She needs intelligent tools that help her optimise every dollar.

**Insights that reflect her life**
Generic advice doesn't cut it. Lina wants tailored insights that align with her lifestyle, financial habits, and future goals, not outdated assumptions.

**Seamless digital experience**
As a digital native, Lina expects her banking to be always-on, fast, and frictionless - across mobile, web, and customer support.

## PAIN POINTS

**Lack of clear, actionable guidance**
She's motivated but not a financial expert. While she's ready to invest, save more, or prepare for a mortgage, she finds that advice is either too vague or too technical to act on.

**Invisible progress**
Lina is putting in the mahi - saving, paying off debt, and investing - but without feedback or recognition from her bank, it's hard to feel like she's making progress. She craves visible milestones to stay encouraged.

**Complex systems & switching fatigue**
Comparing KiwiSaver providers, planning a mortgage, or optimising her accounts feels unnecessarily complex. She's open to change, but not if the process feels like a burden.

## MOMENTS THAT MATTER

Life events that are financial triggers where banks can step in with support:

- **Setting up a joint savings account or goal with their partner**
- **Paying down the final stretch of student loan debt**
- **Receiving a pay rise or bonus and deciding what to do with it**
- **Tracking progress toward a house deposit milestone**
- **Seeking Investment knowledge - advice or guidance**
- **Comparing KiwiSaver providers or switching banks**

## TOUCHPOINTS

- Online banking & mobile app
- In-app messaging
- Email
- Online chat
- Social media & Podcasts

## EMOTIONAL DRIVERS OF TRUST

**Enjoyment**
Using my bank is surprisingly satisfying - even fun

**Recognition**
My efforts, loyalty, and identity are seen and valued

**Control**
I feel in charge of my money and my choices

## JOBS TO BE DONE

I want to track and visualise my progress toward a house deposit, so I feel motivated and reassured I'm on the right path.

I want investment advice that reflects my values and risk level, so I can grow wealth confidently without second-guessing myself.

I want guidance that fits into my routine and respects what I already know, so I can keep learning without feeling talked down to.

I want my bank to acknowledge the effort I've put in, so I feel proud and motivated to keep going.

## ALIGNED PROPOSITIONS

**GrowKit** or **QuestVest/GoalGetter** (value-aligned investing)

**Finni** (AI-powered financial guidance)

**MoneyMoves** (visible milestones)

**MoneyBites** (in-context learning)

# Life stage: Future focussed (around 32 years)

## Why this is an important point in their life when it comes to banking

By their early 30s, Young & Emerging Adults are shifting from building momentum to strategic planning. They've likely experienced career progression, are earning more, and are ready to make long-term decisions about homeownership, family, and wealth-building. Trust at this stage comes from showing up with stability, foresight, and tailored advice. This is when banking relationships can deepen into partnerships. If providers show they can adapt to their evolving goals and complexity.

## What they're doing at this time of their life

They may be buying a first home, getting engaged or starting a family, and thinking about intergenerational wealth, financial protection, or lifestyle flexibility. They're managing KiwiSaver or other investments more intentionally, and may also be exploring side businesses or additional income streams. This stage is also when some consider switching providers to get a better mortgage deal or rewards program, and loyalty is earned through meaningful value, not inertia.

## Needs and preferences

They want confidence that they're future-ready with tools, advice, and services that help them plan, protect, and grow. They need clarity on big financial decisions, from fixed versus floating mortgages to balancing retirement savings with short-term needs. They expect recognition and reward, not just as loyal customers, but as informed, values-led individuals. Seamless digital continues to matter, but so does trusted human guidance when the stakes are high.

## Life challenges they are trying to solve and navigate

They're navigating the pressure of getting it right, whether that's locking in a home loan, preparing for parental leave, or future-proofing their finances. They may be feeling the mental load of "adulting" at scale, managing a household, career, insurance, and investments. There's often uncertainty around whether they're doing enough to prepare for retirement or how to balance financial freedom with stability. Banks need to be the calm in the storm, empowering informed decisions without overwhelm.

## Moments that matter that banks and fintechs need to get right

1. Getting pre-approval and securing a first mortgage.
2. Navigating interest rate decisions and home loan structuring.
3. Starting or growing a family—budgeting for leave, new costs, or childcare.
4. Exploring income diversification from side businesses, contracting, or investing.
5. Consolidating finances with a partner or for a household.
6. Reassessing KiwiSaver or retirement strategy.
7. Switching providers for better rates, value, or alignment with values.

At the Future Focused stage, Enjoyment, Control, and Recognition are front and centre. Sam, Priya, and others like them want to feel seen, not just as account holders, but as capable decision-makers building long-term security. Banks and fintechs that offer tailored pathways, smart automation, and human expertise show they're ready to grow with their customers, not just serve them. In doing so, they transform transactional relationships into trusted, values-aligned partnerships.

**Persona**

# SAM & PRIYA

**AGE:** 31 & 32

**OCCUPATION:**
Dual-income professionals in stable careers

**LIVING SITUATION**:
Renting

**ABOUT SAM & PRIYA:**
After years of disciplined saving, smart lifestyle choices, and investing in their KiwiSaver and managed funds, Sam and Priya are finally on the cusp of their biggest milestone yet: buying their first home. They've almost hit the coveted 20% deposit mark, and they're actively preparing to become mortgage ready. Their focus is on long-term goals, including financial freedom, homeownership, and building a foundation that supports their future family life.

"

We've worked hard to get here - now we just need a bank that makes the next steps clear, fair, and feels like a partner, not just a provider.

## CURRENT NEEDS

**Tools to prepare for home ownership**
They're nearly ready to buy their first home. They want support that goes beyond savings advice - including pre-approval readiness, planning calculators, and scenario-based forecasting.

**Personalised investment guidance**
Sam & Priya have outgrown generic KiwiSaver dashboards. They're looking for strategic, risk-aware investment insights that support both short- and long-term goals.

**Easy comparison & switching**
They're open to shopping around but the process of switching providers or comparing options still feels too difficult and risky.

**Reward for loyalty & discipline**
After years of responsible saving, they expect to be recognised, whether through better rates, waived fees, or financial coaching perks.

## PAIN POINTS

**Complexity in the home loan process**
Navigating pre-approvals, interest rates, legal terms, and deposit rules feels overwhelming, especially for first-time buyers without expert support.

**Lack of recognition for good financial behaviour**
Despite years of saving and loyalty to their bank, Sam & Priya often feel treated the same as new or riskier customers, missing out on meaningful rewards or better rates.

**Feeling stuck between now and 'what's next'**
They're not beginners, but not yet homeowners. This in-between phase lacks tools and guidance that feel designed for people just like them.

## MOMENTS THAT MATTER

Life events that are financial triggers where banks can step in with support:

- **Hitting the 20% deposit milestone**
- **Projecting future affordability with a child**
- **Comparing mortgage options and scenarios**
- **Making their first home offer – a high-stress, high-stakes moment**
- **Getting pre-approved for a mortgage - navigating complexity**

## TOUCHPOINTS

- Online banking & mobile app
- Home Loan Consultant
- Email
- Online chat
- Social media & Podcasts

## EMOTIONAL DRIVERS OF TRUST

**Fair Treatment**
I feel respected, not punished or judged

**Certainty**
I know what to expect - no hidden rules or fees

**Recognition**
My efforts, loyalty, and identity are seen and valued

## JOBS TO BE DONE

We want proactive support to make confident decisions about mortgages and providers, so we don't feel stuck or penalised for exploring.

We want our years of saving and loyalty to be recognised, so we feel like valued customers, not just numbers in the system.

We want to plan for future family life without sacrificing financial freedom, so we can feel secure and optimistic about what's ahead.

We want to explore future scenarios, such as starting a family or accelerating investments, so we can make more informed financial decisions today.

## ALIGNED PROPOSITIONS

**Finni** (tailored financial coaching)

**TogetherFund** (shared savings momentum)

**GrowKit** (investment options beyond KiwiSaver)

**MoneyMoves** or **Loyalty perks** (rewards for good behaviour)

# Design **PRODUCTS** that help Young adults Grow, Pay, Decide and Learn

## GROW – Savings and Investment products

### *Help me build wealth - not just store money*

Y&E adults want to grow, not just manage their money. From flexible savings accounts to beginner-friendly investment options, they want tools that support financial growth at their pace, aligned with their values. The key is accessibility without intimidation: show them how to start, personalise the journey, and celebrate milestones.

**Why it matters:**

Growth products create long-term stickiness. Interviewees consistently mentioned goals like travel, house deposits, and financial freedom, but often lacked confidence to act without guidance.

**Examples:**

- Micro-investing platforms with value-aligned portfolios.
- Milestone savings products that reward streaks or targets.
- A shared savings and investment pooling product to unlock higher returns and split the gains based on their share.
- First-time investment bundles with tutorials and projections (e.g. investment starter packs).

## PAY – Payment solutions

### *Smart, social payments - made easy, made for real life.*

Y&E adults expect seamless, fast, and flexible ways to pay, receive money, and manage shared expenses. From digital wallets to QR payments, they're looking for fluid, frictionless solutions. Social connection is also key - they want payment tools that work for group dynamics and shared experiences.

**Why it matters:**

Payment is no longer transactional - it's emotional. Smooth payments reduce social awkwardness and build daily trust in a bank's tech capability.

**Examples:**

- Pay by phone number or handle (no account numbers needed).
- Flatmate payment hubs to track rent, split bills, and remind.
- Near Field Communication (NFC) and wearable payment integrations.
- A card feature that automatically redirects discounts (e.g. 50% off a meal) into your savings account.

## DECIDE – Money tools

### *Smart tools that guide my choices, not just track them - even in messy moments*

Managing day-to-day finances is a top priority for Y&E adults. They want simple, intuitive tools to track spending, manage bills, split costs, and automate financial flows. Tools should fit into existing life rhythms, such as flatting, studying, or transitioning careers, and help build literacy through hands-on experiences.

**Why it matters:**

Many said they rely on spreadsheets or third-party apps because their banks don't offer meaningful financial planning tools. Money tools are not just functional; they're empowerment enablers.

**Examples:**

- Automatic spend categorisation with weekly insights.
- Split-payment features for flatmates or partners.
- Ghost/invisible accounts to "hide" savings.
- Financial fitness starter kits, budget builders and bill predictors that adapt over time.

## LEARN – Education forums

### *Teach me something real - make it sharp, scrollable, and worth my time*

Y&E adults want to grow their financial knowledge but in ways that feel safe, social, and digestible. They respond best to peer-led content, bite-sized formats, and contextual tips embedded within their actual banking experience. Learning should be active, not passive, tied to real money moments and behaviours.

**Why it matters:**

Many participants said they felt unprepared for adult financial life. Banks have a powerful opportunity to become coaches, not just platforms.

**Examples:**

- In-app "learn as you go" explainers linked to key actions.
- Peer-led content on YouTube, TikTok, or live webinars.
- Scenario tools to explore things like "What happens if I pay off my loan faster?"
- Community spaces to ask questions and share wins.

# Build them on the **EMOTIONAL DRIVERS OF TRUST**

### Designing for emotion: The missing link in trust

For young and emerging adults, functional banking is expected but an emotional connection is what sets leading institutions apart. Through our research, we validated six key emotional drivers of trust that matter most to 18–32 year-olds in Aotearoa: Fair Treatment, Certainty, Control, Recognition, Enjoyment, and Connection. These are not abstract concepts; they're grounded in research and lived experience. Each driver reflects a deeper need - feeling respected, informed, empowered, seen, motivated, and supported. Together, they create the foundation for financial relationships that feel human, not transactional.

### From insight to action: How to use the drivers

These emotional drivers are powerful tools to shape every layer of your organisation, from customer acquisition and digital experience to product development, journey mapping, UX, strategy, and brand design. They allow teams to design with empathy and intent, crafting experiences that don't just function well, but feel right. The Trust Framework and its emotional underpinnings give banks and fintechs a blueprint to connect with this generation in ways that foster long-term loyalty. Whether you're ideating a new feature or launching a campaign, designing for emotion unlocks resonance and relevance.

### Ongoing measurement: Making emotion a strategic metric

Beyond design, these drivers can be measured and tracked through your ongoing customer listening and feedback programs. By embedding them as standalone emotional metrics, organisations can monitor how trust is being earned or eroded over time. The emotional drivers of trust are not just a research artefact; they're a validated, actionable tool to drive your experience strategy forward, solve real customer problems, and create deeper emotional bonds with the next generation of banking customers.

**Fair Treatment**
I feel respected - not punished or judged

**Certainty**
I know what to expect - no hidden rules or fees

**Control**
I feel in charge of my money and my choices

**Recognition**
My efforts, loyalty, and identity are seen and valued

**Connection**
I feel like I belong - I'm not doing this alone

**Enjoyment**
Using my bank is surprisingly satisfying - even fun

# **COMMUNICATE** through the channels they value most

### Always on, always relevant: Communication that builds trust

Young & Emerging Adults expect their bank to feel more like a service partner than a distant institution and that starts with communication. This generation doesn't just prefer digital; they expect instant, seamless support across the channels they use every day. Whether it's a quick answer via in-app chat or a thoughtful conversation about a big financial decision, trust is built when banks are present, responsive, and human at the right moments.

### A multi-channel mindset

This isn't about choosing between digital or human, it's about combining both in a smart, responsive ecosystem. Digital chat stands out as the go-to across the life cycle: fast, casual, and in control. It's the first port of call when they have questions, want clarity, or need to solve something on the fly. But when complexity increases, Y&E adults value well-written emails, the ability to call, or even face-to-face conversations for reassurance and guidance. Push and in-app notifications are also effective when used with care, as nudges, reminders, or smart alerts that help rather than interrupt.

### From insight to execution

To earn trust and engagement, banks and fintechs must design communication strategies that mirror how this generation moves through life - fluidly switching between convenience and connection. Digital chat should be embedded across the journey, not limited to one-off support. Email should be used to confirm, explain, and educate. Face-to-face and phone channels should be activated during milestone moments, such as buying a home or investing. The expectation is clear: be where they are, speak in their language, and make every interaction feel effortless, informed, and in service of their progress.

**01** | **Email**
Clear, detailed, and on my terms

**02** | **Digital Chat**
Quick, casual, and in control. A low-pressure way to connect.

**03** | **In –app notifications**
Smart prompts where I take action – helpful nudges, not noise

**04** | **Push notifications**
Smart alerts that feel more mate than marketer

**05** | **Phone call**
Human help, when it really matters

**06** | **Face to face**
For big decisions, I want a real conversation

# Deliver experiences that meet their **VALUES AND EXPECTATIONS**

### Designing for what matters most

Young & Emerging Adults don't just want banking to work, they want it to work for them. Their values are clear: they expect fairness, speed, relevance, and purpose. Across our research, five core expectations consistently emerged: Clear and Fair, Instant and Digital, Personalised and Supportive, Ethical and Purposeful, and Innovative and Easy. These expectations are not 'nice to haves', they are a must for trust. Meeting them is how financial institutions earn attention, loyalty, and emotional connection from this generation.

### Translating values into experience

These expectations offer a clear design brief for banks and fintechs. Products should be transparent and intuitive. Experiences should be tailored to life stages, easy to start, and empowering to manage. Features like real-time insights, personalised nudges, inclusive language, ethical alignment, and beautiful UX signals respect, care, and cultural awareness. When values are embedded into the product and experience design, Y&E adults feel seen, understood, and confident that they're in the right place.

### Putting values to work

These values should guide not only how services are delivered but also how problems are solved. They belong at the centre of ideation, journey mapping, product development, digital experience, brand strategy, and marketing campaigns. They are also measurable, trackable through emotional loyalty metrics, feedback programs, and experience validation. Embedding these values into day-to-day decision-making is the final layer of delivering 'The Connected Trust Experience'. When you design to their expectations and values, you're not just building a better product, you're building a trusted relationship

| | |
|---|---|
| **Clear & Fair** | Transparent, honest, and easy to understand - no jargon, no surprises. |
| **Instant & Digital** | Seamless, app-first experiences that are fast, flexible, and available anytime. |
| **Personalised & Supportive** | Designed for my life - guided, relevant, and empowering. |
| **Ethical & Purposeful** | Values-aligned, socially conscious, and transparent about impact. |
| **Innovative & Easy** | Smart tools that solve problems - simply, intuitively, and beautifully. |

# **Technology enablers:** Powering the Connected Trust Experience

## TECHNOLOGY ENABLERS

| AI & Machine learning | Payment Tech | Open Banking | Digital identity | Digital Wallet |
|---|---|---|---|---|
| Make smart, fast, and personal | Flexible, social, powerful | Let my data work for me | Prove who I am, easily | Carry less, pay smart |

These technology enablers turn insights into action, powering experiences that are faster, smarter, more human, and built for how young and emerging adults live. From AI-driven guidance to seamless payments, open banking, and digital identity, these innovations are the backbone of banking that adapts, responds, and earns trust, every day, in every interaction

## AI and Machine Learning

**Make my experience smarter, faster, and more personal.**

AI is where banking moves from transactional to transformational. For Y&E adults, this is the engine that enables hyper-personalised experiences - financial guidance that feels custom-built, not off-the-shelf. From predictive nudges to real-time advice, AI enables banks to anticipate customer needs, reduce stress, and integrate coaching into everyday interactions.

This is also where innovation comes alive. With the rise of personal AI agents, banking will become more conversational, intuitive, and tailored. Imagine a digital companion that knows your financial history, understands your goals, and interacts naturally, like a coach in your pocket —not just a chatbot.

**Why it matters:**

Y&E adults expect experiences that cater to their needs. AI makes this possible by blending intelligence with empathy to support smarter financial decisions.

**Examples:**

- **Personal AI agent:** A digital coach that chats with you in-app, suggests budget tweaks, tracks goals, and offers advice like “You can afford to take that road trip — here’s how.”
- **Smart nudges:** “You’re on track to hit your savings goal two weeks early — want to adjust?”
- **AI-driven spend prediction** to help manage cash flow and avoid overdrafts.
- **Dynamic home screens** based on current life stage, usage patterns, and goals.

## Payment Technology

**Power fast, flexible, and social payments.**

From tap-and-go Near Field Communication (NFC) to real-time peer payments, modern payment tech underpins how Y&E adults move money. It should be fast, seamless, and work with how they live - flatting, gigging, travelling, or just splitting sushi. Speed, simplicity, and flexibility are non-negotiable.

**Why it matters:**

Payment is one of the most frequent interactions Y&E adults have with their bank and often where loyalty is lost or gained.

**Examples:**

- NFC-based tap-to-pay via phone, smartwatch, or wearable.
- Payment by phone number, username, or QR code, no bank details needed.
- Split payments with custom labels and reminders.
- P2P payments integrated with emojis or social notes.

## Open Banking

**Give me control by letting my data work for me.**

Open banking enables secure data sharing between providers, with consent. For Y&E adults, it's a gateway to better deals, more insights, and easier switching. It puts them in control, allowing their financial data to unlock smarter services without starting from scratch every time.

**Why it matters:**

Trust in banks increases when customers feel in control. Open banking is a driver of choice, transparency, and empowerment.

**Examples:**

- Auto-import spending data from other accounts into a central view.
- One-click comparison of mortgage or savings rates across banks.
- Seamless switch of providers without re-entering everything manually.
- Permission-based sharing for budgeting apps, co-buying, or side hustles.

## Digital Wallet

**Carry less, pay smarter - all in one place**

Y&E adults don't want to rely on physical wallets. They want fast, secure access to their cards, IDs, loyalty passes, and payment credentials in one place. Digital wallets power flexible, contactless, always-with-me money management across devices and platforms.

**Why it matters:**

It's about freedom, security, and convenience, especially for mobile-first lifestyles and on-the-go choices.

**Examples:**

- In-app integration with Apple Pay, Google Pay, and other mobile wallet systems.
- One-tap access to debit, credit, transport, and loyalty cards.
- Secure storage of student IDs, digital driver licences, or digital Buy Now, Pay Later (BNPL) cards.
- Temporary virtual cards for one-off purchases or subscriptions.

## Digital Identity

**Prove who I am - without jumping through hoops**

Verifying identity is a frequent friction point for Y&E adults, especially during onboarding or when accessing new services. Digital identity solutions streamline this process using biometrics, verified credentials, or reusable IDs. Done right, it builds trust while reducing delays.

**Why it matters:**

Banks that make sign-up and verification feel easy stand out. It's about showing respect for time, security, and the right to access services without jumping through hoops.

**Examples:**

- Facial recognition or biometric login across all services.
- Pre-verified digital IDs that skip the need to scan passports or proof of address.
- Verified profiles for smoother onboarding to new products.
- Consent-based ID sharing when applying for loans or registering for joint accounts.

Where rubber hits the road:

# Execution of the Y&E Adult Trust Framework

SHAPE

# **Scenario 1:** Applying the Trust Framework in Fintech – A Founder's Perspective

For New Zealand's fintech founders, like those behind Dosh, Debut, Emerge, and SquareOne, the mission is deeply personal. These are ventures born not out of market gaps but lived frustrations and bold ideas. As Jovan Pavlicevic, founder of SquareOne and now Emerge, shared, this didn't start as a business plan, but as a moment of friction trying to open a bank account for his daughter. That moment sparked a mission to remove barriers, reimagine trust, and build banking that grows with people, not apart from them.

Take SquareOne's next evolution - transitioning users into Emerge, a personal account experience designed specifically for young adults. This moment of product growth is precisely where the Trust Framework makes a difference. Instead of simply migrating users, Emerge can design a phased transition plan that respects the life stage shift—from School to Uni, and Uni to First Job—while anchoring to emotional drivers like control, certainty, and recognition. With the framework in place, the team can ensure every aspect, product features, onboarding flows, and messaging align with where users are in life, not just in the app.

But the value of the Trust Framework extends well beyond product transitions. For example, a fintech planning to launch its first investment offering can use the framework to design it with confidence and clarity. By identifying when investing becomes relevant (typically around the Uni to First Job or Building Momentum stages), teams can develop a product that demystifies investing, speaks to the emotional drivers of certainty and enjoyment, and aligns with user values like ease, clarity, and ethical alignment. Delivered through digital channels users already trust—like app stories, push alerts, and chat—the investment experience becomes both accessible and empowering.

What's powerful about the Trust Framework is its flexibility. You don't need to use all four components at once. If you already have a strong savings product, for example, but want to improve adoption, you might focus solely on how it's communicated, ensuring it taps into the right emotional drivers and is delivered through preferred digital channels like in-app chat or notifications. You can use the framework to design a full connected experience, or to refine one part of the journey. Both approaches add value.

And as your product offering evolves, remember this: the Trust Framework is strengthened when supported by smart technology and solid foundations. AI-driven personalisation, open banking integration, and digital identity streamline and humanise the experience, but only if the banking basics (like security, speed, and UX) are in place.

Innovation earns trust not just through what it offers, but how reliably it delivers.

# Scenario table: Fintech Founder applications

| Use Case | How the Framework Applies | Stakeholder Impact |
| --- | --- | --- |
| **Transitioning users from SquareOne to Emerge personal account** | Map user migration by life stage (School to Uni → Uni to First Job), design onboarding with emotional drivers like control and recognition, use trusted channels like in-app chat and email | Founders ensure product transition builds loyalty, not churn. Stronger engagement with evolving user base |
| **Designing a youth-focused home loan or savings offer** | Build the proposition around values like fairness, clarity, and purpose. Validate language, UX and trust signals with users aged 28–32 (Building Momentum stage) | Feature adoption increases; perceived relevance strengthens. Avoids "pushy" product feel |
| **Creating a go-to-market campaign for a new feature or card** | Anchor messaging in emotional drivers (e.g. "feel in control," "get recognised for good habits"), choose top preferred channels (push, chat, social), test resonance with each life stage | Marketing ROI improves, CAC potentially reduced. Campaign builds emotional connection, not just awareness |
| **Developing and launching an investment offering** | Use the framework to understand where investing fits by life stage (Uni to First Job and Building Momentum), focus on emotional drivers like certainty and growth, and communicate in simple, non-jargon language through trusted digital channels | Product is more accessible, reducing intimidation factor. Higher trust and early adoption, especially among first-time investors |

**The good news is this:** you don't have to start from scratch. This project has already done the deep work - extensive research, co-design, and validation. The Trust Framework is ready to be applied. It's not just a tool for understanding trust – it's a system for delivering it. And if you're ready to move fast, we've already co-designed and tested value propositions aligned to this framework. We'd be delighted to see them brought to life.

# **Scenario 2:** Applying the Trust Framework in a traditional bank

For many traditional banks, digitisation isn't new but what's newly urgent is designing digital experiences that build trust with a generation that demands more than functionality. For Chief Customer Officers, Heads of Digital, Marketing, and Product teams, the challenge is no longer how to digitise, but how to resonate, how to create experiences that are relevant, human, and loyalty-building in a market where attention is fleeting and expectations are rising.

The Trust Framework offers a practical blueprint. Built from extensive research and validation with Young & Emerging Adults (aged 18–32), the framework helps teams move from generic CX upgrades to deeply targeted design, anchored in life stages, emotional drivers, preferred communication channels, and generational values. It's not another model to map over your current roadmap; it's a lens to refocus your digital strategy, sprint planning, marketing messaging, and CX priorities around what this generation actually wants.

For example, if your product team is developing a new savings or investment tool, you can use the framework to map features against the "Grow, Pay, Learn, Decide" model, ensuring you're designing for the right stage of life and emotional need. If your CX or agile teams are reimagining the mobile app onboarding flow, they can prioritise emotional drivers like certainty and fairness, while UX and content design teams apply values like clear and fair, personalised and supportive. And if your marketing and brand teams are preparing a new campaign to connect with younger segments, the framework ensures you're not just showing up, but showing up in the right channel, with the right message, in the right tone.

This doesn't need to happen all at once. Some teams may use the framework to shape an entire digital proposition, while others may apply it to a specific challenge, like fixing dropout in loan applications, boosting KiwiSaver education, or redesigning a communications calendar. It's versatile enough to plug into discovery, sprint cycles, creative briefings, and campaign planning, and strong enough to anchor long-term experience transformation.

And as always, don't lose sight of the foundations. As you digitise, ensure your efforts are supported by the right technology enablers - AI, open banking, payments, digital ID and the basics of banking: security, UX, access, and support.

A connected trust experience can't be built on clunky infrastructure.

# Scenario table: Traditional bank applications

| Use Case | How the Framework Applies | Stakeholder Impact |
|---|---|---|
| **Launching a digital savings product for 22–28-year-olds** | Map value proposition to life stages (Uni to First Job, Building Momentum). Anchor design in emotional drivers like control and enjoyment, and deliver with values like clear & fair. Ensure tone, nudges, and UX reflect that this is their ***first*** experience with saving regularly. | Heads of Product ensure higher feature uptake and long-term engagement. Marketing gains stronger relevance and alignment to messaging. |
| **Redesigning onboarding in mobile and online channels** | Apply emotional drivers (certainty, fairness) to flow and content. Align copy, visual tone, and interaction design with preferred communication preferences—e.g., fewer forms, more chat-like onboarding, clearer steps. | Digital and CX leaders reduce abandonment, improve satisfaction scores, and drive trust early in the journey. |
| **Creating a marketing campaign targeting Gen Z and Millennials** | Use life stage and emotional insight to create messaging that connects emotionally (e.g., "Feel in control," "Recognised for doing the mahi"). Prioritise digital-first channels like social, influencers, push notifications. | Marketing and brand leaders deliver stronger reach and emotional resonance, improving perception and acquisition efficiency. |
| **Repositioning home loans for first-time buyers (28–32 years)** | Use the framework to understand the mindset of users in the Future Focused stage - ready to buy but anxious about complexity. Anchor the proposition in emotional drivers like certainty and recognition, with messaging that respects their effort and progress. Simplify steps, offer personalised guidance, and communicate through trusted digital + human channels. | Mortgage, lending, and digital teams deliver a more accessible home loan journey. Improves NPS, acquisition, and conversion among young first-time buyers. Reinforces long-term loyalty. |

Co-designed & validated

# Product and service value propositions

These value propositions are the culmination of extensive primary and secondary research, combined with real-world co-creation discussions with Young & Emerging Adults across New Zealand. They are not standalone ideas; **they are a direct application of the Y&E Adult Trust Framework**, ensuring every concept is anchored in what builds and sustains trust.

Each proposition:

- Designs PRODUCTS that enable Y&E Adults to Grow, Pay, Decide, and Learn.
- Is built on the six EMOTIONAL DRIVERS OF TRUST, ensuring the offer resonates emotionally, not just functionally.
- COMMUNICATES through the channels this audience values most, using the tone and formats that feel authentic.
- Delivers experiences that align with their core VALUES AND EXPECTATIONS, from transparency to fairness.

The four life stages identified in this study, each with its own needs, aspirations, and challenges, serve as the blueprint for tailoring these propositions. On page 98, we also highlight the technology enablers that will be critical to bringing these solutions to life, ensuring they are not only desirable but also feasible in the New Zealand market context.

# Value propositions

## Product and service concepts & descriptions

Each product is grounded in real insights from research and brought to life through smart use of technology, leveraging Artificial Intelligence, payment innovation, Digital Identity, wallets and Open Banking. Designed to strike the right balance between Human Intelligence (HI) and Artificial Intelligence (AI), these solutions aim to build trust, drive engagement, offer choice, and empower young and emerging adults to reach their financial goals, regardless of their journey, confidently.

| Product name | Description |
|---|---|
| **Save to Splurge** | A debit card feature that automatically redirects discounts (e.g., 50% off a meal) into your savings account, so spending smart also builds your future. |
| **TogetherFund** | A shared savings and investment pooling product where family or friends contribute together to unlock higher returns and split the gains based on their share. |
| **MoneyMoves** | A gamified loyalty program with three tiers that rewards good money habits with cashback, better interest rates, and discounts on everyday bills, making banking fun again. |
| **NudgeSense** | An AI-powered coaching tool that gives timely, personalised nudges based on spending behaviour to help users make smarter financial decisions daily. |
| **MoneyFit** | A Financial Fitness Starter Kit with a built-in tracker that rewards consistent habits, celebrates milestones, and teaches along the way like a personal trainer for your money. |
| **Growkit** | Personalised Investment Starter Packs with guided journeys, values-aligned portfolios, and “Investing 101” explainers to help new investors get started with confidence. |
| **MoneyBites** | Micro-learning. A stream of short, TikTok-style financial education videos that break down money topics into snackable lessons tailored to user behaviour and life stage. |
| **Finni** | A personal AI agent that learns from your financial history and goals to provide customised guidance, coaching, and support via natural conversation in your app. |
| **QuestVest** | Guided Investing journey: A fantasy game-inspired investing experience where users level up, unlock perks, and build wealth through habit-building, milestone achievements, and challenges. |
| **GoalGetter** | Guided Investing journey: A football/FIFA-style financial game where users build their money squad, climb savings leagues, and unlock rewards by achieving their goals. |
| **CoughUp** | A built-in bill-splitting tool that makes it easy (and non-awkward) to split group expenses, with auto reminders, recurring splits, and clean tracking. |
| **HiddenPot** | An invisible savings account that hides from your app dashboard to reduce temptation and help users build savings quietly through automation and round-ups. |

# Product name: **'Save to Splurge'**

## *Spend smart. Save effortlessly. Splurge without guilt*

### Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to enjoy social experiences like dining out while still building better money habits.

**Our solution** is a debit card-linked reward feature that partners with restaurants/providers, such as First Table, to offer 50% off meals. If chosen, the saved amount is automatically redirected into the nominated savings account.

**So they can** build consistent savings without sacrificing lifestyle, making "saving" part of the fun.

**Unlike** traditional discount programmes or loyalty apps, which only focus on instant gratification without reinforcing long-term financial habits

### Why Save to Splurge resonates:

This idea builds on strong Y&E adult preferences for:

- Effortless saving and automation.
- Gamification and community-aligned offers.
- Financial wellbeing without compromising enjoyment.
- Visible progress toward goals like travel or buying a home.

It also aligns with Y&E adults' desire for digital-first features, lifestyle-integrated financial tools, and value-based banking propositions.

### Emotional drivers it taps into:

**Enjoyment** – Treat yourself and still save – It's guilt-free indulgence.

**Control** – Turn everyday spending into automatic savings.

**Certainty** – Know you're building your future, one splurge at a time.

**Fair Treatment** – Get rewarded, not punished, for living your life.

**Connection** – Feel smart every time you spend and save simultaneously, and my financial provider is helping me.

# Product name: **'TogetherFund'**

## ***Save together. Grow faster. Share the rewards***

## Customer Value Proposition Statement

**For** young and emerging adults and families

**Who** want to grow their savings or investment returns faster but may not be able to reach higher interest or investment thresholds alone

**Our solution** is a shared savings and investing feature that allows multiple contributors to pool funds, earn a higher return rate collectively, and automatically split the gains based on individual contributions

**So they can** achieve greater financial growth together while maintaining personal ownership and visibility

**Unlike** traditional savings accounts or investment tools, which require individuals to meet high thresholds alone and don't enable social collaboration or shared goal achievement

### Why TogetherFund resonates:

- Leverages community and trust: fits with Y&E adults' preference for shared financial experiences (e.g., flatting, group savings goals).
- Encourages saving as a team sport - It gamifies money with purpose and connection.
- Democratises access to better interest rates or investment returns through collective power.
- Supports transparent ownership and return sharing using simple, automated rules.

### Emotional drivers it taps into:

**Connection** – Save and grow money with friends or whānau toward shared goals.

**Fair Treatment** – Everyone contributes, everyone benefits, based on their input.

**Enjoyment** – Unlock higher returns together and reach goals faster.

**Control** – Transparent tracking and individual visibility within a shared system.

**Recognition** – Celebrate collective wins and personal milestones as a group.

# Product name: **'MoneyMoves' – Loyalty Program for banking**

## ***Make moves, get rewarded***

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want banking to feel more rewarding, engaging, and connected to real life

**Our solution** is a gamified and tiered loyalty program that turns everyday spending and saving into fun, rewarding experiences, offering cashback, boosted interest rates, and discounts on essential bills, such as power, internet, and groceries.

**So they can** build financial momentum while feeling part of a vibrant banking community that celebrates progress

**Unlike** traditional rewards programs that feel disconnected and impersonal, MoneyMoves makes money management motivating, social, and tailored to real-life needs

### Levels

1. BudgetBoss
2. Invest-igator
3. WealthBuilder

### Why MoneyMoves resonates:

- Taps into Y&E adults' engagement drivers: gamification, instant gratification, community and enjoyment.
- Connects emotion to outcome: fun, progress, and social reinforcement.
- Delivers tangible financial benefits for actions users already take - spend, save, pay bills.
- Builds brand affinity through experiences, not just transactions.

### Emotional drivers it taps into:

**Connection** – I am not doing this alone

**Enjoyment** – Gamified levels that encourage financial momentum and good behaviour

**Control** – I am in control of how quickly I progress and what I learn and do

**Recognition** – Celebrate financial progress, wins and personal milestones.

# Product name: **'MoneyMoves'** **Level - BudgetBoss**

**Life stage:** Transitioning from school to uni or early work. Living with flatmates or family, learning to budget, and being tempted to overspend

## Customer Value Proposition Statement

**For** young and emerging adults and households

**Who** are learning to manage money for the first time while balancing study, work, and lifestyle

**Our solution** is a gamified rewards tier that gives cashback on everyday spending and unlocks savings bonuses when you hit financial milestones

**So they can** build great money habits and still enjoy life on a student or starter income

**Unlike** old-school rewards that feel boring or out of reach, BudgetBoss makes banking feel more like a game, not a grind.

### Core features:

- Cashback on food, transport, and subscriptions
- Savings streaks unlock better interest rates
- Group savings challenges with flatmates or family to unlock perks
- Discounts on student essentials (power, Wi-Fi, groceries)
- Micro-learning unlocks bonus points or perks

# Product name: **'MoneyMoves'** **Level – Invest-igator**

**Life stage:** Full-time work, repaying loans, growing wealth, travelling or saving for financial freedom or a first home.

## Customer Value Proposition Statement

**For** young and emerging adults and households

**Who** have financial momentum are juggling career growth, debt repayment, and future-focused financial goals

**Our solution** is a rewards and loyalty tier that recognises consistent saving and smart spending with cashback, rate boosts, and tailored perks.

**So they can** build financial momentum without giving up on lifestyle or freedom

**Unlike** generic bank reward schemes, Invest-igator meets you where you're at, and grows with you

### Core features:

- Loyalty-based rate upgrades for savings accounts
- Cashback on major life admin (e.g., insurance, flights, utilities)
- Personal finance milestones = tier progression or perks
- Micro-learning unlocks bonus points or perks

# Product name: ‘MoneyMoves’ Level – WealthBuilder

**Life stage:** Saving hard, mortgage-ready, planning for kids, want value from every dollar.

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** to improve their money habits but often lose track or feel overwhelmed

**Our solution** is an AI-powered feature that provides timely, personalised nudges based on real spending behaviour

**So they can** stay on track with goals, avoid overspending, and feel more confident in daily money decisions

**Unlike** traditional budgeting apps that require manual effort or guilt-driven alerts, NudgeSense is supportive, proactive, and feels like a friendly coach—not a financial lecture

### Core features:

- Cashback on family essentials (groceries, power, internet, nappies)
- Preferential mortgage or loan rates for loyal savers
- Contribution-matching for family savings accounts
- Financial challenges to unlock perks
- Smart investment tips or perks tailored to growing wealth
- Micro-learning unlocks bonus points or perks

# Product name: **'NudgeSense'**

## ***Smart prompts. Better choices. Brighter outcomes***

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** to improve their money habits but often lose track or feel overwhelmed

**Our solution** is an AI-powered feature that provides timely, personalised nudges based on real spending behaviour

**So they can** stay on track with goals, avoid overspending, and feel more confident in daily money decisions

**Unlike** traditional budgeting apps that require manual effort or guilt-driven alerts, NudgeSense is supportive, proactive, and feels like a friendly coach and not a financial lecture.

### Why NudgeSense resonates:

- Emotionally intelligent – taps into Y&E adults desire for gentle, empowering guidance.
- Behaviourally smart – leverages real data and open banking insights to suggest the next best action.
- Habit-forming – builds consistency, progress, and confidence without overwhelm.
- Always-on, low effort – no need to build spreadsheets or rules manually.

### Example- NudgeSense for savings:

Smart nudges to help you save without even thinking about it.

### How It Works:

NudgeSense for Saving uses real-time insights from your spending, income patterns, and life goals to prompt small, consistent actions that boost your savings without heavy lifting.

### Example Nudges:

- "You spent $30 less than usual on transport this week—want to sweep that into your house deposit fund?"
- "You're $200 away from your travel goal. Can we make a one-time top-up this payday?"
- "You've saved 3 weeks in a row. Let's lock in your streak and increase your auto-save by $5?"
- "Flat power bill was lower than usual—how about saving the difference?"

# Product name: **'NudgeSense'**

## Example - NudgeSense for Investing

Helping you start, grow, and stay confident in your investing journey.

## How It Works:

This extension identifies opportunities based on spare cash, goals, risk appetite, and account activity, nudging users to take small steps, especially for those new to investing or unsure where to start.

## Example Nudges:

- "Your savings are building up - have you thought about putting your next $100 into a low-risk fund?"
- "You've reached $2,000 in your account - this might be a good moment to diversify your portfolio."
- "Based on your values, here are 3 ethical funds that align with your goals. Want to explore?"
- "Congrats on your 3-month investing streak - ready to increase your monthly contribution?"

## Ideal for:

- First-time investors who lack confidence
- Values-driven individuals wanting sustainable or ethical options
- Savers looking to graduate into investors as part of their long-term plan

## Emotional drivers it taps into:

**Certainty** – Offers clear, personalised suggestions based on real data, removing doubt or guesswork.

**Control** – Enables users to stay on top of spending, saving, and investing through small, manageable actions.

**Enjoyment** – Turns everyday decisions into positive reinforcement, making financial progress feel good.

**Recognition** – Celebrates streaks, milestones, and positive behaviours, boosting motivation and pride.

# Product name: **‘MoneyFit’ for financial fitness**

## ***Train your wallet like you train your body***

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to build strong financial habits but often don’t know where to start or how to stay motivated

**Our solution** is a Financial Fitness Starter Kit with a built-in “MoneyFit Tracker” that celebrates progress, rewards consistency, and teaches along the way

**So they can** feel confident, empowered, and in control of their money as they work toward long-term goals like homeownership, investing, or financial freedom

**Unlike** traditional banking tools that only track your balance, MoneyFit tracks your habits, celebrates milestones, and grows with you like a personal trainer for your finances

### Core features

- Financial Fitness Tracker – Track streaks in saving, investing, and budgeting.
- Level progression – Beginner → Budget Boss → Investor → Wealth Builder.
- Milestone celebrations – “You saved $500!” / “You stuck to your budget 4 weeks in a row!”
- Unlockable rewards – Boosted savings rates, cashback, learning badges.
- Micro-learning Modules – 2-minute finance tips delivered after actions (e.g., “You just hit your savings goal. Here's how to make your money grow with compound interest.”)
- Can also be incorporated within the MoneyMoves loyalty program or stand-alone.

**Example experience:**

“Hey Jordan! You’ve hit 3 months of savings streaks and just completed your 'Budget Builder' level. You’ve earned a 0.25% savings bonus for the next month. Let’s tackle your next goal: investing!”

### Emotional drivers it taps into:

**Control** – Clear progress and visibility

**Enjoyment** – Gamified experience with real-life benefits

**Recognition** – Acknowledges discipline and success

# Product name: **'GrowKit' investment starter packs**

## ***Start small. Grow smart. Invest in what matters***

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to start investing but feel overwhelmed or unsure where to begin

**Our solution** is a set of personalised Investment Starter Packs that provide guided journeys, values-based portfolio options, and simple explainers like "Investing 101"

**So they can** confidently take their first steps toward wealth-building in a way that aligns with their life stage, values, and financial goals

**Unlike** traditional investment platforms that assume knowledge or push one-size-fits-all funds, GrowKit is relatable, easy to understand, and tailored to people just like them

### Core features

**Starter pack themes:**

- Planet friendly and socially responsible portfolio (climate-aligned funds)
- Starter & Safer (low-risk, learn-as-you-go)
- Bold Builder (diversified, long-term growth)

**Investing 101 modules:** "What's a fund?", "How much risk is okay?", "What's the minimum I need?"

**Journey-based UX:** Unlock next steps (e.g. diversify, auto-invest, rebalancing) as you progress.

**Social proof layer:** "83% of people your age are investing in this starter pack"

**Auto-matching tool:** Based on income, goals, and values, the system suggests a starting point

### Emotional drivers it taps into:

**Control** – Helps users feel in charge of an intimidating new territory

**Certainty** – Offers safe, guided entry points and ongoing education

**Recognition** – Progress earns praise and unlocks new options

**Enjoyment** – Feels approachable, clear, and aligned to personal values

# Product name: ‘MoneyBites’ micro learning

## *Snack-sized money wisdom. Served daily*

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to understand money, banking, and investing better but find traditional financial education boring or overwhelming

**Our solution** is a stream of short, engaging, TikTok-style videos and plain-language guides that break down real financial topics into easy-to-digest lessons, tailored to their behaviour and life stage

**So they can** grow financial confidence at their own pace and make smarter decisions every day

**Unlike** traditional financial education, which is often dry, generic, or overly complex, MoneyBites speaks their language, fits their attention span, and shows up where they already scroll.

### Core features

- **“60-Second smarts” –** bite-sized video explainers on everything from “How does interest work?” to “What’s a credit score?”
- **Behaviour-triggered content** – watched a budgeting video? Next video: savings hacks. Just got paid? “Here’s where to stash your money first.”
- **Series by life stage** – Flatmate Finance, First Job Jargon, Savings for Travel, Investing for Beginners.
- **Built-in quiz loops** – earn badges or unlock higher-tier content by learning.
- **Embedded into the app** – view via Stories, Feed, or Money tab in the banking app.

### Example video titles:

- “You just got paid – what do smart people do next?”
- “Investing vs. Saving: What no one taught us in school”
- “Compound Interest = Time’s superpower (and it’s on your side)”

### Emotional drivers it taps into:

**Enjoyment** – Edutainment over education and learn without judgment or overwhelm

**Certainty** – Understand the “why” behind financial tools

**Recognition** – Rewards and praise for learning and applying

# Product name: **‘Finni’ your personal AI agent**

## ***Your financial brain. In your pocket***

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want personalised, real-time financial guidance but don’t have or want access to a human advisor or the time to learn everything themselves

**Our solution** is a personal AI agent, Finni, that learns your goals, understands your financial history, and gives tailored advice, encouragement, and insights through natural conversation

**So they can** feel confident and supported in making smart money decisions every day, whether it’s saving, spending, or investing

**Unlike** generic chatbots or budgeting apps, Finni uses your actual data (with permission) and preferences to deliver accurate, personalised advice that grows with you and with you wherever you go.

### Key features of Finni:

- **Conversational Interface:** Talk or text with Finni in your app, like a money-savvy friend.
- **Fully personalised Insights:** Tracks your spend, savings, goals, and nudges you at just the right moments.
- **Multi-mode support:** Offers budgeting help, investment education, debt repayment plans, encouragement if you feel your impulses kicking in, or financial coaching.
- **Life stage integration:** Adapts based on whether you’re a student, just started working, saving for a home, or planning a family.
- **Trust built-in:** Uses your own data securely with transparent logic and no jargon.

### Example interactions:

- “Hey Finni, can I spend $60 on dinner tonight and still hit my savings goal?”
- “What do I need to do this month to stay mortgage-ready?”
- “I just got paid—what’s your advice on how to split it?”

### Emotional drivers it taps into:

**Control** – Gives users agency with real-time insights

**Certainty** – Relies on real data, not guesses

**Enjoyment** – Educates while guiding

**Connection** – Builds emotional trust over time with a consistent voice

# Product name: **'QuestVest' your guided investment journey**

## *Turn your financial journey into an epic quest*

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to start saving and investing but find traditional finance boring or intimidating

**Our solution** is a gamified investing and savings experience that transforms your financial journey into a personalised quest - complete with levels, streaks, puzzles, and rewards

**So they can** build strong money habits and reach financial milestones while enjoying a sense of progress, mastery, and fun

**Unlike** standard savings apps or robo-advisors, QuestVest brings together habit tracking, financial education, and fantasy-style game mechanics to make growing wealth feel like levelling up in your favourite RPG.

### Core features:

- **Your money questline**: Choose your goal path — The Home Hunter, The Freedom Seeker, or The Future Builder
- **Level system:** Complete savings streaks or investment milestones to unlock gear (perks) like boosted interest or fee-free trades
- **Mini-quests**: Weekly or monthly challenges (e.g., "Save $20 this weekend" or "Try your first ethical fund")
- **Boss levels**: Hit a major goal (e.g., $1,000 saved) to unlock real-life rewards — cashback, merch, or bonus interest
- **Guilds**: Join savings squads with friends or flatmates to hit collective goals

### Game Inspiration drawn from:

- Dungeons & Dragons → Choose your "class" (Saver, Spender, Investor)
- Path of Exile → Skill trees = investment strategy paths
- Puzzle Games → Financial education through fun, challenge-based explainers

### Emotional drivers It taps Into:

**Control** – You choose your quest and path

**Enjoyment** – Learning and growing feels fun and rewarding

**Recognition** – Every step is celebrated

**Connection** – Optional multiplayer dynamics and social competition

### Example experience:

"Quest Update: You've unlocked 'Investor Novice' by completing your first recurring investment. Next quest: beat your 3-week savings streak and unlock the 'Compound Mage' badge and 0.25% interest boost."

# Product name: **'GoalGetter' your guided investment journey**

## *Turn your financial journey into an epic quest*

## Customer Value Proposition Statement

**For** young and emerging adults

**Who** want to grow their savings and investments but need motivation, structure, and a little competition to stay on track

**Our solution** is a football-inspired financial journey where users build their "money squad," progress through league levels, and earn rewards by hitting saving and investing goals

**So they can** stay financially fit, motivated, and see real results, just like grinding up to the top of a FIFA leaderboard

**Unlike** traditional finance apps, GoalGetter turns financial growth into a season of wins, with strategy, skill-building, and milestone rewards that make managing money feel like playing to win.

### Core features:

- **Squad builder**: Create your financial squad—Savings Striker, Budgeting Midfielder, Investing Defender, etc.
- **League progression**: Start in Sunday League (basic savings), climb to Premier League (advanced investments and wealth-building)
- **Match week challenges:** Weekly savings/investment goals = fixtures (e.g., "Save $50 this week = 3 points")
- **Trophy room:** Unlock trophies and badges for milestones (first $500 saved, 6-week streak, first investment)
- **Transfer window bonuses**: Get surprise perks during "transfer windows" (e.g., interest boosts, cashback from partners)
- **Form rating:** Stay consistent and you build a hot streak = unlock bonus Experience Points (XP) and goal acceleration

### Example in-app moments

"Clean sheet bonus! You didn't overspend this week. You've earned a 1% boost on your savings pot next month and advanced to Division 3!"

"Assist unlocked: You and two mates hit your group savings target. You've earned a cashback reward and your squad just levelled up!"

"You've reached the Investment Playmaker badge! Time to set up your recurring auto-investments and dominate midfield."

# Product name: **'GoalGetter' your guided investment journey**

### Game Inspiration drawn from FIFA football:

- **Team management** → Assemble a financial squad with different roles
- **Seasons & promotions** → Financial "seasons" reset and reward consistency.
- **Experience Points (XP), Stats, and Skill Trees** → Grow your skill rating as you learn and achieve.
- **Draft mode** → Try new strategies (e.g., weekly savings themes) for fun.
- **Leaderboard & rivals' mode** → Friendly savings competition between friends or family.

### Emotional drivers it taps into:

**Enjoyment** – Play, score, and win with your money

**Recognition** – Badges, trophies, leaderboards, and shoutouts

**Control** – Tactical choices, flexible roles, and formations

**Connection** – Build a squad, compete in savings leagues, or support each other

# Product name: **'CoughUp' split pay**

## ***Keep it simple, keep it sorted***

## Customer Value Proposition Statement

**For** young and emerging adults and flatmates

**Who** find it awkward or stressful to talk about money with friends, especially when splitting bills, dinners, or group expenses

**Our solution** is CoughUp, a seamless in-app feature that lets you instantly split purchases, subscriptions, and group payments without awkward chats or follow-ups

**So they can** stay socially comfortable and financially fair, without chasing people for money

**Unlike** clunky external apps or manual transfers, CoughUp is built into your banking experience, smart, automatic, and drama-free

### Core features:

- **One-tap split:** Tap a transaction, select friends, and CoughUp does the rest
- **Auto-reminders:** Friendly nudges sent to mates - no need to chase
- **Recurring splits:** Set up auto-splits for shared subscriptions or flat bills
- **Expense tracker:** View who paid what and who owes who, with clear summaries
- **Integration with contacts:** Instantly find and request from friends in your network

### Example in-app moments

"Just paid the $120 power bill? Tap 'CoughUp' → choose flatmates → each gets a notification with their exact share and one-tap payment."

"You covered brunch again? CoughUp auto-detects your last group and prompts a split. No awkward texts, no delays."

### Emotional drivers it taps into:

**Certainty** – You always know where you stand

**Control** – Takes the pressure off asking or being asked

**Enjoyment** – Keeps social spending stress-free

**Fair Treatment** – Everyone pays their fair share, easily

**Connection** – Supports friendships, doesn't strain them

# Product name: **'HiddenPot'**

## ***Save without temptation***

## Customer Value Proposition Statement

**For** young and emerging adults and emerging savers

**Who** want to grow their savings but often feel tempted to dip into it or struggle to build momentum

**Our solution** is HiddenPot, a savings feature that allows you to automatically stash money into an invisible account, hidden from your day-to-day banking view

**So they can** grow their savings effortlessly and avoid the temptation to spend it impulsively.

**Unlike** traditional savings accounts that are always visible and easy to access, HiddenPot keeps your savings out of sight until you're ready, helping you build better habits and hit your goals without overthinking it.

### Core features:

- **Hide mode:** Toggle off visibility in your app dashboard.
- **Auto-round-up + Micro-transfers:** Set and forget top-ups from daily spending
- **Savings lock:** Only reveal when your goal is met or on a chosen "unlock date".
- **Milestone celebrations:** When revealed, you get a moment of joy and a summary of how you achieved it.
- **Ghost notifications:** " You just quietly saved $20 from this week's spend ".

### Example in-app moments

"You've reached your savings goal! Your HiddenPot now has $1,500. Time to unlock and celebrate"

### Emotional drivers it taps into:

**Control** – Saves without needing constant willpower

**Certainty** – Structured, automated progress

**Enjoyment** – Quiet wins, joyful reveals

# Value propositions designed with tech in mind

| Product concept | Customer Value Proposition (CVP) | Primary technology enabler(s) | How the technology enables the product |
|---|---|---|---|
| **Save to Splurge** | A debit card feature that automatically redirects discounts (e.g., 50% off a meal) into your savings account, so spending smart also builds your future. | Payment Technology, AI & Machine Learning | Uses payment APIs to detect discounts at the point of sale and AI to automatically redirect the savings amount to a linked savings account - reinforcing smart spending habits in real time. |
| **TogetherFund** | A shared savings and investment pooling product where family or friends contribute together to unlock higher returns and split the gains based on their share. | Open Banking, Payment Technology, Digital Identity | Uses open banking to connect contributor accounts for pooling funds, payment technology to manage contributions and withdrawals, and digital identity to verify each participant and allocate returns fairly and securely. |
| **MoneyMoves** | A gamified loyalty program with three tiers that rewards good money habits with cashback, better interest rates, and discounts on everyday bills, making banking fun again. | AI & Machine Learning, Payment Technology | Uses AI to monitor and reward financial behaviours in real-time, assigning users to loyalty tiers; payment technology enables seamless cashback, interest bonuses, and partner discounts. |
| **NudgeSense** | An AI-powered coaching tool that gives timely, personalised nudges based on spending behaviour to help users make smarter financial decisions daily. | AI & Machine Learning | AI processes real-time spending behaviour, detects patterns, and delivers timely, personalised nudges through in-app channels to guide daily money decisions and build financial confidence. |
| **MoneyFit** | A Financial Fitness Starter Kit with a built-in tracker that rewards consistent habits, celebrates milestones, and teaches along the way like a personal trainer for your money. | AI & Machine Learning, Digital Identity | AI acts like a digital coach, monitoring progress and nudging users with suggestions; digital identity allows secure, tailored access to features based on profile and life stage. |

| Product concept | Customer Value Proposition (CVP) | Primary technology enabler(s) | How the technology enables the product |
|---|---|---|---|
| **Growkit** | Personalised Investment Starter Packs with guided journeys, values-aligned portfolios, and "Investing 101" explainers to help new investors get started with confidence. | AI & Machine Learning, Digital Identity | AI recommends starter portfolios, guides the learning journey, and adapts content to the user's comfort level; digital identity verifies users and enables secure onboarding to financial tools and products. |
| **MoneyBites** | Micro-learning. A stream of short, TikTok-style financial education videos that break down money topics into snackable lessons tailored to user behaviour and life stage. | AI & Machine Learning | AI acts like a digital coach, monitoring progress and nudging users with suggestions; digital identity allows secure, tailored access to features based on profile and life stage. |
| **Finni** | A personal AI agent that learns from your financial history and goals to provide customised guidance, coaching, and support via natural conversation in your app. | AI & Machine Learning, Digital Identity | AI functions as a personal financial assistant, using past behaviour and current goals to provide advice via natural conversation; digital identity ensures that data and advice are securely personalised. |
| **QuestVest & GoalGetter** | Guided Investing journeys: Fantasy game-style or football/FIFA-style financial games where users unlock perks and rewards by saving, investing, and building good money habits. | AI & Machine Learning, Digital Wallets | AI powers gamification logic, milestone tracking, and rewards; digital wallets allow easy top-ups, transfers, and integration with in-app achievements and financial mini-games. |
| **CoughUp** | A built-in bill-splitting tool that makes it easy (and non-awkward) to split group expenses, with auto reminders, recurring splits, and clean tracking. | Payment Technology, Open Banking | Open banking aggregates bills and shared expenses, payment technology facilitates instant or recurring splitting, and optional digital identity confirms participants for accountability and transparency. |
| **HiddenPot** | An invisible savings account that hides from your app dashboard to reduce temptation and help users build savings quietly through automation and round-ups. | AI & Machine Learning, Payment Technology | AI monitors spending and savings patterns to automatically hide money in a ghost savings account; payment tech enables round-up transactions and automated transfers behind the scenes. |

# Ethics

This research project was conducted in accordance with recognised ethical research practices, ensuring that all participants and stakeholders were treated with respect, transparency, and care throughout the process.

Prior to participation, **informed consent was obtained** from all individuals involved in both the survey and interview phases of the research. Consent was secured through clear communication of the project's purpose, the nature of participation, the voluntary nature of involvement, and the intended use of the information collected. For interviews, all participants were recruited via publicly accessible channels, specifically LinkedIn and public Facebook pages.

Among the young and emerging adults interviewed, all participants willingly provided detailed information without the need for prompting. No instances arose in which participants appeared vulnerable or distressed, and therefore, there was no requirement to provide a list of support groups or helplines. Participants were comfortable discussing personal financial situations and experiences, and many expressed a willingness for their banks to use their data to improve services and provide personalisation, on the condition that explicit consent is obtained for such use.

Interviews were conducted either online or in workplace settings, adhering to the prepared discussion guide. Questions were designed to be open and non-leading, with appropriate probing used to elicit richer insights while maintaining participant comfort and agency.

To protect confidentiality, the identities of all young and emerging adult participants have been anonymised, and no personally identifiable information has been disclosed in the report. In contrast, all subject matter experts and industry stakeholders provided explicit consent for their names and organisational affiliations to be published.

This ethical approach ensured that the research not only met the necessary standards of consent, privacy, and participant welfare but also fostered open, authentic dialogue, which enriched the quality and depth of the findings.

# AI reflection: Acknowledgment of AI use

In the preparation of this report, I utilised OpenAI's ChatGPT tool as a supplementary resource to support the synthesis and presentation of my own research findings. All underlying research, analysis, and conceptual development were undertaken independently by me. ChatGPT was engaged through detailed, structured prompts that were informed by my own primary and secondary research, critical thinking, and analytical work.

The tool was applied primarily to assist with narrative refinement, summarisation of complex sections, and the development of structured overviews for case studies and technology deep dives. In each instance, I ensured that the prompts were designed to restrict output to my specified parameters, including directing the tool to draw only on relevant, pre-identified sources where applicable. This process was undertaken to minimise the potential for bias, factual inaccuracy, or deviation from the intended scope of the work.

I acknowledge that artificial intelligence tools, including ChatGPT, have limitations. These include the potential for generating inaccurate or incomplete information, replicating biases inherent in training data, and producing content that may require validation for accuracy and appropriateness. To mitigate these risks, I critically reviewed, validated, and edited all AI-assisted outputs to ensure alignment with the integrity, accuracy, and intent of my research.

This approach aligns with the principles and guidelines outlined in the academyEX AI Safe Tools Guide, which I have read and applied throughout the process. While AI contributed to the efficiency of drafting and refining certain sections, the ideas, interpretations, and conclusions presented in this report are a true and original reflection of my own research, thinking, and analysis.

# **Conclusion**: Shaping the future for Y&E Adults – The future bank starts here

I hope you have found this report both insightful and thought-provoking. My aim has been to go beyond the numbers and narratives to spark informed decisions, drive meaningful action, and inspire customer-led outcomes that either disrupt or support organisations to reimagine how we serve Young & Emerging Adults.

By better understanding their values, needs, and aspirations — and embedding these into strategy and design, we can create banking experiences that are trusted, relevant, and future-fit.

To get here, significant research was undertaken: robust primary research with young people, fintech founders, and industry experts, and deep secondary analysis of global innovations and market shifts. The result is a validated Trust Framework, a practical, evidence-based model that guides fintechs, digital banks, and traditional banks wanting to digitise, innovate, and compete in a fast-changing landscape.

This is not just a framework, it's a blueprint for change. By applying it, the sector can not only improve financial experiences for the next generation but also contribute to enabling greater competition in the New Zealand banking sector.

The opportunity is clear: those who act decisively, with empathy and agility, will help shape the future of banking and the trust that underpins it.

**LANCE WEBB**
Executive Director, Customer Experience, Ipsos
Co-Founder & Director of Business Strategy & Experience, SHAPE
Master's Candidate, Master of Technological Futures, academyEX

# Appendices

Appendix 1: Stakeholder List

Appendix 2: Primary Research

Appendix 3: Secondary Research

SHAPE

# **Appendix 1: Stakeholder list** – Discovery interviews & Validation discussions

| **Who** | **Organisation** | **Sub questions covered in the interview (amongst other topics)** |
|---|---|---|
| **Shane Marsh*** | Dosh | Technology, Political, economic, regulation and policy |
| **Jovan Pavlicevic*** | Emerge & SquareOne | Technology, Political, economic, regulation and policy |
| **Mike Burke** | Point16 & NZ Fintech Fund | Technology, Political, economic, regulation and policy |
| **Trevor Topfer** | Blockchain NZ | Technology, Political, economic, regulation and policy |
| **Georgia Grange*** | Revolut | Technology, Political, economic, regulation and policy, Best practices and enhancing communication |
| **Whetu Rangi*** | BNZ | Best practices and enhancing communication, Political, economic, regulation and policy |
| **Sam Dunford-Banker** | Dozens | Technology, Political, economic, regulation and policy |
| **Sulabh Sharma*** | Debut | Technology, Political, economic, regulation and policy |
| **Jason Roberts** | FintechNZ | Technology, Political, economic, regulation and policy |
| **Rachel Monkhouse** | Wynn Williams | Technology, Political, economic, regulation and policy |
| **Jeremy Muir** | MinterEllisonRuddWatts | Technology, Political, economic, regulation and policy |
| **Janine Granger** | EasyCrypto | Technology, Political, economic, regulation and policy, Best practices and enhancing communication |
| **Jack Callister*** | Volley | Technology, Political, economic, regulation and policy |
| **Jithan Chittibomma** | Wismopay | Technology, Political, economic, regulation and policy |
| **Jeff King** | MyMahi | Financial literacy |

***Also participated in a validation discussion***

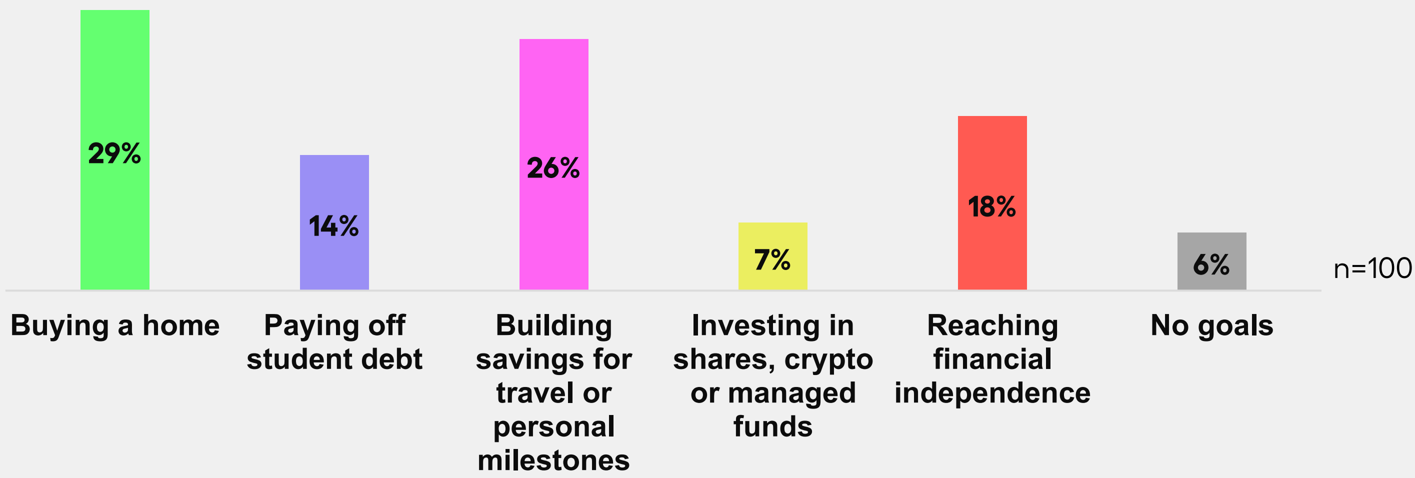
# **Appendix 2: Primary research** - What drives Young & Emerging adults: Their financial goals and aspirations

For young and emerging adults, money is more than transactions; it's tied to hope, independence, and the realities of navigating early adulthood.

When asked about their most important financial goals right now, the results reveal a spectrum of priorities shaped by life stage, income pressures, and future ambitions.

We asked young and emerging adults to share their most important financial goal at the moment. Here's what they told us.

**Financial goals most important to Young & Emerging Adults**




## Homeownership – Alive, but feels just out of reach

Owning a home remains the ultimate milestone for many young and emerging adults. At 29%, it's the single most important goal, indicating that homeownership remains a strong aspiration for this generation.

However, beneath that ambition sits a tension; many believe buying a home may be out of reach, at least in the near term, given rising costs, stagnant wages, and a housing market that feels unattainable.

**It's what I want most, but it feels so far away. I am trying the best I can, with what I know.**

**- Participant, age 26**

This goal speaks to security, stability, and pride, but it also signals an opportunity for banks and Fintech's to reframe the path to ownership, helping this generation take smaller, realistic steps toward a long-term dream.

### Building savings for personal milestones – Life first, then the big steps

The second-highest priority is building savings for travel or personal milestones. At 26%, this shows a generation that values experiences and progress in the here and now, not just distant goals.

These milestones might be travel, further study, or even small life upgrades, and they act as stepping stones to bigger ambitions like homeownership or financial independence.

**I want to save, but it's for things I can enjoy and feel I'm working toward right now—like a trip or something meaningful.**

- Participant, age 22

This is a shorter-term saving approach, but it reflects momentum-building, showing that with the right nudges and tools, Y&E adults can develop habits that later fuel bigger, long-term goals.

### Financial independence – Just wanting to stop worrying about money

For some, the focus isn't on a specific purchase or milestone. 18% simply want financial independence - freedom from the stress of money.

For this group, independence means two things:

- **Peace of mind** - not living pay day to pay day or constantly stressing about bills.
- **Long-term security** - knowing they have a financial cushion for the unexpected

**I just don't want to think about money all the time. I want to feel secure and know I have enough.**

- Participant, age 29

This signals a need for banking solutions that reduce stress, tools that help automate, simplify, and build confidence without feeling overwhelming.

### Paying off student debt – clearing the slate

Student debt weighs heavily for some, particularly those just entering the workforce or transitioning out of part-time jobs.

**I just want it gone. It feels like it's always hanging over me.**

- Participant, age 24

This goal reflects a short-term burden, something that's in the way of future milestones. It's an opportunity for banks to support debt repayment strategies, offer low-cost refinancing options, or even reward progress for consistently paying off student loans.

### Investment – A smaller but emerging priority

A smaller portion of Y&E adults are focused on investing in shares, crypto, or managed funds. This reflects a group that is future-focused but not yet ready to commit significant resources while still juggling more immediate needs.

As financial literacy grows and as saving habits solidify, this is likely to become more important over time, but it's not a primary focus right now.

### No goals? In transition and figuring it out

Finally, 6% don't have a clear financial goal at all. This isn't apathy, it's a reflection of a life stage in transition.

For many, this is a time of figuring things out, including jobs, relationships, where they want to live, and money goals, which evolve alongside those decisions.

Banks and fintech's can play a mentorship role here, helping this group clarify what's important and nudging them toward achievable next steps.

### What this means for Banks and Fintech's

**Homeownership is still the dream, but make it feel closer:** Show pathways, tools, and savings plans that make buying a home feel less distant and more achievable, even if it's years away.

**Support both short-term and long-term goals:** From travel savings to future-focused independence, tailor products that help this generation build small wins that stack into big wins.

**Ease the mental load:** Financial independence starts with reducing money stress. Automation, helpful nudges, and simple dashboards can help them feel more in control.

**Help clear the slate:** Student debt remains a blocker - reward repayment progress or offer guidance that helps young adults feel they're moving forward.

**Grow with them:** Today they're saving for trips; tomorrow they'll be investing for their future. Build loyalty by meeting them where they are now and growing with them over time.

## Side hustle nation: The entrepreneurial spirit of Y&E adults

Young and emerging adults are not only managing study, part-time, or full-time jobs, but many are also running side hustles. From breeding dogs to reselling on TradeMe and Marketplace, building websites, designing logos, and offering freelance services, this generation is resourceful, self-driven, and commercially creative.

**1in3**

In fact, 1 in 3 (33%) of the participants interviewed in this research reported having an active side hustle alongside their study, part-time, or full-time work.

Often, as a way to supplement their income, pursue passion projects, or gain financial freedom earlier in life. For many, the side hustle isn't just a job, it's a mindset:

> **I'll make it work, I'll figure it out, and I'll back myself.**

This generation is the most digitally fluent and entrepreneurially minded we've seen. They are used to navigating multiple income streams, building their own brands, and monetising their skills, often without formal business structures or traditional support.

**A call to recognise and support the hustle**

This shift raises an important question for financial institutions:

How well are we serving the hybrid identity of this generation, both as individuals and as emerging entrepreneurs?

Banks and fintech's have an opportunity to reflect on:

- How personal and business tools blend for modern side-hustlers
- What a side hustle toolkit might look like for this new class of earners
- How to support not just the transaction, but the mindset and momentum that fuels these ventures

Recognising side hustles as a legitimate financial identity is more than product alignment; it's about building trust, relevance, and long-term connection with a generation that's not waiting for the system to catch up. They're already building their own, and what bank doesn't want to bank the next big enterprise? It could very well come from this age group.

### What Y&E adults value in financial services

Three consistent values stood out when Y&E adults spoke about what they expect from banks:

1. **Simplicity and visibility**: They want money management to be intuitive, transparent, and mobile-first.
2. **Ethical and local**: Many expressed preferences for New Zealand-owned, sustainable, and socially responsible financial institutions.
3. **Personalisation and control**: Y&E adults want to customise how they bank - naming accounts by goals, setting up auto-splits on payday, hiding long-term savings from view, and getting real-time nudges that fit their lifestyle.

### How they want to engage

Y&E adults' digital fluency doesn't mean they want generic app experiences. They want thoughtful, responsive engagement in the right place, with the right tone.

- **Preferred channels**: Digital chat, App notifications, email, and social media, depending on the purpose.
- **Tone of voice**: Relatable, non-patronising, simple. "Don't talk to me like I'm 60 or 6."
- **Personalisation matters**: "It's not just about using my name. It's about giving me content and tools that are relevant to ***my*** goals."

They also want to **learn through action**, not lectures. Peer learning, community stories, gamified tools, and short video content outperform traditional financial education formats.

### Designing for fun, not just function

Gamification has genuine potential, not just as a gimmick but as a motivator.

Many already play games for stress relief, creativity, and social connection. There is an appetite for financial tools that mirror the feedback loops, achievements, and personalisation found in games and loyalty programs.

Ideas they gravitated towards included:

- Progress bars for savings.
- Rewards for budgeting consistency and financial progress.
- Quizzes and streaks for building money skills.
- Shared financial goals with friends or flatmates.

**If I can see it growing or unlocking, I'll care about it more - like a savings level-up.**

### Mindsets around money

The relationship of this age group with money is often shaped by their upbringing, experiences with adversity, and the broader socio-economic climate. Some are working to unlearn scarcity mindsets passed down from their families. Others are trying to strike a balance between spending now and planning for the future.

There is a shift from passive use of money to active, intentional management, even when they don't feel fully confident in the tools or systems.

**I used to feel guilty spending anything. Now I'm trying to have a healthier relationship, enjoy life, but also be smart.**

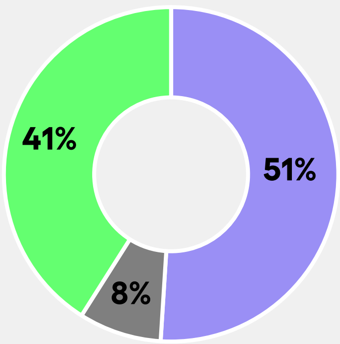
## What they want from a bank

When asked to describe their ideal banking experience, Y&E adults consistently returned to a few key themes:

- **A bank that helps me live my life, not just hold my money.**
- **Smart automations** that match how they think and live.
- **Inspiration and nudges** rather than rules and penalties.
- **A digital experience that feels like the apps they already use.**
- **Transparency and humanity** in communication and design.
- **Access to tools for building wealth early**, like micro-investing, home deposit pathways, and simple side-hustle banking.

They're open to a 100% digital bank, but it must be better, not just "the same, but online." A good app is table stakes. What they really want is proactive, personalised help to reach their goals.

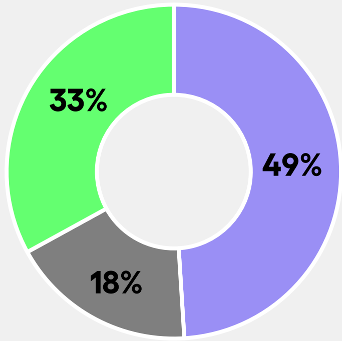
***On a scale of 1-10, where 1 is not likely at all and 10 is extremely likely, how likely are you to consider leaving your current provider for a purely digital bank?***




n=100

- Said they are somewhat to extremely likely to leave their current provider for a digital-only bank
- Said they are neutral or unsure about switching providers
- Said they are unlikely to leave their current provider for a digital-only bank

***On a scale of 1-10, where 1 is not likely at all, and 10 is extremely likely, how likely are you to trust a purely digital-only bank?*** (Online support is available, but with no physical branches)




n=100

- Said they are somewhat to extremely likely to trust a purely online digital bank
- Said they are neutral or unsure about trusting a purely online digital bank
- Said they are unlikely to trust a purely online digital bank

## From insight to innovation: Reimagining trust in banking for Y&E adults

The future of banking for this age group hinges not just on technology, but on trust, relevance, and meaningful value.

Five key insight-driven implications that are shaping the design of the Y&E Adults Trust Framework and informing product and service value propositions that speak directly to this generation's needs.

These implications aren't theoretical; they point to practical, human-centred shifts financial service providers must make to remain trusted, chosen, and shared by this critical customer segment. From digital identity and financial empowerment to personalisation and cultural relevance, these insights are the foundation for building a digital bank that works for and with the next generation.

What Y&E desire is:

**1. Financial tools that reflect real life**

- Auto-spend splits.
- Contextual nudges.
- Hidden savings goals.
- Flexible saving and investing journeys.
- Loyalty program based on where they are in life.

**2. Personalisation beyond the surface**

- Custom naming and visualisation of goals.
- Relevant nudges, not spam.
- In-app journeys for students, first-jobbers, renters, and future homeowners.

**3. Gamified motivation**

- Savings streaks, progress badges.
- Group challenges (e.g. save $500 with your flat).
- Unlockable financial literacy content.
- Loyalty programs that make financial progress fun and enjoyable.

**4. Human, ethical, local**

- Values-based banking: sustainability, inclusion, transparency.
- Community storytelling.
- Culturally relevant financial wellbeing support.

**5. Education embedded in experience**

- In-app money tips based on transaction history.
- Collaborations with creators and micro-influencers.
- Bite-sized learning journeys — not big seminars.

Y&E adults are not just asking for a better app. They are seeking a better relationship with money - one that's clear, relevant, empowering, and sometimes even fun. Banks that want to earn their loyalty will need to evolve from utility providers to financial partners.

This is a generation that wants to do things differently, and banks have a powerful opportunity to shape that journey with them, not just for them.

# **Appendix 2: Primary research** - Y&E Adults Emotional Drivers of Trust

## Why Emotional drivers matter

Functional satisfaction is no longer enough. In a competitive, digital-first banking environment, emotional connection is the true differentiator and the foundation of trust, especially for Young & Emerging Adults. This generation, more than any before, expects more than convenience and access; they seek meaningful relationships with brands that understand, support, and empower them.

The Ipsos Forces of Customer Experience framework identifies six core emotional drivers that are proven to strengthen trust, loyalty, and advocacy. These aren't abstract ideas; they are rooted in behavioural science and give organisations a tangible way to design for emotion and measure emotional impact.

**In this research, we explored how each of these drivers applies to the banking experiences of 18–32 year olds in New Zealand.** Through in-depth interviews, an online survey and pattern analysis, we've translated these forces into real-world emotional needs, helping to explain what these specifically mean for this cohort.

## Connection - Tailored for Y&E adults

Each emotional driver contributes to building or eroding trust, and trust is the most important currency for banking relationships. Y&E adults are not just looking for functional excellence; they're looking for financial experiences that feel safe, clear, fair, human, and even enjoyable.

When these emotional needs are met, trust is strengthened. When ignored, even the best-designed features feel cold, transactional, or out of touch.

By tailoring the Forces of CX to the lives of Y&E adults, we now have an emotional drivers of trust framework that allows digital banks and fintech's to:

- Design with empathy
- Measure emotional performance
- Solve real problems through emotionally intelligent solutions

These emotional drivers can and should be used to shape the design of products, services, content, and interactions. They are powerful tools to help digital banks and fintech's earn long-term loyalty from a generation that values experience over legacy.

**Ipsos Forces of Customer Experience**


Image: Ipsos Forces of CX

## Language matters: Adapting the Forces to reflect lived experience

As the research progressed and the Forces of CX were explored in depth with Young & Emerging Adults, two important refinements emerged. While "Status" and "Belonging" are established terms in the framework, they did not fully resonate with the language used by participants. Based on feedback and thematic analysis, "Status" was adapted to "Recognition", and "Belonging" to "Connection."

These changes reflect more than semantics - they capture how this generation interprets value, inclusion, and emotional connection. Words matter to Y&E adults and using terminology that feels relatable and authentic helps ensure these emotional drivers are both understood and embraced in experience design.

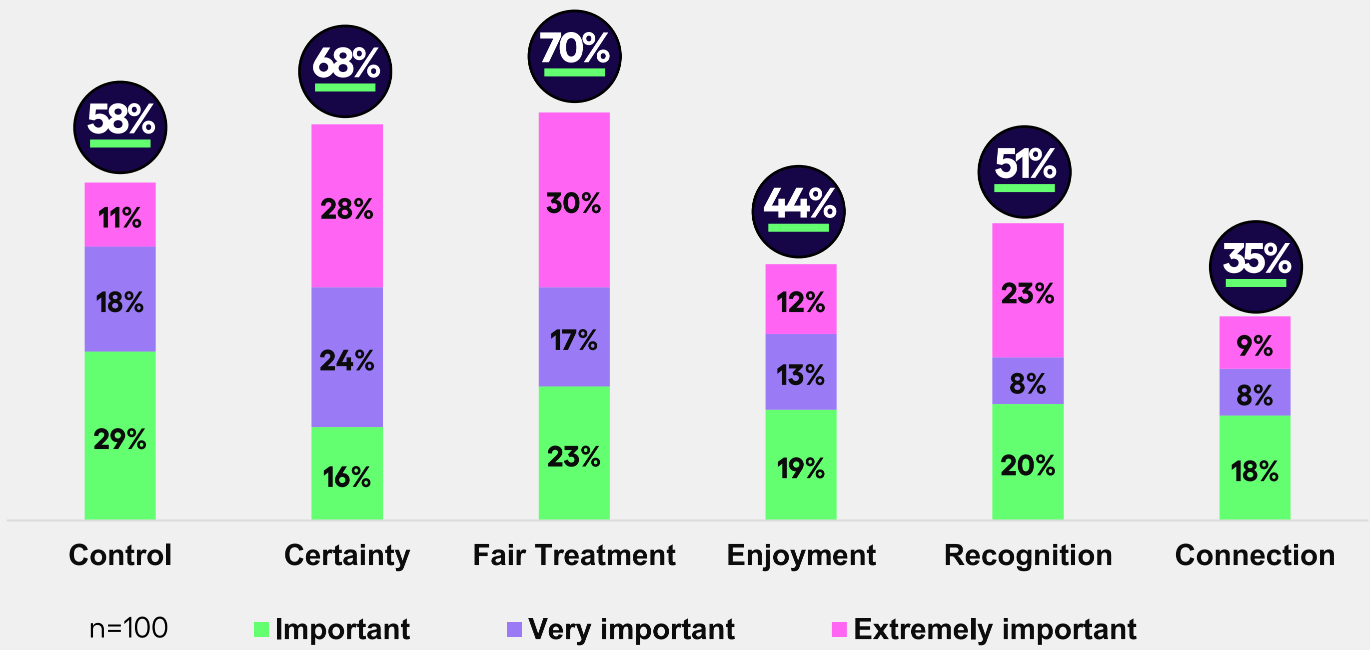
To uncover which emotional experiences matter most to Young & Emerging Adults, participants were asked to rate the importance of six key emotional drivers, adapted from Ipsos' Forces of CX, using a 10-point scale. The question posed was:

"***When considering your ideal banking experience, please rate the importance of each element on a scale of 1–10, with 1 being not at all important and 10 being extremely important."***

Using the 'Top 3 Box' method (ratings of 8, 9, or 10), we identified which emotional needs are the most important as drivers of trust

The results reveal a clear hierarchy, with Fair Treatment, Certainty, and Control emerging as the most important drivers of trust in banking experiences. These insights provide a behavioural blueprint for designing emotionally intelligent services that resonate deeply with this generation.

### Current findings: Emotional Drivers ranked by importance



## 70% Fair Treatment - Importance score

### I feel respected - not punished or judged

**Why Fair Treatment matters:**

Fair Treatment emerged as the most important emotional driver, with 30% of respondents rating it extremely important. For Y&E adults, many of whom are still learning to navigate financial independence, feeling respected and understood is foundational to trust.

This goes beyond being polite; it means being given the benefit of the doubt, supported through mistakes, and treated as a human being, not just a risk score. Loyalty, effort, and responsibility shouldn't be taken for granted; they should be recognised.

A recurring theme in interviews was the emotional toll of feeling like a "number" or a liability, particularly during early financial milestones like first jobs, first loans, or hardship situations. A strong sense of justice and equity came through; fairness isn't just appreciated, it is craved.

To build long-term emotional loyalty, banks and fintechs must embed fairness into their design choices, policies, and tone of voice, ensuring Y&E adults feel seen, supported, and never punished for learning.

**Examples:**

- Fee forgiveness for first-time slip-ups.
- Supportive messaging during hardship and flexible support.
- Fair lending criteria that account for life stage, not just legacy scores.
- Value-based loyalty perks for savers and first-time investors.

## 60% Certainty - Importance score

### I know what to expect – no hidden rules or fees

**Why Certainty matters:**

Certainty ranked as the second most important emotional driver, with 28% of Y&E adults rating it extremely important. This reflects a strong desire for clarity, predictability, and transparency in how banks communicate and deliver services.

Y&E adults want to understand exactly how products work, what they're entitled to, and what's coming next, whether it's fees, interest rates, approval timelines, or notifications. They aren't expecting perfection, but they do expect honesty and consistency.

When language is vague, terms are unclear, or rules feel like they shift without warning, trust erodes quickly. In contrast, predictability builds confidence, and confidence empowers them to take more ambitious steps, like saving, borrowing, or investing.

Ultimately, certainty reduces stress and strengthens trust. For this generation, transparency is a must.

**Examples:**

- Real-time "what you'll pay and why" overlays.
- Simple visuals showing progress toward reward eligibility or interest brackets.
- Consistent tone and language across channels.
- Proactive nudges before overdrafts or penalties hit.

**58%**

## Control - Importance score

### I feel in charge of my money and my choices

**Why Control matters:**

Control ranked as the third most important emotional driver, with 11% rating it extremely important. For Y&E adults, control is about feeling empowered, not overwhelmed, especially as they navigate key life transitions, such as studying, flatting, job changes, or starting a side hustle.

Many shared that they're learning financial independence in real time, often without formal support or guidance. In this context, control means having the right tools, insights, and flexibility to make informed decisions and to act on them quickly and confidently.

It's not just about access, it's about autonomy. Real-time tracking, personalised settings, and flexible features help Y&E adults feel proactive rather than reactive. When income is irregular or expenses are unpredictable, the ability to adapt and stay in control reduces stress and builds financial confidence.

Ultimately, delivering control is about creating systems that respond to their reality, not restrict it.

**Examples:**

- Visual dashboards showing account activity, goals, and next best actions.
- Toggle features to hide or lock savings.
- Payday auto-distribution rules they can adjust.
- Real-time updates and alerts for balance, spend, or progress toward goals.

**51%**

## Recognition - Importance score

### My efforts, loyalty, and identity are seen and valued

**Why Recognition matters:**

While not rated as highly as the top three drivers, Recognition still plays an important role in building trust and emotional loyalty.

With 23% of Y&E adults rating it extremely important, this driver reflects a strong desire to feel seen, valued, and acknowledged, not just as customers, but as individuals.

Recognition is about more than points or perks. It's about being understood. Y&E adults want their bank to recognise their journey, whether that's saving consistently, bouncing back from setbacks, or staying loyal over time. It also extends to being acknowledged through inclusive, culturally responsive design and communications that respect their lived experiences.

When done authentically, recognition becomes a powerful emotional connector, driving positive behaviour, fostering brand warmth, and creating a sense of shared progress. As many participants shared, they don't just want to be tracked; they want to be known.

**Examples:**

- Tiered loyalty programs that celebrate progress, not just spend.
- "You've saved every week for 3 months - we see you" style acknowledgements.
- Cultural cues and language options for diverse communities.
- Birthday rewards, student-to-pro grad packs, or long-time customer bonuses.

## 44% Enjoyment- Importance score

### Using my bank is surprisingly satisfying - even fun

**Why Enjoyment matters:**

While Enjoyment ranked lower than other emotional drivers in terms of importance, it still plays a meaningful role in boosting engagement and creating brand affinity. For Y&E adults, banking doesn't need to be entertaining, but it does need to feel smooth, rewarding, and occasionally delightful.

Enjoyment is the X-factor that makes a digital experience memorable. It's not about gimmicks, it's about removing friction and creating moments that feel playful, positive, and satisfying. When banking is enjoyable, it becomes a habit rather than a chore.

Participants shared that when their banking experience feels dull, stressful, or clunky, they're more likely to disengage. But when it's intuitive and uplifting, even in small ways, they're more motivated to engage regularly and stick with good financial behaviours.

In this way, enjoyment becomes a retention tool, a habit-former, and a reason to stay emotionally connected.

**Examples:**

- Gamified saving streaks and milestone rewards.
- Animations or celebration moments when goals are hit.
- Incentives when you hit savings goals.
- Personal progress reports with encouraging language and achievements.

## 35% Connection - Importance score

### I feel like I belong – I am not doing this alone

**Why Connection matters:**

Connection ranked lowest in overall importance, but it still carries weight, especially when it's tied to community, shared goals, or values-based alignment. While Y&E adults may not expect emotional connection from their bank by default, they notice and appreciate it when it feels authentic and relevant.

This emotional driver holds particular potential for differentiation, especially among Māori, Pasifika, and purpose-driven customers who value relational trust, collective growth, and cultural alignment.

Y&E adults consistently shared that they learn about money not just from institutions, but from flatmates, creators, siblings, and friends. They value banking experiences that foster a sense of belonging, whether through peer comparison, community storytelling, or collaborative savings tools.

Connection turns solitary money management into a shared journey, making financial growth feel less isolating and more empowering.

**Examples:**

- Community savings challenges and shared goals ("Flatmates vs Flatmates: save $500 in 30 days").
- In-app social spaces to share tips or goals.
- Storytelling: videos, reels, or case studies from real Y&E adult journeys.
- Co-branded initiatives with causes Y&E adults care about (e.g., mental health, sustainability).

**Fair Treatment, Certainty, and Control** represent the core emotional foundation of trust for Y&E adults. These are the must-haves, the baseline expectations**. Recognition, Enjoyment, and Connection** act as accelerators, creating differentiation and deeper loyalty when layered intentionally on top of a solid foundation.

Banks and fintechs looking to strengthen trust should start by addressing the emotional essentials, then build upward toward experiences that feel personalised, rewarding, and socially resonant.

# **Appendix 2: Primary research** - Communication the connects: How Young & Emerging Adults want to engage with their bank

In an age of instant messaging, social feeds, and on-demand everything, it might surprise some to learn that email still reigns supreme for Young and Emerging Adults when it comes to bank communication. But when you dig deeper, this preference makes perfect sense. The key driver? Control.

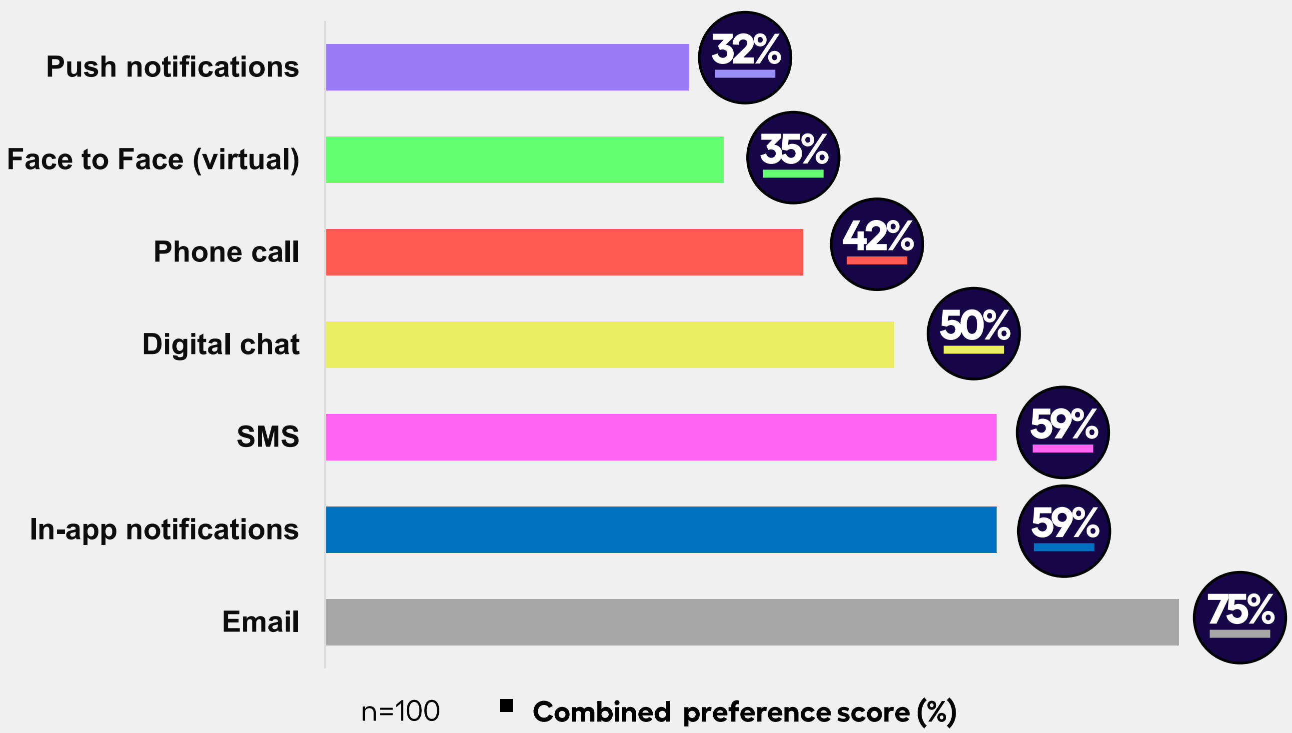
Email offers them the breathing space to digest complex information, reflect, and respond on their own terms, especially for important or high-stakes interactions. But that doesn't mean email is the only channel they value. In fact, it's just one part of a broader communication choreography that today's 18–32-year-olds expect.

Control, choice, and speed all matter. Y&E Adults want to know they can get answers now, often in minutes, if not seconds, through fast, frictionless digital channels like in-app chat or social messaging. But when the situation is more complex, emotional, or requires reassurance, they also value the human touch, whether that's a detailed email, a well-timed call, or even face-to-face support.

This isn't about choosing one channel over another; it's about having the right channel at the right moment. They expect their bank to be present everywhere they need it, with seamless transitions between quick-fire digital help and more thoughtful, human-centred interactions.

So, what does this multi-channel ecosystem really look like? We asked Young and Emerging Adults to rank their preferred ways of interacting with their bank. Here's what they told us.

**Communication & Engagement preferences of Young & Emerging Adults**



### Email - Clear, detailed, and on my terms

Email isn't just "inbox clutter" for Y&E adults. It's a trusted channel where they can digest, revisit, and act on their terms.

**I prefer email because I can go back to it. If I'm not ready to deal with it, I can flag it and come back when I've got headspace.**

- Participant, age 28

The survey confirms this: Email ranked #1 as the most preferred communication channel, significantly ahead of in-app notifications, SMS, and phone calls. This isn't just about convenience, it's about clarity, permanence, and emotional confidence. These young adults want to feel informed, in control, and never caught off guard.

**Why it matters**
Email is the platform for depth and reflection. It's the perfect space for:

- Monthly savings summaries with visual tracking
- Personalised tips based on spending behaviours
- New product features with contextual examples
- Celebrating consistency: "You've hit 6 months of savings goals!"

But here's the nuance: email is often not where the conversation starts. It's where it lands, after an initial interaction via chat or notification.

### Digital chat & In-App notifications – Smart, quick, contextual, and in flow

Although email tops the preference chart, the first point of contact is often a quick notification or digital chat. These channels sit seamlessly within the app, offering real-time interaction, light-touch questions, or friendly nudges toward action.

**If I get a notification, I'll jump into the chat and ask more questions. Then, if I need more info or something detailed, I ask them to email me.**

- Participant, age 22

### In-App Notifications – Smart prompts, not noise

In-app messages shine when they are timely and relevant, such as savings nudges, budget insights, or action-based suggestions. They're less disruptive, easily skippable if not relevant, and always accessible later.

**Why it matters**

These notifications support habit-building and timely decision-making, without leaving the app environment.

**Examples:**

- "You're halfway to your goal! Want to top it up?"
- "This week's rideshare spending is up—want to review?"
- "Savings streak unlocked — keep going!"

## Push notifications – Smart alerts that sound like a mate

Push notifications take things one step closer, landing on your lock screen, in your pocket, and in real-time. But Y&E adults are clear: if it sounds like a corporate pitch, it's getting muted.

Tone is everything here. The most engaging push messages are conversational, warm, maybe even a little cheeky. They're about encouragement, reminders, and little wins.

**I like the ones that sound like a mate, not a robot.**

- Participant, age 19

**Why it matters**
Used wisely, push notifications create brand intimacy. Used poorly, they're gone in a swipe.

**Examples:**

- "Legend! You've hit your 3-month savings streak."
- "Flatmate dinner fund is $2 short - want to top it up?"
- "Payday just landed. Go split, save, and still shout sushi."

## Phone calls - Human help, when it really matters

Phone calls aren't common, but when they're needed, they really matter. Y&E adults reserve voice calls for emotionally or financially significant moments, such as mortgage decisions, concerns about fraud, or financial hardship.

**I'll take a call if it's serious, like something to do with my investment or loan.**

- Participant, age 31

**Why it matters**
When things get complex or emotional, a real voice creates reassurance and trust.

**Examples:**

- Pre-booked calls for home loan advice
- "Let's talk" buttons in-app for escalation
- Post-application support calls
- Dedicated phone line for life-stage milestones

### Face-to-Face (Virtual) – For big decisions, I want a real conversation

While branch visits are rare, face-to-face still has a place, especially via video. When making big decisions (such as buying a first home, opening joint accounts, or changes to KiwiSaver), Y&E adults value a human, visual, and live conversation.

**For that stuff, I want to talk to someone and see them.**

- Participant, age 29

**Why it matters**
Live, visual interaction helps build confidence, emotional clarity, and loyalty during life's biggest financial decisions.

**Examples:**

- Virtual onboarding for first-time home buyers
- Zoom/Teams sessions with financial coaches
- In-app booking for live financial check-ins
- Online Q&A events tailored to life transitions

### Design Implications for Banks & Fintech's

- **Design for channel choreography, not silos**
  One channel leads to another. Build journeys, not silos. Nudges → chat → email → call or face-to-face.
- **Tone is a brand superpower**
  Ditch the jargon. Talk like a person. Tone that's warm, human, and timely builds trust faster than features.
- **Respect headspace**
  Don't overload. Let users customise when, how, and what they hear from you. Keep it purposeful.
- **Create emotional bridges**
  Recognise milestones. Offer real help during complexity. Match emotional tone to life stage.
- **Make it easy to escalate**
  Digital chat is great - until it's not. Provide users with a clear and seamless path to a person when they need one.

For young and emerging adults, communication isn't a one-channel game; it's a dynamic mix of timing, tone, and trust. Email delivers clarity. In-app and digital chat drive timely actions. Push notifications build warmth and personality. And human interaction, whether voice or video, seals the deal in critical moments.

Banks and fintechs that get the rhythm right will earn not just attention, but long-term trust and loyalty.

# **Appendix 2: Primary research** - What rewards really matter: How Young & Emerging Adults want to be recognised

Young & Emerging Adults are in a life stage defined by constant learning and firsts, their first flat, first job, first investment, or even their first financial mistake. It's a time full of exciting possibilities, but also messy moments where they're figuring things out as they go. And as many told us during interviews, **"you don't know what you don't know."**

They're navigating a world of new responsibilities and unfamiliar choices, often without a clear roadmap. What they truly desire is help, guidance, and encouragement to make better decisions. And importantly, they want to feel recognised and rewarded for the progress they're making along the way, no matter how small.

For this audience, rewards aren't just about discounts or freebies. They want experiences that feel personal, aspirational, and worth sharing. They want rewards that motivate them, help them build confidence, and give them a sense of achievement. Recognition matters as much as the reward itself.

**When we asked them which brands they believe are delivering great loyalty and rewards programs, one name came up more often than any other: MECCA.**

MECCA's Beauty Loop Rewards Program has become a gold standard in their eyes. It's a tiered program that draws customers deeper into the brand with every level. From the moment you join Beauty Loop, you're welcomed into a whole new MECCA experience. As you progress through the tiers, you unlock:

- Exclusive Beauty Loop Boxes packed with surprise delights.
- Complimentary beauty services and treatments.
- Masterclasses with international brand founders.
- Members-only events and first access to the latest launches.

But it's more than just perks. MECCA has created moments of joy and belonging that go beyond a transaction. For example, to claim many rewards, you need to go in-store, where you receive an unboxing experience full of delight and surprise, something customers often share with friends, amplifying the experience. And while those friends are there, they browse, buy, and engage, naturally increasing MECCA's brand visibility and share of spend.

They've even built an online community, a Facebook group with over 250,000 members, where people share tips, reviews, and stories, creating a sense of belonging that keeps customers coming back.

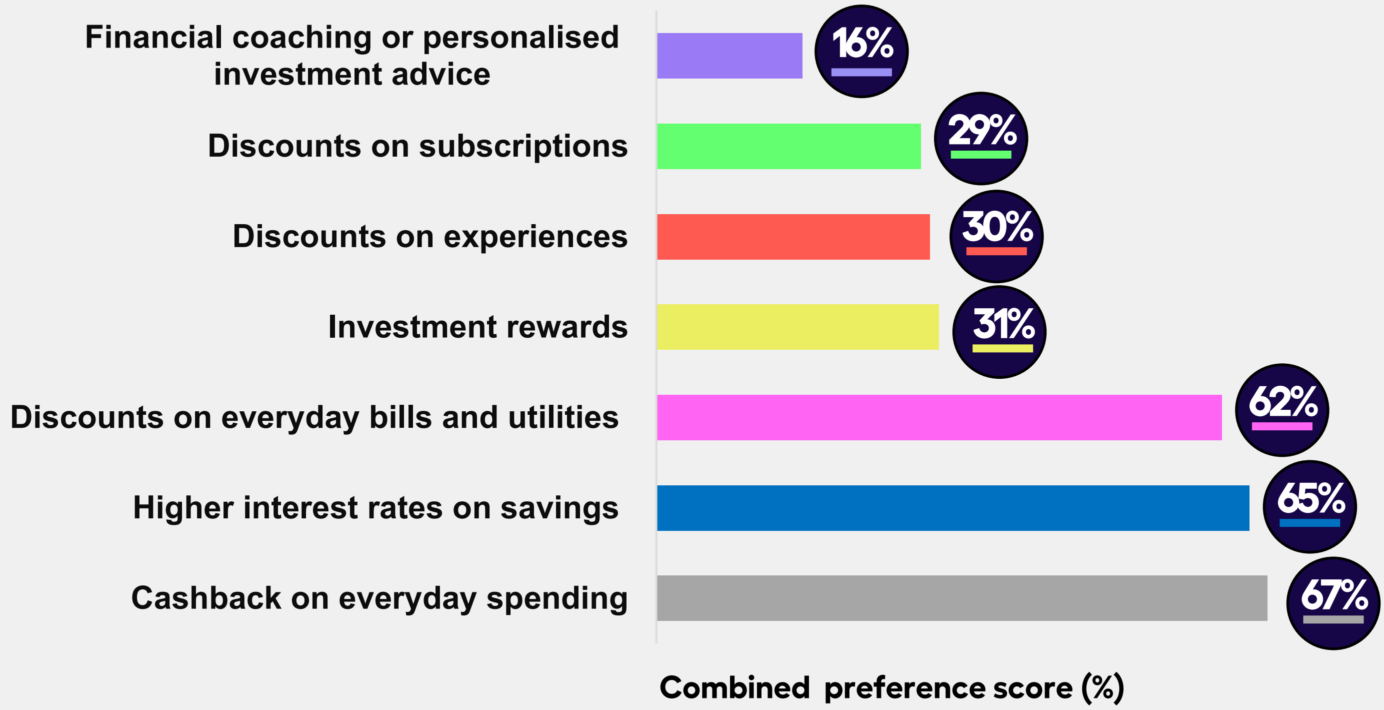
For Y&E Adults, MECCA's loyalty program is a lifestyle loop, a cycle of recognition, reward, and community that feels human and exciting.

So, what does this mean for banks? It means loyalty needs to go beyond points and perks. Y&E Adults want rewards that help them grow, celebrate their milestones, and feel part of something bigger, something worth talking about.

We asked Y&E Adults to rank the rewards that would mean the most to them in a bank loyalty program. Here's what they told us.

## Preferred Rewards – Ranked by impact

n=100




### Cashback on everyday spending – Instant relief, instant reward

Cashback was the highest scoring reward, reflecting how immediate, flexible, and practical it feels. For young adults navigating fluctuating incomes and expenses, a little cashback goes a long way toward making life more manageable.

**Cashback feels real. I can use it how I want towards food, bills, or just to give myself a breather that week.**

- Participant, age 23

Cashback offers freedom of choice, which is vital when money is tight or priorities are shifting week to week.

**Why it matters**

Cashback taps into a deep emotional driver of financial control in uncertain times. It also rewards small, positive behaviours without locking users into a specific brand or product.

### Higher interest rates on savings – Progress that pays off

Close behind cashback was higher interest on savings. This signals a growing desire to make money work harder, even if savings goals are modest. It's a way for banks to encourage saving habits while showing tangible recognition for consistency.

**It feels like a bank actually has your back if they give you better interest for being smart with your money.**

- Participant, age 25

This reward isn't about instant gratification; it's about **building momentum toward longer-term goals,** whether that's a holiday, a house deposit, or just an emergency buffer.

**Why it matters**

Higher interest acts as a motivation trigger for saving habits. It tells young adults, ***"We'll help you grow what you're working hard for."***

### Discounts on everyday bills and utilities – Supporting the essentials

Power, internet, and groceries. These are the non-negotiables in a young adult's budget. Discounts on essentials directly reduce the cost of living, freeing up money for other priorities.

**Bills are boring but unavoidable. If my bank helped with those, it would feel like real support.**

- Participant, age 28

This type of reward directly connects to supporting daily life, reinforcing the idea that a bank isn't just a service provider, but a partner in making life easier.

**Why it matters**

Helping with essentials shows care beyond transactions. It's a subtle but powerful way to build trust and loyalty.

### Social & lifestyle discounts – Nice to haves, but not must-haves

Further down the list came rewards like:

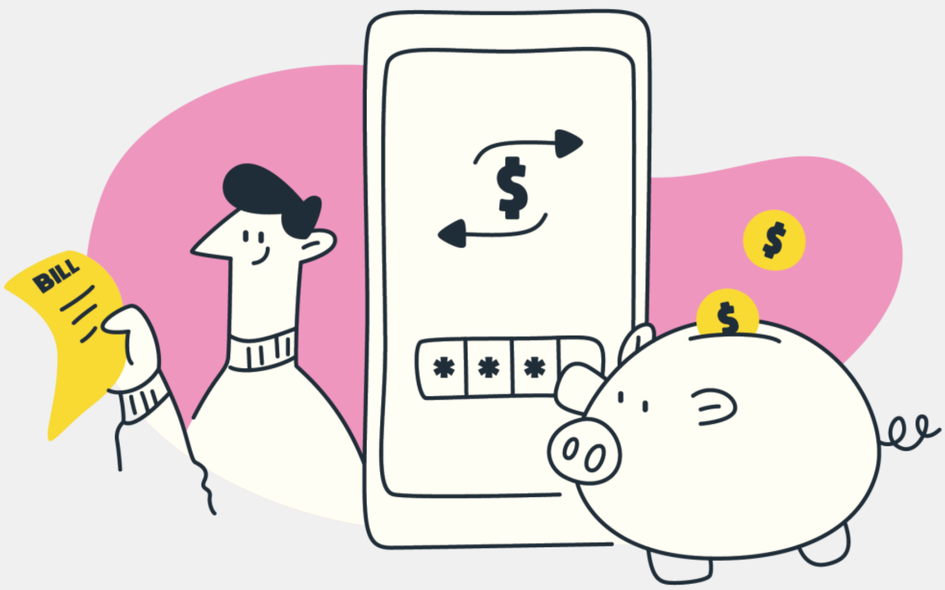
- **Discounts on subscriptions (Netflix, Spotify, gym memberships – 29%)**
- **Discounts on experiences (travel, entertainment, sports events – 30%)**

While appreciated, these rewards aren't seen as core needs. They're more about enhancing lifestyle and social life, rather than addressing immediate financial stress.

**Cool to have, but not as important as cash or help with bills.**

- Participant, age 21

These rewards still matter for social connection and small, meaningful moments, but they can't compete with financial fundamentals.



## Investment rewards & coaching – future-focused, but niche right now

Finally, **investment rewards (31%)** and **financial coaching (16%)** ranked lower. These reflect aspirations for later life stages rather than immediate priorities. For many Y&E adults, they're still building the basics before thinking about more complex financial products.

**I want to learn about investing, but right now it's not top of my list when I'm just trying to get ahead and survive.**

- Participant, age 24

## What this means for Banks and Fintechs: Design implications

**Start with cash and essentials:**

Cashback and discounts on bills or groceries are the fastest ways to show impact. They feel real, immediate, and supportive, exactly what young adults need in financially uncertain times.

**Reward good habits with better savings rates:**

Recognise progress (e.g., regular savings deposits) with boosted interest rates. It makes saving feel achievable and worth it.

**Make lifestyle perks social, not superficial:**

Partnerships with streaming platforms, gyms, or entertainment providers can build an emotional connection but they must sit on top of meaningful financial rewards, not replace them.

**Think partnerships, not just points:**

To bring these discounts to life, banks may need to partner with utility providers, grocery chains, or popular subscription services. The goal isn't luxury; it's social rewards that support their everyday life and make good financial behaviour feel worthwhile.

**Encourage habits, not just transactions:**

Small but meaningful rewards can reinforce positive behaviours, like saving regularly or staying on top of bills, helping young adults feel seen, supported, and proud of their progress.

## From insight to co-design – Making rewards work (and Fun!) for Young & Emerging Adults

These insights reveal a clear hierarchy of needs for Y&E adults:

- **Help me now** – relieve financial pressure in the moment
- **Help me save** – make progress feel possible and rewarding
- **Help me live a little better** – support the lifestyle and social experiences that matter most

But it's not just about rewards. It's about making banking feel a little lighter, a little more human, maybe even a little fun.

As part of this research, we co-designed what loyalty and rewards programs could look like for Y&E adults. At the heart of the concept is encouragement, recognition, and rewards for good financial behaviour, delivered through small but meaningful wins.

And yes, there's even a touch of gamification, because who doesn't love unlocking milestones, earning badges, or levelling up their savings game?

Imagine a program that:

- Celebrates progress – streaks for consecutive savings, badges for paying down debt, or rewards for keeping on top of bills.
- Supports everyday life – discounts that lighten the load on power, groceries, or internet.
- Makes saving social – group challenges with friends or flatmates to hit shared goals.
- Brings a bit of joy – surprise perks for hitting milestones or completing small "money missions."

**The focus is simple but powerful: support their living, encourage good habits, and make progress feel tangible, while making banking just a little more fun.**

# **Appendix 2: Primary research** - How Young & Emerging Adults educate themselves about money

In today's world, attention is the new currency. Lives are busier than ever, with Young & Emerging Adults juggling study, early careers, social lives, side hustles, and constant digital noise. Every brand, from fashion to fitness to finance, is competing for their time and mental space.

And in this noisy, fragmented landscape, how do you help them build financial confidence?

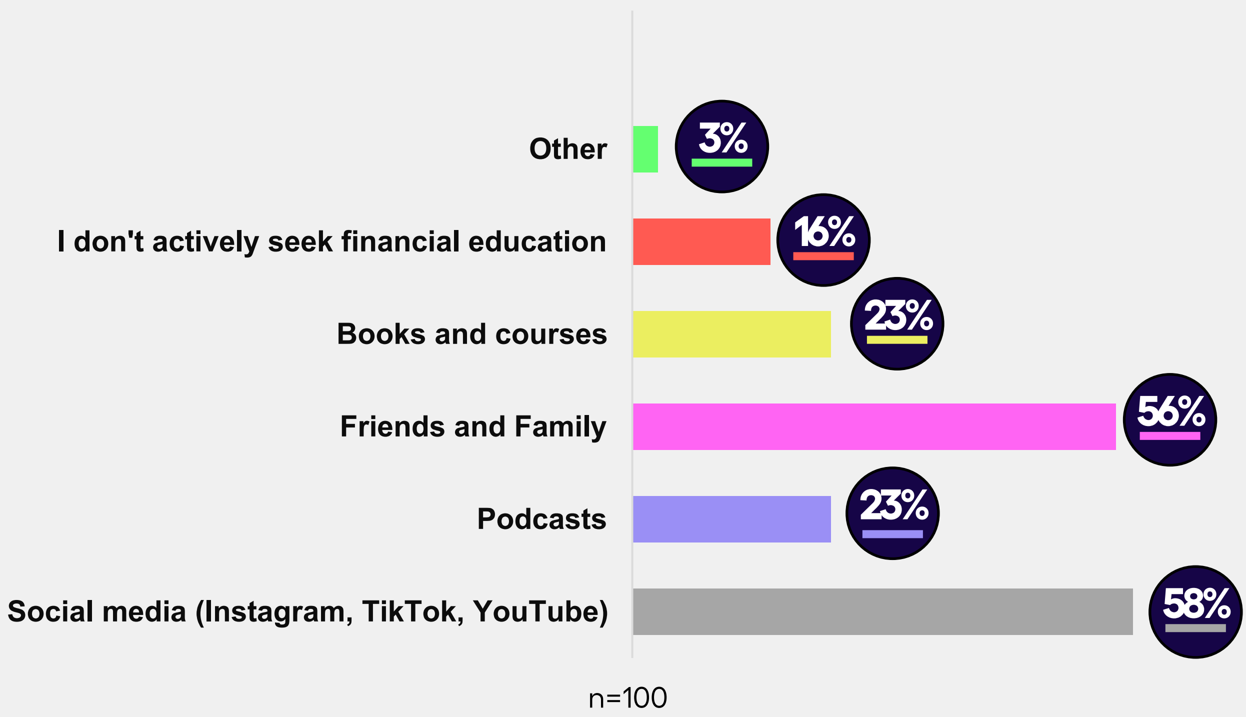
The traditional methods of teaching money management, such as lengthy workshops, bulky textbooks, or jargon-filled seminars, no longer fit. Financial literacy now has to meet Y&E Adults where they already are:

- In digital channels that are fast, social, and interactive.
- In micro-learning moments that slot easily into their lives.
- In formats that feel peer-led, relevant, and trustworthy.

This isn't just about convenience. It's about accessibility and trust. Digital platforms create spaces where learning feels less like a lecture and more like a conversation with someone like me. A TikTok explainer before payday, a podcast on investing during a commute, a DM from a friend about splitting bills - these are the new classrooms.

When we asked Young & Emerging Adults how they currently educate themselves about financial matters, the answers painted a powerful and sometimes concerning picture of how financial knowledge is being built today. Here is what they had to say:

**Findings: Where Y&E adults are learning and building financial literacy**



## Social Media: Sharp, scrollable, and real

More than half (58%) of Y&E Adults are learning about money through social platforms like TikTok, Instagram, and YouTube. But don't mistake this for mindless scrolling.

They want content that's real, relatable, and worth their time. In interviews, they told us:

**Teach me something real, make it sharp, scrollable, and relevant to my life.**

This is why creators like Te Kahukura Boynton (@maorimillionaire_) have become powerful financial educators. She openly shares her journey from "rags to riches," breaking down money topics in a way that feels authentic and achievable. It resonates because it's personal, not corporate.

This matters because Y&E Adults want to grow their financial knowledge, but in ways that feel safe, social, and digestible. They respond best to peer-led content, bite-sized formats, and contextual tips embedded in their real financial moments.

For banks and Fintechs, the lesson is clear: learning needs to be active, not passive. Imagine TikTok-style explainers appearing in-app when someone opens their first savings goal. That's how education moves from theory to impact.

## Podcasts: Knowledge on the go

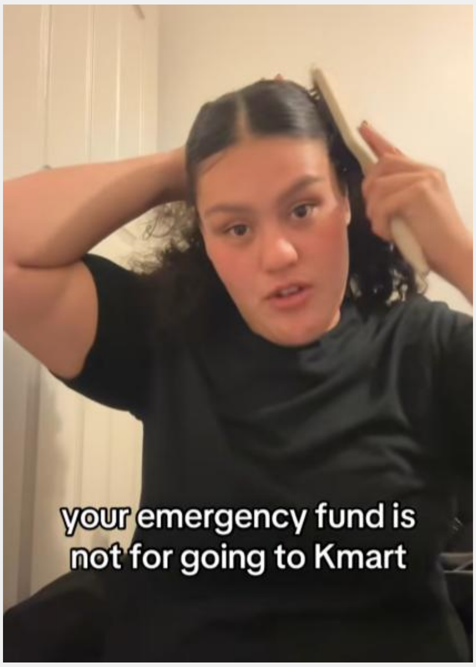
Around 23% of Y&E Adults turn to podcasts and blogs, carving out time for deeper learning—but only when it fits their lifestyle.

They're tuning into 30–45 minute podcasts, such as The Curve, a platform designed for women who want to learn about investing in an approachable way. Many join communities like The Curve Investing Club, where beginners and industry experts come together to share knowledge and ideas.

Similarly, Simran Kaur's Friends That Invest Podcast & Masterclass has achieved explosive growth, empowering thousands of young women to break through barriers to financial literacy. Featured in Spotify's top women's podcasts, it proves that when education is inclusive, accessible, and values-driven, it doesn't just teach, it inspires.

This isn't just passive listening, Y&E Adults are joining investing clubs, swapping tips with peers, and building collective confidence.

For banks, this highlights a key lesson: financial education works when it feels like a conversation, not a lecture.




Te Kahukura Boynton (@maorimillionaire_)

### Friends & Family: The first point of trust

A nearly equal 56% of Y&E Adults learn from friends and family, making this the second most relied-upon source of financial education. This validates what we consistently heard in interviews:

**When I have a money question, I go to my brother. They've been through it, they get it.**

For most Y&E Adults, financial education starts in their closest circle of trust. Parents are often the very first financial guide; many recall their parents helping them set up their first bank account, teaching them how to save their first pocket money, or explaining the basics of budgeting. Those whose parents actively spoke about money growing up often feel more confident and prepared to make financial decisions later in life.

But it doesn't stop there. Flatmates, siblings, cousins, and even close friends become the go-to advisors when new financial milestones appear. Whether it's "How do I split bills?", "Should I get this credit card?", or "Where do I start with KiwiSaver?", they lean on people who have "been there, done that", even if those people don't always have the best advice or the right level of literacy themselves.

And that's the catch. The quality of financial knowledge depends entirely on the experience of the person they're asking. Some are fortunate to have financially savvy parents or friends; others inherit misinformation or outdated thinking. This makes the friends & family learning pathway both incredibly powerful and potentially risky.

What it does reveal is a deep desire for trust and relatability. Y&E Adults will always go first to the people they know will support them, not judge them. And that's the emotional gap banks and fintechs need to bridge:

- How can a bank feel almost as safe and approachable as a parent, sibling, or close friend?
- How can financial institutions become the "next trusted step", providing reliable, accurate, and accessible advice that still feels personal and human?

Banks can't just be transactional. They need to position themselves as trusted advisors, just one step removed from family. Think about building tools and content that parents can share with their kids or creating family-friendly literacy programs that empower not just the individual but the whole household to have better money conversations.

In short, friends and family may be the first educators, but banks can be the ones who reinforce, correct, and elevate that learning.

## The silent 16%: Those who don't seek education

Perhaps the most concerning insight from this research is that 16% of Young & Emerging Adults don't actively seek financial education at all.

When we explored why, several themes emerged.

- **They don't see the value**. If money conversations were never normalised in their homes or communities, they often grow up thinking financial literacy is only for "wealthy" or "older" people, not something relevant to them now.
- **They haven't been exposed to why it matters.** If their parents or guardians never talked about saving, investing, or budgeting, they simply haven't had a trusted introduction to these topics.
- **They don't know where to start.** Many said they feel overwhelmed by the sheer volume of information and don't know which advice to trust.
- **It feels intimidating.** Financial jargon, complex products, and fear of "getting it wrong" creates paralysis, they'd rather avoid the topic than feel embarrassed or judged.
- **They've been burned before.** Some tried learning through overly complicated courses or rigid, sales-driven workshops that felt impersonal and left them more confused than empowered.

And here's the critical insight: this gap often comes down to their circle of trust and upbringing.

Those who grew up in households where parents or caregivers actively discussed money, even casually, tend to view financial education as natural and empowering. But those who didn't have those conversations often feel like outsiders to the financial system. For them, money talk feels foreign, complicated, or even shameful.

This creates a cycle of avoidance:

- They don't seek education → they feel even less confident → and without confidence, they avoid learning altogether.

This silent group represents the biggest opportunity for banks and Fintechs to make a real difference.

How?

- **Meet them where they are**, not with intimidating lectures or overly formal language, but with approachable, bite-sized, and human-centered guidance.
- **Leverage circles of trust** by equipping parents, friends, and community leaders with simple tools and resources they can share organically.
- **Show them the "why" before the "how."** Make the benefits of learning about money visible, immediate, and relevant—link it to life goals like travel, buying a car, or getting their first flat.
- Remove the fear factor. Normalise mistakes, show that learning is a journey, and offer safe spaces (digital or in-person) to ask "silly" questions without judgment.

For this group, financial education doesn't start with spreadsheets or calculators; it begins with trust.

If banks can build that trust by simplifying the first step, the 16% who are currently disengaged could become the most loyal advocates, because you'll have solved a problem they didn't even believe they could overcome.

## Other sources: Independent researchers

A small 3% rely on other sources like financial news or sites like MoneyHub.co.nz. These are the self-starters, the ones already seeking structured advice. But they're the minority, meaning most Y&E Adults aren't proactively diving into financial literacy on their own.

## What this means for Banks and Fintechs

This data is more than a snapshot of where Y&E Adults are learning. It's a wake-up call.

They don't want financial education to feel like homework. They want it to be:

1. **Social** – led by peers, influencers, and trusted communities
2. **Digestible** – bite-sized, scrollable, and tied to real financial moments
3. **Safe** – jargon-free, inclusive, and welcoming
4. **Actionable** – connected directly to the money decisions they're making today

So what can you do right now?

## 5 Actions Banks & Fintechs can take today

**Embed learning into the experience.**

Turn real money moments (opening an account, making a first investment) into teachable moments with micro-learning and contextual tips.

**Partner with trusted voices.**

Collaborate with influencers like Māori Millionaire, Girls That Invest, or The Curve, who already have authentic reach and credibility with this audience.

**Make it scrollable, not stodgy.**

Create sharp, social-first content - TikTok explainers, Instagram reels, or gamified stories that make financial topics simple and shareable.

**Build community, not just tools.**

Foster peer-to-peer learning networks (like investing clubs or moderated forums) where Y&E Adults can learn with and from each other.

**Reach the silent 16%.**

Design nudges and incentives for those who currently don't seek education, show them the immediate value of learning, without overwhelming them.

**The challenge to you:**

- Are you making financial education accessible, social, and contextual?
- Are you reaching the 16% who don't even know where to start?
- And are you ready to turn financial learning into something Y&E Adults actually enjoy?

But beyond these numbers lies a deeper lesson: financial education for this audience isn't structured or institutional, it's woven into their digital lives, their communities, and their day-to-day experiences.

# Appendix 2: Primary research - Cultural considerations: Māori and Pasifika in banking

Financial satisfaction among Māori (64%) and Pasifika (66%) young and emerging adults remains well below the overall average of 74%. Behind these numbers lie deeper cultural dynamics, historical inequities, and values around money that traditional banking systems often fail to recognise or support.

To better understand these realities, I engaged in kōrero with Whetu Rangi, Head of Māori Business, and facilitated a focus group with Pasifika individuals at the Māngere Budgeting Services Trust, representing a range of Pacific nations. Their insights revealed not only the challenges but also the resilience and aspirations of their communities.

**To frame this work, I drew on Te Korekoreka, a conceptual framework rooted in Māori creation traditions.** Te Korekoreka is a way to honour the past to create a better future, moving through four interconnected realms:

- **Te Ao Tūroa** – the realm of knowing and reviewing, grounding us in the present reality.
- **Te Kore** – the realm of seeking and reflecting, where we understand the whakapapa of current challenges.
- **Te Pō** – the realm of imagining and designing, where new possibilities begin to take shape.
- **Te Ao Mārama** – the realm of light and action, where positive change becomes real.

This lens provided a pathway to understand the cultural context of Māori and Pasifika relationships with money and to imagine more inclusive futures for banking in Aotearoa.

## Māori: A collective approach to money and mana

From the kōrero with Whetu Rangi and his approved reflections, it's clear that Māori have a sharing culture when it comes to money. Financial decisions are often made collectively, with whānau pooling resources towards shared goals, whether it's supporting tangihanga, marae upkeep, or helping a family member in need.

Many of the Māori young and emerging adults I spoke with shared that they grew up in environments where money was scarce and survival was the primary focus, with little opportunity for financial literacy to be passed down. For some, there came a critical turning point, a moment of realisation that they didn't want to live in constant struggle. These individuals sought education, worked hard, and are now proud university graduates who contribute to their whānau and communities, not just financially, but also through knowledge sharing and community leadership.

Whetu highlighted how banking systems remain out of sync with Māori realities, from complex identity verification requirements (e.g., needing a driver's licence or fixed address) to digital-only solutions that assume reliable internet access, something many rural whānau still lack.

Most importantly, trust is still fractured. For many Māori, banks are seen as intimidating or transactional rather than supportive. "When a bank shows up with its logo in a community with a history of poor experience," Whetu noted, "it's seen as selling something, not as helping."

Yet there's hope. Whetu points to opportunities to rebuild trust through partnership and representation, by working alongside iwi, offering Kaupapa Māori financial education in te reo, and hiring more Māori staff so customers see themselves reflected in the organisation.

### Pasifika: A giving culture and the weight of obligation

For Pasifika, the relationship with money is deeply tied to giving and service. Many in the focus group shared how financial decisions are influenced by obligations to family, friends, and, most significantly, the Church.

In Samoan and Tongan cultures, status is often tied to the amount of contribution one makes. Giving generously to the Church is a source of pride and recognition within the community. However, this cultural value, while beautiful in its intent, can lead to financial strain, high-interest loans, credit card debt, and poor credit ratings, often leaving families struggling to cover essential needs such as food and rent.

What stood out in the focus group was that while some feel trapped in this cycle, there are also role models who have "bucked the trend." These individuals have gained financial literacy, built stable incomes, and now give back to their communities not just with money but also with education and guidance. These voices are powerful proof that with the right tools, pathways to sustainable financial wellbeing are possible while still honouring cultural values.

### Shared values, shared needs

Despite their differences, Māori and Pasifika share key values:

- A deep love for family and community
- A cultural emphasis on sharing, giving, and connection
- A desire to live positively and uplift those around them

**Both groups are underserved by current banking models.** Their realities often clash with systems designed for individualistic financial behaviours rather than collective ones.

Here lies the challenge and the opportunity: How can banks and Fintech's embrace the cultural richness of sharing and giving, while providing pathways that reduce financial vulnerability and build long-term resilience?

### Imagining a better future together

Through the lens of Te Korekoreka:

- **In Te Ao Tūroa,** we see the present reality clearly, Māori and Pasifika are underserved, less satisfied, and often mistrustful of banking systems.
- **In Te Kore**, we reflect on the whakapapa of these issues, historical inequities, systemic barriers, and cultural disconnection.
- **In Te Pō,** we imagine solutions that honour culture, Kaupapa Māori financial education, flexible ID requirements, bilingual tools, and community-led banking hubs.
- **In Te Ao Mārama,** we take action, collaborating, creating culturally safe products, and embedding Māori and Pasifika representation in every layer of the system.

### A call to action for Banks and Fintechs

To better serve Māori and Pasifika communities, banks and fintechs must move beyond transactional thinking and adopt a collaborative approach, fostering trust and cultural understanding. Broad strategic actions include:

1. **Co-create with communities**. Partner with iwi, Pasifika churches, and community organisations to design financial products and services that align with collective cultural values.
2. **Invest in representation.** Recruit and grow Māori and Pasifika talent across all levels of banking so customers see their cultures reflected back.
3. **Rethink access**. Develop flexible onboarding pathways for those without traditional forms of ID or digital access, similar to migrant banking models. Children are required by law to be registered and attend school; why not take this opportunity to provide access to a bank account?
4. **Deliver culturally grounded financial education**. Run neutral, unbranded programs in te reo Māori and Pacific languages, designed by and for the community.
5. **Shift from individualistic to collective models.** Explore shared accounts, whānau savings tools, and community-driven investment options.

As Whetu Rangi wisely said, "Don't try to solve all the problems. Pick one area, do it well, and do it culturally right. And you'll make a difference."

Māori and Pasifika are not "hard to reach", they are communities rich in identity, resilience, and potential. What they are waiting for is not charity, but culturally grounded, practical, and enduring financial inclusion.

# **Appendix 2: Primary research** - Always on, always digital: How Young and Emerging Adults navigate tech, cash and banking channels

## Technology use & engagement – A world always on

If there's one thing that's certain about Young & Emerging Adults, it's this: their phones are never far from reach. It's not just a device; it's their lifeline to the world, how they connect, socialise, work, learn, and entertain themselves.

From interviews and focus groups, the picture was clear: their world is always on. They are digitally savvy, seamlessly transitioning between platforms and apps. Many described themselves as gamers, creators, or digital explorers, and almost all had engaged with AI in some way, whether it's ChatGPT to help with work tasks, Perplexity for university research, or an AI-driven home workout plan.

**If I need to know something, I just ask ChatGPT. It's faster than Googling and actually explains it properly.**

When it comes to payments, they love tap-and-go solutions like Apple Pay or Google Pay. Convenience is key. Pulling out a physical card or worse, cash, feels slow and unnecessary. They also appreciate personalisation in the technology they use. Whether it's Netflix recommending the perfect show or Spotify creating a playlist that "just gets me," they want their digital experiences to feel tailored and meaningful.

And this expectation doesn't stop at entertainment; it's liquid across industries and sectors. They expect the same level of intuitive personalisation from their banking app that they get from Netflix or Spotify, or even the way a local barista remembers their coffee order. In the same way, they want their bank to remember their goals, habits, and preferences—like nudging them about an upcoming bill, suggesting smarter saving tips, or highlighting a product that genuinely fits their lifestyle, without them having to ask.

For them, great digital experiences are universal, and anything less feels outdated and disconnected.

Interestingly, while they may not always connect to the underlying tech they're using, they know how to navigate it instinctively. If they need any information, they'll find it. Their relationship with technology is fluid, intuitive, and highly adaptive.

### Use of Cash – Free money without value

One of the starkest insights from our conversations was regarding cash or rather, the lack thereof. Overwhelmingly, none of the Young & Emerging Adults we spoke to hold or use cash actively.

When asked what happens if they do get cash, most laughed:

**It ends up in a drawer somewhere for when kids come knocking selling chocolates, or I forget about it.**

For many, cash feels like free money, something separate from their actual finances. It has no perceived value in terms of saving or budgeting. They rarely, if ever, go to the effort of depositing it into their accounts.

Digital wallets and contactless payments have made money feel more seamless and abstract, and cash feels clunky, outdated, and unnecessary. For them, the idea of "carrying cash" belongs to older generations.

This mindset signals an important generational shift: if it's not digital, it's not real money.

### Branches vs Digital – A fading memory

When asked about bank branches, most young and emerging adults had to pause and think.

**Honestly, I can't remember the last time I went into a branch. Maybe when I opened my first account as a kid.**

For them, branches are rarely part of their banking experience. Everything they need, checking balances, making payments, and applying for products happens online or in-app. Even for bigger life moments, like a first home loan or investment, many said they would prefer to start and even complete the process digitally, unless it required a very deep conversation.

They do, however, recognise that branches still serve a purpose, just not for them.

**I get why branches are there. My grandparents still need them. Not everyone is comfortable with apps.**

For this generation, digital is the default channel. Branches are simply a safety net for edge cases or those with accessibility challenges.

## What this means for Banks & Fintechs

The insights are clear: Young & Emerging Adults live in a fully digital world. Their behaviours are reshaping how banking is perceived, accessed, and valued.

- They expect always-on digital access, hyper-personalised experiences, and seamless payment options.
- Cash holds no emotional or financial value; digital money is the only money that matters.
- Branches are largely irrelevant unless the conversation is complex or highly personal, and even then, digital channels are preferred.

So, the call to action is this:

- ➢ Design mobile-first, personalised experiences. Your app is your branch - make it intuitive, fast, and meaningful.
- ➢ Rethink cash and payments. Simplify digital wallets, integrate contactless solutions, and remove friction.
- ➢ Redefine the role of branches. Focus them on relationship-based conversations rather than everyday transactions.
- ➢ Leverage AI and emerging tech. Help them with what matters, whether it's budgeting nudges, goal-setting tools, or instant answers to "I don't know where to start."

**For young and emerging adults, banking isn't a place you go; it's an experience that lives in your pocket.**

# **Appendix 2: Primary research** - How can regulatory and macroeconomic policies support digital banks, innovation and financial inclusion

## Why regulatory adaptation is critical

Before exploring the barriers and opportunities ahead, it's important to understand why regulatory change is now so urgent. New Zealand's financial services landscape is at a pivotal moment. High barriers to bank entry (such as the NZ$30m capital requirement for new banks, which is stricter for domestic players than foreign-owned entrants) have limited competition and innovation[10]. Meanwhile, consumer expectations have shifted rapidly. Digital-first, seamless banking is no longer a nice-to-have, but a baseline expectation, especially for young and emerging adults, who view banking as a utility rather than a relationship.

The government's new AI Strategy[29] and the upcoming Customer and Product Data Bill are steps in the right direction, but policy and regulation must go further. Emerging technologies, such as AI, digital identity, open banking APIs, blockchain, and even Central Bank Digital Currency (CBDC) pilots, offer a once-in-a-generation chance to rewire banking for inclusion and growth, but only if the regulatory and macroeconomic environments evolve in tandem.

To deeply understand these challenges and opportunities, we spoke to leading experts in this field, including Jeremy Muir, Partner of Financial Services at legal firm MinterEllisonRuddWatts, Jason Roberts from Fintech NZ, Mike Burke from Point 16 and other legal and industry specialists, combining their insights with extensive secondary research to build a clear picture of what must change.

## How macroeconomic policies support digital banks, innovation, and inclusion

Beneath the regulatory layer sits New Zealand's macroeconomic frameworks, which shape the environment for banking innovation and inclusion. These frameworks, anchored by the Reserve Bank of New Zealand Act (2021) and the Public Finance Act (1989) define how monetary and fiscal policy works to deliver price stability, maximum sustainable employment, and long-term fiscal).

The Treasury's Macroeconomic Frameworks Review explains why this matters: a stable macro environment supports investment, resource allocation, and economic growth, protecting households from the volatility of inflation and financial instability. Stability is the platform on which digital banks, fintechs, and inclusion initiatives can thrive.

- Macroeconomic stability lowers funding risk for new digital entrants, attracting patient capital rather than speculative flows.
- Predictable inflation and employment support affordability for borrowing, especially for underserved groups like Māori, Pasifika, and Y&E Adults.
- Fiscal policy choices can directly enable inclusion by funding digital infrastructure, literacy initiatives, and open banking rollout.

Jason Roberts highlighted this link:

> **Innovation thrives in low-friction environments. If macro policy reduces uncertainty for capital and consumers, fintechs can focus on solving real problems rather than hedging macro risk.**

Jeremy Muir added that macro stability signals confidence to global investors:

**When the government shows it's serious about stability and future-facing regulation, it attracts the right kind of capital, patient, innovation-aligned investment, not just speculative flows.**

Mike Burke stressed fiscal policy as a direct lever for digital inclusion:

**Digital inclusion won't happen without hard infrastructure, fibre, mobile coverage, secure ID. Macroeconomic levers can make that happen faster.**

In essence, macroeconomic policy isn't just background, it's the platform that allows regulatory reform, digital banking innovation, and financial inclusion to coexist sustainably.

## Now: Current state

### Competition & licensing barriers

The Commerce Commission's 2024 Market Study into Personal Banking Services was blunt: New Zealand's four major banks – ANZ, ASB, BNZ, and Westpac – do not face strong competition, and "no major bank currently acts as a disruptor in personal banking services" [10]. Market share has been stable for decades, pricing for loans and fees remains closely aligned, and switching costs for consumers remain high.

The report identified high barriers to entry as a primary reason. To become a bank in New Zealand, a new entrant must hold NZD 30 million in capital, an especially daunting hurdle for local players. Meanwhile, foreign-owned banks can leverage their global balance sheets and only need to demonstrate financial stability.

Jeremy Muir highlighted this asymmetry:

**A satellite of an Australian bank can set up in Auckland faster than a new Kiwi challenger can raise $30 million and lock it in a box. Angel investors won't back you if you can't deploy capital for growth; it's a dead weight.**

The Commerce Commission recommended tiered licensing regimes to allow new banks to scale progressively and suggested reducing the capital lock-up for local innovators while maintaining strong consumer protections.

Jason Roberts added that without structural changes:

**We're asking fintechs to play in a game where the rules were written for giants, not startups.**

## Regulatory Landscape:

New entrants face a rigorous prudential regime. Under the new Deposit Takers Act 2023, all banks, building societies, credit unions and finance companies must hold a prudential licence, with capital and governance requirements scaled to size.

The Reserve Bank has signalled a more flexible approach for smaller firms, but current capital minima remain high (13.5% of risk-weighted assets for systemically important banks; 11.5% for smaller banks)[30]. Critically, overseas banks have limited entry: branches may only engage in wholesale business (no retail deposits) or must establish a local subsidiary with full licence requirements. In practice, foreign institutions typically operate through subsidiaries when they aim to serve local consumers, thereby ensuring parity in prudential oversight.

## Personal Banking Market Study (Aug 2024):

The Commerce Commission's in-depth review confirmed the high market concentration and lack of churn in retail banking. It found that customers are "underwhelmed" by incumbent banks and that innovation has been slow. The Commission explicitly recommended accelerating open banking to boost competition. It noted that New Zealand lags peers in API-driven data sharing and urged the government to require banks to publish standardised APIs (for account info and payment initiation) under the incoming CPD Act. The Commission expects open banking and broader access to payment systems to help "smaller providers compete" for deposits and reduce dependence on the big banks.

## Open Banking & Sandbox:

Payments NZ (the industry body) has led voluntary open banking efforts. As of 2019, all major banks agreed to minimum API standards (account data and payment initiation) and published draft specifications. An upgraded API Centre sandbox environment is now live, allowing fintechs to test integrations against standardised endpoints in a secure environment.

In August 2024, the Commerce Commission granted conditional authorisation for Payments NZ to coordinate partnerships between banks (API Providers) and fintechs (Third Parties). This decision is intended "to make it easier for third parties to work with API providers, and accelerate the delivery of open banking" in NZ. Separately, the FMA has launched a regulatory sandbox pilot (Jan–Jul 2025) for select fintech firms to trial new products in a monitored, relaxed-compliance setting. These sandboxes signal momentum, but full open banking mandates are pending the CPD Act regulations (due Dec 2025)

Jason Roberts called 2025 a "watershed year" for open finance:

**If we get the transition into open finance right, it will unlock three things: true competition, a framework for financial inclusion, and a high-value export ecosystem. If we get it wrong, we'll entrench the oligopoly.**

### AML/CFT Regulation:

New Zealand's Anti-Money Laundering and Countering Financing of Terrorism Act (2009) imposes strict customer due diligence (CDD) rules on banks and other reporting entities. Its primary purpose is to protect the integrity of the financial sector by preventing criminals from using banks and financial services to launder illicit funds or finance terrorism. These rules are designed to ensure banks "know their customer" (KYC), monitor transactions for suspicious activity, and report risks to authorities.

For large incumbent banks, these obligations are deeply embedded into established compliance systems. But for digital-first banks and fintechs, AML/CFT requirements can feel disproportionate and overly rigid, creating a barrier to market entry and innovation. The compliance burden often absorbs scarce resources that could otherwise be used for product development, customer experience, or financial inclusion initiatives.

As Jeremy Muir explained:

**New banks and fintechs are forced to behave like mini police forces. AML compliance doesn't scale for digital-only models if it stays one-size-fits-all.**

Overall, the AML/CFT overhaul aims to focus resources on higher-risk activities while reducing red tape for benign users.

### Financial Conduct Report (2025/26):

In June 2025 the FMA published its first Financial Conduct Report, outlining priorities to ensure "fair, efficient and transparent" markets[31]. The report sets outcomes such as "Market innovation and growth" and "Improved access to products and services" alongside traditional goals of integrity and consumer protection [31].

This underscores a shift toward outcomes-focused regulation: the FMA will engage industry in dialogue on conduct risks, rather than imposing only prescriptive rules.

In practice, fintechs can expect the FMA to continue emphasising consumer outcomes (e.g. clear disclosures, product oversight) while supporting innovation.

### CBDC Insights (RBNZ):

The Reserve Bank has been exploring a central bank digital currency (CBDC). A 2024 "strategic design insights" dossier (by Accenture for RBNZ) highlights that digital payments preference and innovations (like stablecoins) have prompted NZ to consider a CBDC. Importantly, RBNZ emphasizes that a CBDC would complement – not replace – cash: "CBDC would work alongside cash, so people would have the option to use both.". The RBNZ's research stresses inclusivity and resilience: it envisions a "world-leading" CBDC capability that enhances monetary sovereignty and integrates with initiatives like Digital ID and real-time payments. Key design work is still ongoing, but the Bank is laying the groundwork to allow programmable, offline-friendly digital money that could support disaster resilience and new payment models (e.g. conditional payments).

### Digital Identity Framework:

New regulations for digital ID came into effect in 2024. The Digital Identity Services Trust Framework Act 2023 and associated rules (DISTF) establish an accreditation and oversight regime for ID providers. As of November 8, 2024, the framework "officially took effect"[ref]. Its goal is to ensure that accredited digital identity services are privacy-preserving and user-controlled. For consumers, this means NZ's banks can now rely on certified digital IDs (via apps or wallets) for onboarding and verification. In future, this framework should lower barriers (reducing paperwork) and strengthen trust in online banking.

## Next: Short term direction

### Calibrated entry regime:

Implement proportionate licensing and capital rules for digital banks. The RBNZ should complete its capital review to reduce buffers for narrow, well-capitalised digital entrants. For example, a tiered regime could allow a new digital bank (with restricted services) to operate with lower capital until it scales up. The Depositor Compensation Scheme (DCS, effective July 2025) now provides NZ$100k protection per depositor, which should boost consumer confidence for new players.

We recommend a dedicated "fintech bank" licence class or light-touch framework (as suggested by expert interviews) to lower upfront costs and time-to-market.).

### Accelerate Open Banking:

Fast-track the adoption of industry and legislative open banking measures. With the CPD Act regulations due by Dec 2025, regulators should ensure all major banks meet the mandated API roll-out (big four by Dec 2025; Kiwibank by 2026).

Simultaneously, MBIE and PaymentsNZ should refine the implementation plan (milestones, API standards) so banks stay on track. The Commerce Commission's authorisation of Payments NZ's partnering framework should be complemented by supporting bank–fintech contracts and security standards.

Over the next 1–2 years, regulators should also plan for "open finance" expansions: after banking data is live, extend the regime to include credit, insurance and savings (leveraging the CPD architecture).

### AML/CFT and conduct reform:

Roll out the proposed AML/CFT amendments promptly. The pending legislation will simplify CDD for low-risk cases (e.g. children's accounts, family trust property transfers), enabling SMEs and young people to more easily open accounts. At the same time, enact the new targeted enforcement measures (e.g. cash transaction cap, crypto-ATM ban) to curb abuse.

The regulators (DIA, MBIE, and Justice) should publish clear guidance and conduct industry consultations on the changes, allowing banks and fintechs to update their compliance processes accordingly. In parallel, the FMA should translate its Financial Conduct Report outcomes into concrete measures: for instance, refining the upcoming CoFI (Conduct of Financial Institutions) rules to cover tech-enabled products and provide examples of "good conduct" in digital onboarding, advice and complaints handling as benchmarks.

### Payment System Integration:

Build on recent payments initiatives by piloting new use cases. The expanded Exchange Settlement Account System (ESAS) access criteria (approved Mar 2025) will let licensed non-bank deposit-takers hold central bank reserves. Phase I (for NBDTs) is already in motion. Regulators should open the application process swiftly and consider Phase II (payment providers, overseas banks, FMI operators) to follow in 2026.

Access to the Exchange Settlement Account System or ESAS (and hence real-time settlement) will allow digital banks to settle payments faster and innovate (e.g. in P2P and merchant payments). Meanwhile, Payments NZ and the industry should continue testing real-time payment rails (e.g. Fast Settlement, NZRTGS upgrades) and integrate these with open banking APIs. Fintech pilots (via the FMA sandbox and Payment NZ environments) should be prioritised in high-impact areas like real-time person-to-person payments, "account-to-account" By Now Pay Later (BNPL), or IoT vending machines.

### Digital Identity deployment:

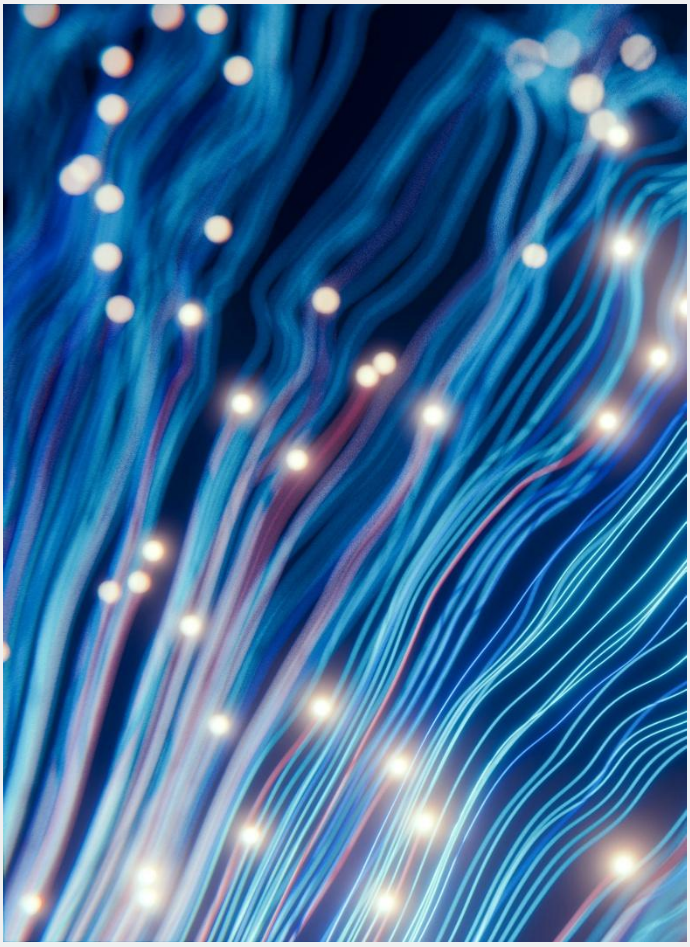
With the DISTF now live, encourage universal adoption of accredited digital ID in banking. The Government and regulators should ensure banks and fintech's rapidly become relying parties for digital ID wallets (similar to an e-passport). In practice, this means updating KYC processes so that proofing via the digital ID is available and promoted (reducing reliance on paper ID or address checks).

Industry and MBIE should hold outreach/training to integrate digital ID APIs into banking apps. This will simplify new account onboarding (vital for young/remote customers) and increase security by using vetted credentials.

### Responsible AI Integration:

Align financial regulations with NZ's new AI Strategy (July 2025). The strategy takes a "light touch" stance: no new standalone AI laws, but strong emphasis on ethical use and existing rules. The government's Responsible AI Guidance advises firms to define clear AI purposes, engage stakeholders, and establish governance that ensures compliance.

The RBNZ and FMA should echo this in guidance to banks and fintechs: encourage proof-of-concept trials (e.g. in credit risk or personalisation) but require risk management (data privacy, model validation) under existing frameworks. Given the RBNZ's call for regulated firms to manage AI risks under current standards, agencies should issue sector-specific notes on AI in finance, covering areas like algorithmic lending, robo-advice and fraud detection.



## Future: Strategic vision

### Dynamic, outcomes-based regulation:

Over the next decade, regulation of banks and fintechs is likely to shift further toward outcomes and principles (as begun by the FMA's conduct report). Future frameworks (e.g. the eventual CoFI Act for deposit-takers) should allow adaptive rules for digital products. For example, regulators might implement regulatory sandboxes as permanent fixtures or "test-and-learn" zones, and use machine-readable reporting for real-time oversight.

We envision a nimble regime where new entrants can be licensed quickly under transparent standards, and non-banks (e.g. tech firms offering banking-like services) are brought within scope. All regulation should be technology-neutral and innovation-friendly; regulators will need ongoing technology expertise (e.g. AI, blockchain teams) to keep pace.

### Programmable Money & CBDC in Mainstream:

Central bank digital currency and programmable payments should transition from pilots to practical tools. A future NZ CBDC could enable novel services, such as welfare payments that become spendable only under certain conditions (a "smart contract" stipulation), or automated tax rebates. RBNZ's design work highlights the potential for offline CBDC (usable during outages) to improve resilience.

Policymakers must plan how to integrate CBDC into commercial banking: e.g. enabling customers to hold CBDC wallets managed by banks/fintech's and defining access models for both individuals and businesses. Additionally, regulators should craft rules for stablecoins and tokenised assets (e.g. regulating them as electronic money or securities) so that programmable money innovations have a clear, secure legal basis.

### Open finance & embedded ecosystems:

Open banking should naturally expand into open finance. Data portability could extend to credit (loan details), savings (KiwiSaver data), insurance and utilities, enabling a more interconnected financial ecosystem. For example, a robust Customer Data Right could allow a consumer to see all their KiwiSaver balances or initiate retirement savings transfers as easily as switching a bank account. Similarly, embedded finance – e.g. lending, insurance or payments offered directly by non-financial platforms (retailers, telcos) – will grow.

Regulators must adapt: for instance, imposing conduct rules on BNPL providers and ensuring consumer protections follow the product regardless of which platform sells it. In the future, consumers may manage all their money through a single aggregator or voice assistant; policy should keep these channels safe (e.g. standards for open APIs and "umbrella authorisations" for third-party money managers).

## AI-driven personal finance:

Artificial intelligence will increasingly power personal banking tools (robo-advisers, personalised financial coaches, predictive budgeting). Regulators should anticipate this by setting transparency and safety norms: e.g. requiring that algorithmic credit decisions are explainable, and that AI advisory bots meet competency standards. The RBNZ's warning about concentration risk in AI platforms suggests that policymakers must avoid a single vendor dominating the market; they might encourage the use of open-source or multiple AI solutions to prevent systemic risk. Future personal data rights (under CPD and privacy law) will allow AI services to aggregate a person's financial data securely, but consent and data portability rules must be robust.

## Inclusive finance for Y&E Adults:

Policies should target the needs of the next generation. Young Kiwis demand digital-first, educational banking tools. Banks should offer gamified budgeting and savings goal-tracking (for students managing flat bills), guided investment journeys and first-job perks (auto-saving features, early KiwiSaver insights).

Regulators and the government could support these initiatives by promoting youth financial literacy programs and requiring transparent, no-fee youth accounts (for example, banning fees on under-25 accounts). Personalised, value-based products are also key: we heard from young and emerging adults express interest in investment products aligned with personal values (ethical or sustainable funds). The KiwiSaver regime, for instance, should continue to expand ESG fund options.

Finally, authorities should enhance data-sharing tools for young customers (for example, allowing easy joint account/flatmate accounts via open banking APIs) to meet their collaborative money management needs.

## Māori data sovereignty & ethical banking:

Incorporating Māori values is essential to future trust and inclusion. Going forward, policymakers should co-design and collaborate with iwi and Māori providers on banking services to ensure data sovereignty and cultural fit. For example, the digital ID framework could allow whānau trusts to verify identity using community-owned credentials, and open banking APIs might include features for communal group accounts.

Community-centric banking also means greater presence in rural and Māori communities, along with programs to build trust (e.g. transparency on fees, which the Māori expert highlighted as crucial). Across the board, banks will need to broaden ethical finance offerings: young interviewees expect NZ-owned banks to invest in clean energy and avoid harmful industries.

Regulators can encourage this by enhancing disclosure requirements (e.g. climate-related risk statements) and possibly favouring licenses for institutions that meet social purpose criteria.

## Call to action & policy recommendations

### 1. Reserve Bank (RBNZ):

- Streamline entry for digital deposit-takers. Expedite rules from the Deposit Takers Act to allow new digital banks to launch with limited services under a simplified licence.
- Finalise the DCS implementation to boost depositor confidence. Continue to lower barriers via ESAS expansion.
- Reassess capital requirements so new banks need only prudent buffers relative to scale. Collaborate with the FMA on a risk-proportionate CoFI regime for all deposit-takers, focusing on outcomes rather than checklists.

### 2. MBIE / Commerce Minister:

- Fast-track open banking legislation. Ensure the CPD Bill regulations designate all major banks on schedule (Dec 2025 deadlines) and broaden to other financial products.
- Support Payments NZ in finalizing API standards and implementation plans.
- Encourage a vibrant open finance ecosystem by designating data-sharing in insurance, superannuation and other sectors.
- Oversee education programs (e.g. in schools) to raise financial and digital literacy, as this is a gap for Māori and youth.

### 3. Financial Markets Authority (FMA):

- Leverage the new Conduct Report outcomes-focused.
- Run the 2025 sandbox pilot at full steam and assess results – if positive, formalise a permanent fintech sandbox.
- Provide clear licensing guidance for crypto and digital finance firms, aligning AML enhancements with expectations.
- Issue guidance on ethical AI use in financial services.
- Elevate consumer protections for fintech products (smart contracts, mobile wallets) through codes of conduct or plain-language disclosures.

### 4. Other agencies & stakeholders:

- The Commerce Commission should monitor whether increased competition is taking hold (through open banking, ESAS access, etc.) and be ready to recommend further interventions if big banks retain unfair dominance.
- The Ministry of Justice must ensure AML/CFT changes pass promptly and consider fairness in applying new rules to marginalised groups.
- The Digital Identity Trust Framework Authority should promote accredited digital ID options and engage banks to embed them.
- Industry bodies (e.g. FintechNZ) and banks should form alliances to develop inclusive products (like joint-account apps for flatmates) and ethical finance platforms.
- All stakeholders must uphold Te Tiriti obligations by involving Māori leaders in policy design and revising any standards (such as privacy and data-sharing) to reflect Māori data sovereignty principles.

New Zealand can enable a next-generation digital bank ecosystem by striking a balance between innovation and robust safeguards.

Policymakers must reduce unnecessary burdens (capital, paperwork) on agile new entrants, while mandating foundational infrastructure (open APIs, real-time rails, digital ID) that underpins competition and inclusion. By acting decisively on the “next” reforms outlined above, New Zealand will lay the groundwork for the “Future” state: a vibrant, tech-led banking sector where AI and programmable money empower consumers (especially young people and Māori) without eroding trust or stability.

# Appendix 3: Secondary research - AI in Banking: The rise of AI-powered financial experiences

Artificial Intelligence is reshaping the future of banking, from how services are delivered to how relationships are built, and value is created. No longer just a back-office efficiency tool, AI is now powering a new generation of intelligent, responsive, and hyper-personalised financial experiences. For young and emerging adults in Aotearoa, AI presents an opportunity to engage with banking in a way that feels intuitive, empowering, and aligned with their digital-first expectations. As global adoption accelerates, New Zealand's banking sector faces a critical moment: harness AI to elevate customer experience, trust, and competitiveness or risk falling behind.

While AI is already enhancing banking in powerful ways today, its true potential lies in what is to come next. This deep dive explores not just what AI is, but what it can become. From current use cases to emerging capabilities and future opportunities, the following sections chart the path forward.

## Now: Defining AI in banking

Artificial intelligence in banking refers to the use of advanced algorithms, machine learning, and automated "personal agent" systems (like chatbots or digital assistants) to perform tasks that typically require human intelligence. These technologies can analyse data, interact with customers in natural language, and make decisions or recommendations autonomously.

In practical terms, AI powers everything from fraud detection systems to virtual customer service agents and personalised financial advisors. Personal AI agents are AI-driven software assistants that interact directly with users. For example, a chatbot in a banking app that answers questions, helps users budget spending, or provides tailored financial advice.

**The role of LLMs in AI-powered banking**

Large Language Models (LLMs) such as GPT-4, Claude, or Gemini are increasingly powering many of the intelligent features within banking AI systems. Trained on vast and diverse datasets, including financial texts, transaction records, regulatory filings, and customer interactions, LLMs enable banks to deliver faster, smarter, and more natural experiences across customer channels.

In banking, this means LLMs can:

- Interpret natural language queries with contextual understanding
- Respond to financial questions conversationally and accurately
- Recognise patterns in spending or transactions to inform proactive nudges
- Use the customer's own language and tone to build trust and clarity

While general-purpose LLMs are trained on internet-scale data, banking-specific models are increasingly fine-tuned on proprietary, regulated, and domain-rich datasets, such as:

- Regulatory filings and legal documentation like the Deposit Takers Act 2023, Credit Contracts and Consumer Finance Act (CCCFA), Financial Markets Conduct Act (FMCA) and Anti-Money Laundering and Countering Financing of Terrorism Act (AML/CFT). [ref]
- Anonymised transaction logs.
- Customer service transcripts.
- Investment and economic research reports.

Using domain-specific data improves not only accuracy but also reliability and compliance. In banking, an error or "hallucinated" response can have legal consequences. For example, If a model isn't trained on core NZ obligations such as the Know Your Customer (KYC), Deposit Takers Act or CCCFA affordability requirements, it might generate responses that sound plausible but risk breaching legal duties or misinforming customers.

This is why models must be trained with explicit financial guardrails, including content from regulatory authorities, risk policies, and legal obligations. As IBM notes, general models aren't built with SEC, FINRA, or RBNZ constraints in mind but targeted fine-tuning can teach them what not to say (e.g., refrain from providing unverifiable stock predictions or divulging sensitive data). Training on central bank reports also teaches the tone and precision required for financial advice[12].

Over time, this fine-tuning produces models that are not only smart and fluent, but also compliance-conscious and contextually aware. This makes LLMs central to the evolution of personalised, intelligent, and safe financial experiences.

**Examples of bank deployed AI Agents and Models**

Banks around the world are already deploying LLM-powered agents across a range of use cases:

- **Bank of America** – Erica: A virtual assistant powered by AI that handles over 2 million interactions daily, offering real-time financial insights and alerts.
- **JPMorgan** – IndexGPT: A generative AI tool developed to assist with investment strategy, drawing on proprietary financial data.
- **NatWest** – Cora+: An enhanced version of its customer service chatbot, capable of handling complex financial queries using conversational AI.
- **Kiwibank (NZ):** Deployed an AI-powered voice assistant to reduce call abandonment and improve query resolution across its call centre.
- **UBank (Australia)**: Uses "Mia," a virtual agent that combines natural language processing and decision logic to assist with mortgage and product queries.

These examples illustrate how banks are moving from scripted bots to adaptive, LLM-powered agents that deliver greater value, faster resolution, and a more natural experience for customers.

**What can AI do today: benefits and use cases**

AI offers significant benefits for both banks and their customers. It enables 24/7 service through conversational agents, improves operational efficiency, enhances risk management, and provides highly personalised insights. For young adults aged 18–32, AI means more engaging, convenient, and customised financial experiences.

Examples include:

- Budgeting and savings tools.
- Personalised nudges and recommendations.
- Financial literacy support.
- Investment guidance in chat-based formats.

Banks like ASB and Kiwibank are already seeing results. ASB's virtual assistant has increased customer satisfaction by 30% and reduced support costs by 20%. Kiwibank's AI-powered voice assistant has reduced call abandonment by 28%[32].

## Next: What's emerging is personalised agents and open data synergies

New models are beginning to take shape. AI-powered personal finance coaches are becoming digital advisors available on-demand. Tools like Bank of America's Erica handle millions of queries daily, offering real-time insights and proactive support [13].

In New Zealand, open banking developments are creating further opportunity. With the Consumer Data Right on the horizon, AI can access data from multiple providers to deliver holistic advice. We may soon see personal AI agents acting across institutions to:

- Optimise pay checks automatically.
- Split savings, investments, and loan repayments.
- Guide customers based on life stage and values.

These shifts represent a move toward a customer-centric, proactive banking model.

**What's holding us back: NZ-specific challenges**

Despite the opportunity, implementation isn't without hurdles:

- Data privacy and security: AI needs access to sensitive financial data, which must be protected.
- Algorithmic bias: Poorly trained models risk reinforcing inequalities.
- Legacy system integration: Especially difficult for incumbent banks.
- Regulatory caution: NZ's small market size and risk-averse environment demand a careful approach.

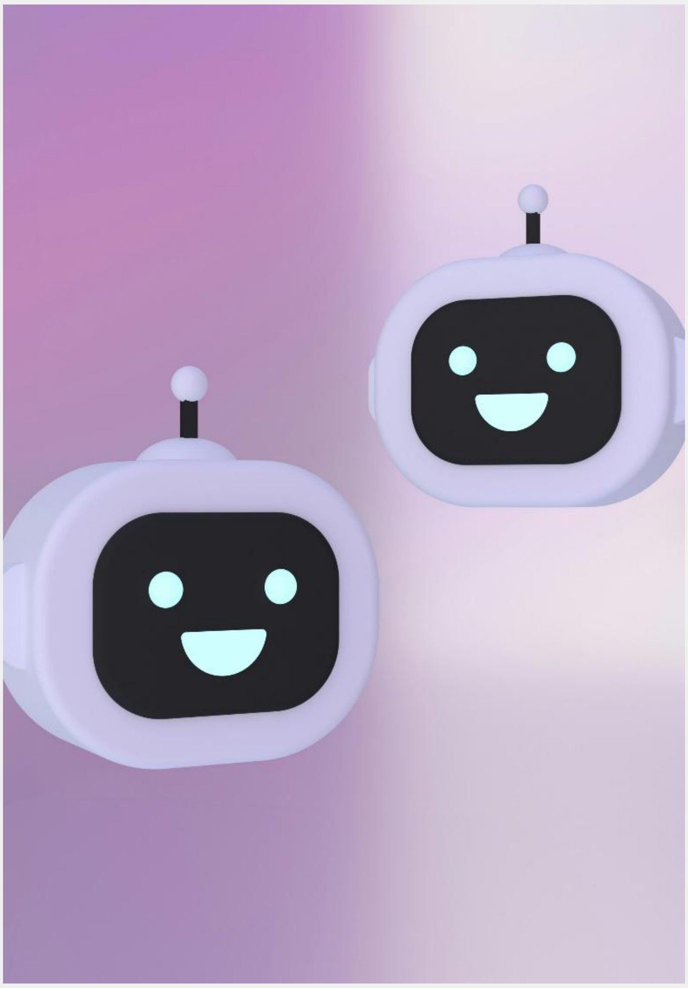
The Reserve Bank of New Zealand (RBNZ) and Financial Markets Authority (FMA) are encouraging innovation but emphasise transparency, human oversight, and strong governance[33].

**What's at stake: Trust, ethics, and governance**

Trust will determine AI's success. To earn it, banks must:

- Be transparent about when customers are engaging with AI.
- Use data responsibly, with clear consent.
- Monitor and audit for bias and errors.
- Provide explainable AI decisions.

Done right, AI can demystify banking, offer real-time support, and empower people, but only if it respects and reflects the values of its users.



## Not all banking moments are created equal.

While AI can automate routine tasks and even predict customer needs, there are still times when human connection is irreplaceable. Financial decisions are often deeply personal, tied to life events, emotions, and individual circumstances that no algorithm can fully grasp.

Moments of financial hardship, stress, or vulnerability, such as falling behind on payments, navigating unexpected life changes, or facing significant debt, require empathy, reassurance, and human judgment. Similarly, life milestones such as buying a first home, starting a business, or managing an inheritance are not just transactional, they're emotional experiences where trust, active listening, and tailored advice are essential.

Human advisors bring context, cultural understanding, and emotional intelligence that AI alone cannot replicate. They can read subtle cues, offer reassurance, and build relationships that go beyond data-driven recommendations. For Māori, Pasifika, and community-focused groups, this relational approach is even more important, as trust is often built on shared values, respect, and personal connection.

In an increasingly digital world, it's not about replacing humans with AI but about freeing up human capacity for the moments where it truly matters, those that involve complex judgment, emotional support, and strategic thinking.

## Delivering smarter experiences: When AI leads, and when humans matter most

When designed ethically, with purpose and explicit consent, AI-led experiences can be delivered or seamlessly supported by personal AI agents. But some moments still benefit from human nuance. The table below outlines where AI excels, where humans remain superior, and where a blend is ideal.

| Experience | AI-led or Human Led | Description |
|---|---|---|
| **Account balance checks** | AI-Led | Simple, frequent task ideal for 24/7 self-service through app, AI agent, or chatbot. |
| **Budgeting and spending insights** | AI-Led | AI analyses patterns to provide real-time nudges and recommendations. |
| **Fraud alerts and transaction verification** | AI-Led | AI detects anomalies and prompts immediate user action. |
| **Bill payment reminders and automation** | AI-Led | Routine tasks automated with personalised timing and frequency. |
| **Savings goal tracking** | AI-Led | Visual tools and gamified nudges keep users on track. |
| **Basic loan eligibility checks** | AI-Led | AI instantly assesses eligibility with real-time data. |
| **Investment micro-education** | AI-Led | Bite-sized, personalised learning via chatbot or app. |
| **KiwiSaver contribution nudges** | AI-Led | Prompts based on income and projected retirement needs. |
| **Onboarding for first bank account** | AI-Led | Seamless and fully digital—neo banks already do this in minutes. |
| **Mortgage pre-approval** | Human-Led | Often requires emotional support and complex judgment. |
| **Debt restructuring or hardship** | Human-Led | Empathy and flexibility are key. |
| **First home purchase advice** | Human-Led | Life milestone that benefits from human expertise. |
| **Long-term financial planning** | Human-Led | Deeply personal, best delivered with an advisor. |
| **Complaint resolution** | Human-Led | Emotional nuance and active listening required. |
| **Switching banks or providers** | Mixed | AI streamlines admin; humans clarify decisions. |
| **Investment advice** | Mixed | AI offers insights, humans handle regulated advice. |
| **Borrowing advice** | Mixed | AI supports education, but advice must meet compliance standards. |

## The Horizon ahead: Now, Next, Future

As AI matures and trust deepens, its role in banking will shift from helper to strategic partner.

| Stage | Description | Example capabilities |
|---|---|---|
| **NOW** | AI handles task-based interactions and improves efficiency. | Spending insights, chatbots, bill automation, basic loan checks, savings nudges. |
| **NEXT** | AI becomes a proactive coach, responding to behaviour and life moments. | Financial wellness plans, personalised nudges, cross-product advice, fraud alerts. |
| **FUTURE** | AI acts as a trusted financial agent with permission to act. | Multi-bank optimisation, rate negotiation, life stage planning, and emotional coaching. |

## A responsible roadmap for NZ Banking

The net impact of AI and personal agents will be strongly positive for the NZ banking sector's innovation and competitiveness, if they are implemented with responsibility and customer-centric design. AI has the potential to democratise financial advice, enable hyper-personalised service, and drive deeper engagement with young and emerging adults.

Banks that get this right won't just keep up. They'll shape the future of banking in New Zealand.

# Appendix 3: Secondary research - Payment technology: From tap to trust

How people send, receive, and manage money is evolving faster than ever before. For consumers, especially young and emerging adults, payment is about speed, simplicity, and convenience woven seamlessly into daily life. From splitting a bill with a tap to sending money instantly across borders, new payment technologies are reshaping expectations of what "banking" should feel like.

This section explores the consumer-facing innovations driving this change including peer-to-peer (P2P) transfers, QR code payments, contactless transactions, and mobile app-based experiences. We'll look at how markets like Singapore, India, the UK, Australia, and New Zealand have approached payment innovation, and what lessons can be applied to build more frictionless, inclusive, and future-ready payment ecosystems here in Aotearoa.

## Now: The current landscape of consumer payments

**What It Is:** Payment technology refers to the digital tools, systems, and innovations that enable individuals and businesses to send, receive, and manage money with ease and efficiency. It includes solutions such as contactless cards, mobile wallets, QR codes, peer-to-peer (P2P) transfers, instant payments, and embedded payment systems within apps.

Modern payment technologies are designed to make transactions faster, more secure, and frictionless, reducing the reliance on cash and traditional banking processes. For young and emerging adults, these technologies are an expectation that shapes how they build trust with financial services.

Today's consumer payment ecosystem is defined by digital convenience. Physical cash use is diminishing as contactless card payments and mobile wallets become dominant.

In New Zealand, contactless "tap-and-go" payments have surged in popularity. In fact, contactless card usage has increased 62% since 2018 [18]. The COVID-19 pandemic accelerated this shift – during lockdowns, authorities raised the contactless PIN-free limit from NZ$80 to NZ$200 to encourage safer, touch-free transactions. By late 2020, over half of all EFTPOS terminals in NZ were enabled for contactless payments, marking a critical tipping point [18].

What was once a nice-to-have convenience is now an expected norm for Kiwi shoppers, with PayWave, Apple Pay, Google Pay and similar methods widely accepted. New Zealand's preference for contactless still trails some markets (around half of Kiwis vs. over 80% of Australians regularly tap-to-pay)[18], but the trend is clearly upward.

**Digital Wallets play an important role**

Smartphone apps that store card or account information are quickly gaining ground on traditional payment cards. These include Big Tech offerings (Apple Pay, Google Pay) as well as local fintech solutions. For example, Dosh, launched in 2021 as New Zealand's first mobile wallet, allows users to instantly pay or request money from friends via a mobile app. Dosh uses a stored-value wallet and innovative infrastructure to enable instant 24/7 peer-to-peer payments by phone number or QR code, avoiding the delays of traditional bank transfers.

Until recently, Kiwis often resorted to manual online banking or even apps like Splitwise to settle shared bills. Now fintech apps like Dosh (and upcoming bank-connected services like Volley) are making it seamless to split bills and pay friends on the spot, eliminating the awkwardness and wait times of bank transfers. This demonstrates growing consumer demand for faster and simpler peer-to-peer payment experiences.

**Behind the scenes**

New Zealand's legacy payment systems have been reliable but are showing their age. The domestic EFTPOS network (debit card swipes) has been a low-cost staple since the 1980s, yet it operates on older technology with no support for online or mobile payments. Inter-bank account transfers in NZ (often done via online banking) typically go through batch processing with delays – historically, a payment might not clear until the next business day or longer if sent over a weekend.

Until 2023, NZ lacked true real-time retail payments between banks, making it an outlier among OECD countries. By contrast, many nations now have instant payment rails: the UK has had Faster Payments since 2008, and Australia launched its New Payments Platform (NPP) in 2018. NZ's reliance on legacy systems and lack of instant peer-to-peer payments has raised concerns at the highest levels. The Reserve Bank of New Zealand warned in 2022 that our slow pace of payments innovation could cause us to fall behind and miss out on efficiency gains.

**There have been recent improvements**

As of May 2023, New Zealand's banking industry enabled 7-day payment settlement, meaning electronic payments clear on weekends, not just weekdays. This move now sees over $1 billion NZD settled each weekend, including $200 million in card payments to merchants [34] – a clear sign of the volume of digital transactions even on weekends.

Banks and Payments NZ (the industry body) are also collaborating on open banking APIs. The four largest NZ banks are working to implement standard payment initiation and account information APIs (v2.1)[34]. These APIs allow licensed third-parties to initiate payments or retrieve account data with customer consent, enabling services like Volley – a new "request-to-pay" app that connects to your bank. Volley will let users send a payment request (via link or QR code) to friends, who can then pay directly from their own banking app with a few taps. In trials with major banks, Volley demonstrates how open banking can deliver convenient P2P payments without needing account numbers or separate wallets.

We have been provided with a short payment video by the Volley team, showcasing how easy and intuitive the solution is: Click on the link below to check it out.

Volley payment demonstration

www.volley.nz

## Why payment technology is important

These developments emphasise that consumer expectations for payments have risen. People now expect payments to be fast, easy, and digital. Contactless and mobile payments offer not just convenience but also hygiene and safety benefits (spotlighted during COVID-19).

Instant P2P payments address the "I'll pay you back later" friction in everyday life, whether splitting a dinner bill or paying a tradie. Consumers value the ability to settle up immediately. For banks, keeping pace with these expectations is crucial to remain relevant. If incumbent banks do not provide modern payment options, consumers can easily turn to fintech alternatives or big tech ecosystems.

In New Zealand, we've already seen fintech entrants like Dosh fulfil unmet needs (such as instant, round-the-clock payments) by building their own infrastructure. Similarly, global players like Wise, Revolut, and PayPal are active in the market, offering cheap and real-time digital payments (especially for international transfers).

The risk for banks is disintermediation, losing customer engagement and payment revenues if customers migrate to non-bank payment platforms. Additionally, efficiency and economic benefits are at stake: faster electronic payments reduce the "money in transit" float and can boost economic activity. A study in Australia found that introducing real-time payments yielded an estimated A$205 million in efficiency savings for businesses and consumers in 2021 alone [19]. I

Modern payment technology is becoming foundational for customer satisfaction, competitiveness, and even financial system efficiency.

## Next: Emerging trends and near-term developments

Looking ahead, several key trends and initiatives are poised to reshape consumer payments in New Zealand in the next 1–3 years. These represent the "next" wave that banks must actively adopt or leverage:

**Payment system reform**

One of the most significant near-term developments in New Zealand's payment landscape is ongoing payment system reform aimed at making transactions more affordable and transparent for merchants and consumers.

Recently, the New Zealand Commerce Commission published its Final Decision and Reasons Paper on Interchange Fee Regulation for Visa and Mastercard Networks This reform builds on the initial pricing standard introduced in November 2022 and seeks to further reduce the burden of high interchange fees, which currently account for around $600 million of the $1 billion New Zealand businesses pay annually to accept Mastercard and Visa payments [20].

Under the new pricing standard, the Commission anticipates an additional $100 million in annual savings, on top of the $160 million already saved each year since the first reforms [20]. These savings are expected to ease upward pressure on retail prices, reduce surcharging levels, and improve affordability for both merchants and consumers.

This regulatory shift reflects a broader global trend of payment system reforms that aim to rebalance the cost of digital payments, making them more sustainable for businesses while maintaining convenience for consumers. For banks and fintechs, it signals a shift toward more competitive, transparent, and consumer-friendly payment ecosystems.

This development aligns closely with the expectations of young and emerging adults, who demand low-cost, frictionless transactions.

**Real-Time payments infrastructure**

The top priority is implementing a true real-time account-to-account payment system for NZ.

Regulators and industry are aligned on this goal. The RBNZ has explicitly challenged the industry to deliver real-time retail payments, noting it would make the system more efficient, innovative, and inclusive. The central bank prefers a collaborative, private-sector-led solution and has pressed Payments NZ for a roadmap. We can expect movement here, learning from systems abroad. For example, Singapore's PayNow and India's UPI demonstrate how instant bank transfers can become ubiquitous for P2P and even retail payments. India's UPI now processes over 10 billion transactions per month, with 117 billion transactions in 2023 – the highest volume worldwide [34].

Its success comes from a simple mobile interface, support by all major banks, and QR code integration for merchants. PayNow in Singapore, launched 2017, allows instant bank transfers using just a mobile number or national ID. It's been hugely adopted – more than 65% of Singaporeans (age 20–75) have registered for PayNow since launch [35]. It is now even linked cross-border (e.g. Singaporeans can send money instantly to Thailand via PayNow-PromptPay connectivity).

Australia's NPP offers another blueprint: it introduced alias-based addressing (PayID, using email/phone as proxy for account) and 24/7 instant clearing. By late 2022, nearly 20% of all payments in Australia were being made via PayID instead of traditional account numbers, and over 12 million Australians had created a PayID [36].

New Zealand's banks, through Payments NZ, are likely to develop a similar instant payments framework,  enabling customers to send money to a mobile number or email with immediate availability. Real-time capability is crucial for modern commerce, and its absence in NZ will soon be untenable. Adopting it will require banks to upgrade core systems, connect to the new clearing platform, and possibly reconcile the popular EFTPOS system with any new scheme.

However, the payoff is significant: faster payments mean better customer service and could unlock new use cases, such as real-time bill payments and last-minute e-commerce payments, as seen overseas.

**Open banking and payment initiation**

As noted, NZ's largest banks are implementing open banking API standards for payment initiation. In practical terms, this means third-party apps (with customer permission) can initiate a bank payment on the user's behalf, the foundation for "pay by bank" alternatives to card payments.

How banks can adopt: Embrace these APIs and partner with fintech innovators. For instance, banks are already working with Volley, the open-banking-powered app that enables "request to pay" links and QR codes for instant bank-to-bank transfers.

In 2023, two industry Open Banking showcases were held with over 500 attendees, reflecting strong fintech-bank collaboration interest. We will likely see the launch of services that let consumers pay merchants directly from their bank account via an app or QR scan, skipping card networks. This can lower fees for merchants and give consumers a seamless payment experience through their trusted banking apps. Banks should view open APIs not as a compliance burden but as an opportunity to extend their reach into new customer experiences. By offering "Pay by Bank" options, banks keep payments within the banking system (rather than losing volume to cards or wallets) and can even earn new API usage fees.

Internationally, we see success in open-banking payments: the UK, after mandating open banking, now has over 7 million active users and one in five consumers using some open-banking service, including instant account-based payments for online purchases [37]. New Zealand's upcoming Consumer Data Right (via the Customer and Product Data Bill) will further solidify the framework for open banking.

Next steps for banks: Finalise API rollout, ensure robust security and user experience, and possibly develop or support consumer-friendly apps (or features in their mobile banking apps) that utilise these APIs to make payments as easy as a few taps.

**Proliferation of QR code payments**

While not yet mainstream in New Zealand, QR code payments are an emerging trend worth noting. Globally, QR codes have become a popular method of payment in markets such as China, India, and Southeast Asia, often integrated with mobile wallets or bank apps. A QR code enables customers to scan and instantly initiate payments without the need for physical cards or terminals.

In NZ, we see early signs: some retailers accept Alipay and WeChat Pay via QR to cater to Chinese customers, and startups like Centrapay have enabled crypto or digital wallet QR payments at certain merchants.

Volley plans to let small businesses or charities take payments via QR codes that route through bank APIs. As open banking grows, QR codes could become a common interface for account-to-account payments (much like in Singapore's PayNow or India's UPI, where scanning a merchant's QR code is routine for instant payment).

Banks can prepare by ensuring their mobile apps can scan and generate payment QR codes, as well as supporting standards that may emerge for interoperable QR payments. The appeal is that QR payments are low-cost and device-agnostic – no need for expensive card terminals, just a smartphone. This can be especially beneficial for small merchants, charities, or peer-to-peer payments.

In the near term, expect pilot programs in NZ for QR-based payments in retail settings, likely piggybacking on the open banking payment rails.

**Enhancing security and trust**

As digital payments grow, so do concerns around fraud and scams. Banks and fintechs will need to adopt new technologies to protect consumers (which in turn maintains trust in using these new payment methods).

One recent and important initiative is the implementation of "Confirmation of Payee" – a service that verifies the recipient's name matches the account before a bank transfer is processed. The UK implemented this to curb fraud, and NZ banks have recently done the same. This type of safeguard is crucial for P2P payments, ensuring that people don't accidentally send money to the wrong account or fall victim to impersonation scams.

Additionally, biometric authentication (fingerprint, face ID) and tokenisation are being rolled out extensively for mobile payments, often led by Visa/Mastercard and smartphone makers. NZ banks already leverage these via Apple Pay/Google Pay integration, but can further invest in biometric ID for their own apps and cards (e.g. fingerprint-secured cards).

By adopting advanced security measures, banks and fintechs address the "why important" question – consumers need to feel these new payment methods are safe and reliable, or they won't fully embrace them.

**Why is all this important**

The "next" wave of technologies promises greater speed, convenience, and competition in payments. For banks, adopting them is critical to stay relevant against agile fintech competitors and to meet regulatory expectations. Notably, regulators in NZ are pushing for a more open and innovative payments ecosystem. The Council of Financial Regulators (CoFR) has a vision for "reliable and efficient payments that meet the evolving needs of all New Zealanders" and supports industry moves toward real-time payments and open access [37].

If banks move proactively, they can shape solutions that work for their customers and business models. If they drag their feet, they risk intervention or being bypassed. The examples of PayNow, UPI, Faster Payments, and NPP show that when incumbent banks collectively embrace new rails, the whole industry can benefit – usage explodes and even new business models (like ride-sharing, e-commerce, gig economy payments) become easier, driving more digital economic activity.

In summary, near-term innovations focus on making payments instant, frictionless, and data-rich, which in turn improves customer satisfaction and unlocks economic value. New Zealand banks should treat these not as experimental, but as the new baseline for modern banking services.

## Future: The horizon of consumer payments

Beyond the immediate horizon, we see several futuristic developments that could further shape consumer payments in the longer term (5+ years). New Zealand's banks and policymakers should keep these in view and start laying groundwork.

**Central Bank Digital Currency (CBDC)**

Many central banks are exploring retail digital currencies, and RBNZ is no exception. An NZ CBDC (essentially a digital form of NZ dollar issued by RBNZ) could provide the public with a new digital cash option. While still under research, a CBDC might be used via smartphone wallets for instant, very low-cost payments – potentially useful for offline payments or as a back-up if other networks fail.

RBNZ has indicated that a future CBDC, if developed, would complement a real-time payments system, not replace it.

For banks, a CBDC raises both opportunities and challenges: it could foster innovation (programmable money, new services) but also might mean competition for deposits if people hold value in digital cash.

In the long run, NZ banks should engage with RBNZ's explorations, pilot the technology, and ensure any design protects financial stability and inclusion. Even if a CBDC is not imminent, being CBDC-ready could be a strategic advantage in the future payments landscape.

**Integrated digital identity and payments**

The lines between payments and identity verification are blurring. In the future, we anticipate seamless integration of digital identity frameworks with payment platforms. New Zealand's recent Digital Identity Trust Framework lays the groundwork for secure, verified identity in online transactions. This could enable, for example, biometric authentication or verified IDs attached to payment accounts, reducing fraud and simplifying customer onboarding.

For consumers, this means payments could become as simple as a face or thumbprint scan to authorise (already common on phones, but likely to expand). For banks and fintechs, leveraging digital ID can make payments more secure and unlock services like automatic age verification (for purchases) or personalised payment experiences.

In a broader sense, trust in digital payments will increase if identity is managed well, giving regulators and consumers confidence in moving away from cash.

**Global and cross-border payments innovation**

Future consumer payment technology will also erase more borders. Initiatives are underway to link national real-time payment systems internationally. We've seen early examples: Singapore's PayNow connected with Thailand's system; India's UPI is linking with systems in Singapore and UAE; the EU is working on cross-border instant transfers. It's realistic to say that in the future, a New Zealander could pay someone in Australia or the UK instantly as easily as a domestic payment. This will likely involve international standards (like ISO 20022 messaging, which NZ is adopting for richer payment data) and partnerships between payment networks.

New Zealand banks, through Payments NZ and regional forums, should advocate for and participate in these linkages. By aligning with global standards and joining cross-border pilots, NZ can ensure its customers are not left behind in the worldwide shift to real-time, low-cost payments. This is especially relevant for a small, trade-oriented economy and diaspora communities that frequently send remittances.

## Embedded and invisible payments

As technology advances, payments may increasingly fade into the background of consumer experience. IoT (Internet of Things) payments, where your car or smart appliance can initiate transactions, and subscription/auto-payment models will grow.

Big Tech companies are embedding payment capabilities into wearables (watches, rings) and even cars. Invisible payments (like how Uber handles rides without you pulling out a card each time) will extend to retail – Amazon's "Just Walk Out" stores are an early example where sensors and apps charge you automatically.

In the future NZ context, banks might need to partner with tech firms to ensure bank accounts can be easily used in these contexts (so that a bank's card or account is the default funding source in an Uber/Amazon/Apple ecosystem).

The key will be open, API-driven connectivity and a focus on customer-centric design, making payments so convenient that the user barely notices the act of paying. Banks that invest in developer-friendly platforms and innovation sandboxes now will be better positioned to plug into whatever new channels emerge.

**How NZ banks can prepare**

To adopt and harness these future trends, New Zealand banks should foster a culture of innovation and collaboration. This means continuing to invest in modern infrastructure (cloud-based core systems, API layers, machine learning for fraud detection, etc.) that can support new payment types. It also means actively participating in industry initiatives – whether it's piloting a digital currency with RBNZ, contributing to international standards discussions, or collaborating via Payments NZ on next-gen systems. Importantly, banks and fintechs should keep the customer at the centre: the ultimate goal of any payment technology is to make life easier for people and businesses.

By focusing on solutions that are inclusive (accessible to all demographics), secure, and intuitive, banks can ensure high adoption and trust. For instance, as we introduce real-time payments or open banking, parallel efforts are needed to educate customers on using these safely and to continue offering options for those less tech-savvy (so no one is left behind in the cashless transition).

**Why is all this important**

The future of payments holds both promise and disruption. Embracing these innovations is important not just to keep up with other countries but to leapfrog and create a more efficient and competitive financial system in New Zealand.

There are also broader economic and societal benefits: faster and more accessible payments can spur economic activity, improve financial inclusion (as digital tools reach unbanked or underserved groups), and even strengthen financial stability by diversifying payment channels.

Conversely, ignoring these trends could lead to NZ being bypassed by global payment currents, with local consumers and businesses using foreign platforms out of necessity.

For New Zealand's banking sector to thrive, it must evolve from traditional modes to a "digital-first" payments mindset, where innovation is continuous and aligned with global best practices.

# Appendix 3: Secondary research - Open Banking, open opportunity: From compliance to competitive edge

Open Banking refers to the practice of banks securely sharing customer financial data and allowing third parties to initiate payments on behalf of customers, with the customer's consent.

This model, enabled by standardised APIs, has gained global traction as a catalyst for innovation and competition in finance. In the UK, for example, one in five consumers and businesses (over 13 million users) now actively use open banking services [21], accessing new fintech apps for budgeting, lending, and payments.

Open banking's promise is to give individuals and businesses more control over their financial information, foster new digital services, reduce costs (e.g. cheaper payments), and promote financial inclusion. New Zealand has been a relative late adopter, but recent developments – from industry-led API standards to new government regulation are rapidly bringing open banking to life.

This deep dive explores the current state ("Now"), the implementation roadmap for the near future ("Next"), and the longer-term vision ("Future") of open banking in New Zealand, with comparisons to international benchmarks (UK, EU, Australia) and consideration of its intersection with digital identity, payments, and inclusion.

## Now: The state of open banking

Around the world, open banking has moved from concept to reality. The UK pioneered mandated open banking in 2018 through regulatory intervention (the CMA order and PSD2), resulting in a thriving ecosystem of ~150 regulated third-party providers and millions of users [21].

As of early 2025, UK adoption reached 13.3 million active users, with open banking payments growing 70% year-on-year and accounting for nearly 8% of all online payments in the UK [21]. The European Union's PSD2 regulation similarly compelled banks across Europe to expose APIs for account data and payments, though uptake varied by country. Australia took a broader approach with the Consumer Data Right (CDR), launching open banking in 2020 and gradually extending data-sharing to other sectors like energy and telecommunications.

Australia's rollout has been deliberate – by 2023, around 100 businesses had become accredited data recipients under the CDR, and the regime continues to mature [38]. These international experiences demonstrate that with the right frameworks, open banking can spur a wave of fintech innovation (e.g. budgeting apps, alternative lending based on transaction data) and new payment solutions (such as account-to-account payment apps) that challenge incumbent systems.

Notably, open banking has also been linked to greater financial inclusion – UK credit unions report that up to 40% of loan applications now come via open banking data or digital bank statements, speeding up decisions for consumers who might lack traditional credit history[39].

## New Zealand's journey so far

New Zealand is in the midst of catching up to these global peers. Until recently, NZ had no law requiring open banking; instead, progress relied on voluntary, industry-led efforts. In 2017 and 2019, government ministers urged NZ banks to develop API-based data sharing. This led to Payments NZ (the bank-owned industry body for payments) creating an API Centre in 2019 to co-design open banking standards.

Over the past six years, the API Centre has developed standard APIs for key services and a "Minimum Open Banking Implementation Plan" to coordinate rollout. Under this plan, the four largest banks (ANZ, ASB, BNZ, Westpac) agreed to implement two core open banking APIs on a set timeline. By 30 May 2024, the big four banks had made a payment initiation API available for third parties, enabling customers to make instant account-to-account payments via approved fintech apps. This was a major milestone – as Payments NZ CEO Steve Wiggins noted, "all four banks have now entered into partnerships with at least one third party to use our standard," jump-starting a range of new payment services [39].

The next milestone was 30 November 2024, by which the big four were to implement a standardised account information API, allowing secure sharing of customers' account balances, transactions, and other data with consent (These targets were met by late 2024, the banks were onboarding fintech partners for data-sharing as well).

NZ's fifth-largest bank, Kiwibank, has a later schedule due to its smaller scale – it plans to go live with open banking payments by May 2026 and data sharing by November 2026.

Importantly, even before regulated open banking, customer demand already existed: more than one million New Zealanders use some form of "unregulated" open banking service each year[22]. These typically involve customers sharing their internet banking login with third-party aggregators (screen-scraping) to connect apps like budgeting tools. The advent of official APIs is now enabling a shift to a safer, regulated system for those users.

Several NZ-based fintech startups have been instrumental in bridging this gap. For instance, Akahu (a local "open finance" intermediary) built a unified API platform to connect to banks on behalf of apps. By 2023–24, Akahu was providing data connectivity to popular services (budgeting apps, payroll systems, investment platforms, etc.) for over 70 companies.

Banks are beginning to formalise partnerships with such intermediaries: in mid-2025, Westpac NZ partnered with Akahu to give Westpac customers direct, secure access to dozens of third-party services through Akahu's platform. Westpac touted this as giving customers greater control and a "range of services that can help people and businesses better manage their money," effectively making open banking "real for customers" with tangible use cases [40].

Other banks are also engaging proactively. BNZ, for example, announced a new app, "Payap" (built with fintech partner Centrapay), to let shoppers pay merchants via QR code directly from their bank account, bypassing card networks and reducing fees.

These initiatives illustrate that even before regulation, NZ banks and fintechs have begun constructing an open banking ecosystem, focused initially on payments and personal finance tools.

## Key players in NZ's open banking ecosystem

A number of stakeholders are driving (and will continue to drive) open banking in New Zealand:

- **Ministry of Business, Innovation & Employment (MBIE)** – MBIE leads policy development. It drafted the Customer and Product Data Act 2025, which establishes a Consumer Data Right framework and will designate the banking sector for open banking. MBIE also sets accreditation criteria for third-party providers and is developing the detailed regulations and technical standards to govern data sharing.
- **Commerce Commission** – NZ's competition regulator pushed for open banking after finding the banking sector "lacks competition" and behaves like a stable oligopoly [10]. In its 2024 market study, the Commission recommended an "open banking system fully operational by June 2026" to empower consumers and fintech challengers. The Commission has also used its powers to enable industry coordination: in August 2024, it granted Payments NZ a conditional authorisation to collaborate with banks and fintechs on an open banking "partnering framework," recognising the public benefit of faster progress.
- **Payments NZ API Centre** – This industry body (owned by NZ's banks) has been the engine of the voluntary open banking rollout. The API Centre develops the technical standards (for APIs like account information and payment initiation) and publishes guidelines for security, customer experience, and data handling. It also coordinates testing via a sandbox and a Conformance directory of registered API providers (banks) and third parties. The API Centre's governance (API Council) brings together banks and fintech representatives, fostering a collaborative approach.
- **Banks (ANZ, ASB, BNZ, Westpac, Kiwibank)** – The major banks are the data holders that must implement open APIs. The "big four" Australian-owned banks have led in early implementation (meeting 2024 deadlines for APIs,  while Kiwibank (NZ-owned) is following by 2026. Banks are at different stages of embracing open banking: Westpac has positioned itself as an early adopter (with Akahu integration and even offering 12 months fee-free API access to encourage developers), whereas Kiwibank, aiming to be a "challenger," has pledged not to charge any fees to third-party fintechs at all for standard API calls. Banks will need to balance compliance obligations with strategic opportunities – leveraging open banking to offer new services (as BNZ did with Payap, and ASB/ANZ likely will with similar offerings) and to improve customer retention through better digital offerings.
- **Fintech companies and third-party providers** – A growing cohort of fintech startups and software companies stand to connect to banks via open banking. Akahu (mentioned above) acts as an aggregator, already registered as a third-party service provider. Others include BlinkPay, Volley, Dosh (a digital wallet), and global players like Worldline, all of whom have trialled or launched services using NZ open banking. These third parties bring the innovative customer-facing applications, from personal finance management to alternative lending to e-commerce payment options, that make open banking valuable to end-users. Under the new regime, such providers will need to be accredited (meeting security and integrity standards set by MBIE) to gain access to bank data.

Overall, New Zealand's open banking landscape in 2025 is one of significant momentum. This groundwork sets the stage for the next phase – implementing the full Consumer Data Right regime for banking.

## Next: Implementing Open Banking

**Regulatory kickoff – CDR for Banking:** Over the next 1–2 years, New Zealand will transition from voluntary arrangements to a mandatory, uniform open banking system. The passage of the Customer and Product Data Act 2025 (received Royal Assent in March 2025) provides the legislative basis. Under this Act, the government is drafting designation regulations to formally designate banking data and payments as subject to the Consumer Data Right. These regulations, expected to come into force by 1 December 2025, will require major banks to participate in open banking and adhere to common standards.

According to both the law and the agreed policy settings, four large banks (ANZ, ASB, BNZ, Westpac) must implement open banking for account information and payment initiation by Dec 2025, and Kiwibank by mid-2026 (payments) and end-2026 (data). Other banks and credit unions can opt in to the regime, a flexibility intended to allow broader industry participation over time.

What will these regulations do in practice? In essence, they will codify the rules of engagement for open banking to ensure consistency, security, and consumer protection. Key expected features include:

- **Standardised data scope:** Banks will have to provide a specified set of customer data via API to the customer or an accredited third party on request. This will cover basic identity details (name, contact info), account details (account type, number, balances), transaction history (at least the past 2 years), account statements, and relevant product info like interest rates or fees. This scope aligns with international norms (similar to UK/EU, which focus on payment accounts data). Importantly, domestic payment initiation is also included as a "designated action," meaning third parties can initiate bank transfers/payments for a customer (with consent) via the API. This opens the door for fintech payment services and merchant solutions that can debit customer bank accounts directly (as an alternative to card payments or direct debits).
- **Accreditation and Security:** Only accredited third-party providers (TPPs) can access data or initiate payments through these APIs. MBIE will oversee accreditation and will require providers to meet strict criteria – for example, demonstrating robust security, good character of directors, insurance coverage for liabilities, and compliance with data privacy rules. This is similar to Australia's model and is aimed at building trust in the ecosystem: customers and banks will know that any "fintech app" requesting data has been vetted and must adhere to certain standards. The regulations also mandate processes for obtaining customer consent, ensuring that any sharing of data or payment initiation is only done with the customer's explicit, informed permission, and providing customers with easy ways to manage and revoke authorisations. For instance, accredited apps must remind customers at least every 12 months of any ongoing data sharing consent and how to withdraw it [41].

- **Obligations on banks:** The banks (data holders) will face clear timelines and service level requirements. The draft policy indicates that when an accredited third-party comes knocking, a bank must enable connection within 5 working days of being notified. This prevents banks from slow-rolling integration with new fintech partners. Banks will also have to publish pricing for API access (if any) and are prohibited from charging customers for their data being shared. Any fees charged to third parties are likely capped at low levels. For example, the government signalled maximum charges, such as 5 cents per payment transaction or 1 cent per API call for data, to avoid paywalls that could stifle fintech uptake. Some NZ banks are voluntarily going even further (as mentioned, Kiwibank has said it will charge no fees at all to third parties for standard API calls. The regulations will also bar banks from imposing unduly low limits on open banking payments. This means any transaction limits must be in line with what the customer could do themselves via online banking, unless the customer chooses a lower cap. All these measures aim to "level the playing field" so that fintech entrants can connect and compete without unreasonable barriers, fulfilling the Commerce Commission's competition objectives [10].
- **Alignment with industry standards:** The forthcoming rules will essentially formalise the API Centre standards as regulatory requirements. The API Centre's specifications (now at version 3.0, which includes features such as decoupled authentication and enduring consents for recurring access [40] form the baseline. Banks and third parties will need to comply with these technical standards for interoperability. The government's involvement may also introduce additional standards (for example, how to handle dispute resolution, liability, or consumer complaints in the open banking context, which regulators often specify). Collaboration between regulators and the API Centre will likely continue, to ensure a smooth transition from the current voluntary standards to the mandated ones.

## Immediate next steps banks and the industry

With a December 2025 deadline looming, NZ banks are now in execution mode to meet regulatory compliance. From a technology standpoint, banks must ensure their API platforms are robust, secure, and scalable to potentially large numbers of API calls. They also need to implement enhancements, such as OAuth2-based authentication flows, that allow customers to grant and manage consent to third parties safely. The API Centre's recent standards (e.g. support for "decoupled authentication," where a customer can authenticate via their banking app instead of within the third-party app) will be pivotal in creating a smooth user experience. Banks may upgrade to these newer API versions in the coming year.

Internally, banks are also standing up compliance and partnership teams to handle the onboarding of accredited fintechs. The Commerce Commission's authorisation in 2024 allowed an interim "partnering framework". This is essentially a set of standard legal agreements and onboarding processes to streamline how banks and fintechs connect. We can expect to see this framework in action: rather than each bank negotiating bespoke contracts with every fintech, a standard set of terms (covering data access, security, liability, etc.) should simplify and speed up partnerships.

**For fintech third-party providers**, the next steps involve obtaining accreditation once the regime opens (likely in 2025). Fintechs will need to prepare documentation on their security measures, obtain insurance if required, and possibly adjust their products to conform to the new API data schemas (if they were previously using screen-scraping or other methods). The good news is many existing services can migrate to the official APIs relatively quickly – Akahu's CEO noted they expect to move 75% of their integrations to the new regulated APIs by end of 2025 [22].

Industry observers are optimistic that New Zealand might avoid some of the slow uptake issues seen in Australia's early days. One reason is that NZ's framework is being designed with lessons from abroad in mind: for example, avoiding an overly narrow initial scope or cumbersome rules that deter fintech participation.

Digital Identity NZ (DINZ), while supportive of open banking, has cautioned that identity verification needs a holistic approach and not to rely solely on any one solution like the new Digital Identity Trust Framework [11]. This suggests that in the next phase, we may see efforts to integrate NZ's nascent digital identity ecosystem with open banking – e.g. using government-verified identities or trusted digital ID providers to streamline customer onboarding and consent across multiple services. Banks and fintech's will likely collaborate on solutions for strong customer authentication that meet both security needs and customer convenience (potentially leveraging biometric IDs, secure mobile app authentication, etc., in line with international best practices for open banking).

## The intersection with Payments

A key near-term focus is embedding open banking into the payments landscape. Now that payment initiation APIs are available from the big banks, the challenge is to achieve widespread usage. We can expect to see more products like BNZ's Payap or "Pay by Bank" options at online checkouts. The Retail Payment System Act 2022 (another recent NZ law) gives regulators tools to promote competition in payments – the Commerce Commission has even recommended designating the inter-bank payment network under that Act to ensure fintech's can access the payments infrastructure on fair terms. If implemented, this could further bolster open banking payments (for example, enabling instant bank transfers to be a viable alternative to card payments for merchants, reducing transaction fees). New fintech payment providers, such as BlinkPay and QipPay, have already demonstrated open-banking-based payment solutions (e.g., one-click bank payments for e-commerce) during tech showcases.

The next year or two will determine if these offerings gain traction. Success will depend on educating consumers to trust and try these new payment methods, as well as onboarding merchants to accept them. The large banks, interestingly, are playing a dual role here – they must allow third-party payment initiation, but some (like BNZ) are also rolling out their consumer-facing payment apps using open banking tech to compete in the payments market.

For NZ businesses and consumers, this "opening up" of payments could mean more choice beyond traditional card or POLi payments, potentially lower fees, and faster settlement times for merchants.

## Intersection with Digital Identity

In the near term, open banking's link with digital identity will primarily focus on secure authentication and consent. Each time a customer connects a new app to their bank via open banking, the bank needs to confirm it's really that customer authorising access.

Typically, this is done by redirecting the customer to the bank's login or app (using OAuth secure flows). New Zealand is concurrently developing a Digital Identity Trust Framework, which sets standards for digital identity providers (e.g. verifying and sharing identity attributes). While this framework is still evolving, it could complement open banking by providing trusted login or ID verification services. For example, a future scenario might allow a user to prove their identity or attributes via a certified digital identity provider when signing up for a new financial app, reducing the need for repeated ID checks.

In the immediate next phase, though, banks will likely use their existing online banking authentication as the primary method for customer consent (much as European banks do with Payment Services Directive 2 (PSD2), often leveraging their banking app or one-time passwords for authorisation).

Regulators and industry will watch carefully how smooth these processes are – an overly cumbersome login or consent experience can deter customers from using open banking. Thus, we may see user experience guidelines and perhaps integration of tools like Gov't Logins or Verified IDs as the ecosystem matures, to make granting consent as easy as, say, using "Login with X" single sign-on.

## Financial inclusion opportunities

As open banking implementation gets underway, stakeholders are also eyeing the opportunity to improve financial inclusion. The next couple of years could see targeted efforts to use open banking data to help underserved groups. For instance, fintech lenders can leverage bank transaction data to assess the creditworthiness of consumers or small businesses who might not have formal credit scores,  potentially expanding access to credit on fair terms. Budgeting and savings apps can use real bank data to give personalised guidance, which is invaluable for customers living paycheck to paycheck.

In the UK, open banking has been used to assist vulnerable customers (e.g. victims of economic abuse, or those with inconsistent incomes) by securely sharing their financial information with advisors or credit unions to get better support [21]. We might see NZ community finance organisations and fintech's collaborate similarly.

The NZ government could even be an early adopter client of open banking data: the Commerce Commission recommended that government agencies should use open banking (for example, to verify income or bank info in support of social services or loan programs) to both improve services and build public confidence in the system.

By the end of 2026, if implementation proceeds as planned, New Zealanders should begin to experience tangible benefits: quicker loan approvals (by sharing banking data instead of paperwork), easier switching between banks or financial products (via comparison services that utilise real data), and new payment options that save money.

## Future: Towards open finance and an open data economy

Looking beyond the immediate horizon, open banking in New Zealand is likely to evolve into open finance and eventually a broader consumer data ecosystem.

The "Future" phase (2027 and beyond) will be characterised by expanding scope, deeper integration of services, and continued innovation, all underpinned by the principle that individuals own their data and can securely share it for their benefit.

### From Open banking to Open finance

Once the banking sector implementation is bedded in, the logical next step is to extend data sharing to other financial sectors. This might include wealth management (investment account data), insurance (policy and claims data), KiwiSaver/pensions, and non-bank lending. Other jurisdictions are heading this way, with the UK's next chapter about "open finance," and Australia's CDR is already moving into superannuation and telecommunications. New Zealand's Consumer Data Right Act is explicitly designed to be multi-sector: the government has already signalled interest in designating the energy sector ("open electricity") after banking [42].

Over time, we can expect more sectors (possibly telecommunications, insurance, etc.) to be brought under the CDR regime via regulations. In the financial realm, this means the ability to, for example, consolidate all your financial information (bank accounts, investments, retirement savings, insurance coverages) in one dashboard of your choice – a holistic view enabling better financial decisions. It could also enable innovative cross-sector services, such as an app that combines advice on both energy usage and finances (since both data sets would be portable).

For banks, the broader open finance world presents both competitive threats (new entrants leveraging data to offer financial services) and opportunities (incumbents can access new data, with permission, to refine their offerings, for example, by using utility bill data in credit assessments).

### Consumer empowerment and data portability:

In the future, individuals and SMEs will likely become increasingly comfortable with data portability, allowing them to seamlessly grant and revoke access to various pieces of their data as needed. We may see the rise of personal data management dashboards, also known as "consent wallets," where users can centrally control which apps have access to their data (such as bank, energy, and health information).

New Zealand's emphasis on privacy and its likely alignment with global privacy standards (like GDPR) will shape this. The hope is that a robust trust framework (including digital identity verification, consent standards, and liability rules) will give consumers confidence that sharing data is safe and beneficial. If that trust is achieved, the open banking regime could greatly enhance financial inclusion in the long run. For example, a future fintech might combine open banking data with alternative data (like mobile phone payments or social data) to offer micro-loans to people who traditionally couldn't pass credit checks. By unbundling data from institutions, customers won't be "locked in" to a single provider ; switching banks or products should become easier (perhaps even automated, such as with an app that periodically reviews all your accounts and, with your consent, moves your money to where you get the best deal).

This increased competition and mobility is expected to push financial institutions to be more customer-centric and competitive on pricing in order to retain business.

## New services and business models

As open banking/finance matures, entirely new business models could emerge. Embedded finance is a trend in which non-financial companies integrate financial services into their offerings by leveraging open APIs. For instance, a retail website could let customers directly pay from any bank at checkout (improving speed and reducing card fees), or an accounting software could automatically fetch bank transaction data (which already happens now) and also initiate payments or loans on behalf of the business.

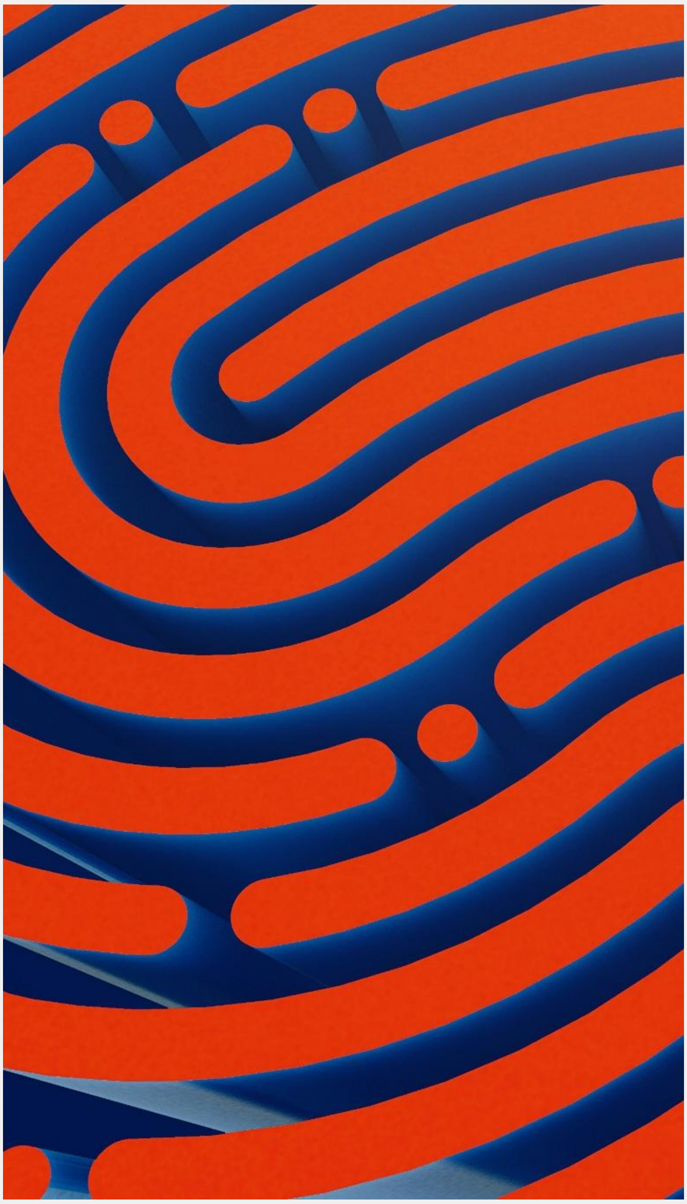
We may also see "marketplaces" operated by banks themselves, with some overseas banks having turned their apps into platforms where customers can find third-party products (for example, budgeting tools or insurance offers) that connect via APIs. NZ banks might adopt similar strategies, essentially embracing open banking by curating trustworthy third-party services for their customers, rather than viewing them purely as competitors.

On the payments front, the future could bring instant, account-to-account payments into mainstream use for retail and commerce, linking with payment systems in other countries. If NZ's open banking APIs align with international standards, global providers might more easily enter the market, and Kiwi fintech's could scale solutions abroad, leading to a more connected global open finance ecosystem.

## The role of Digital Identity in the future

Digital identity will likely play a critical enabling role as the ecosystem broadens. By the late 2020s, New Zealand's Digital Identity Trust Framework could be fully operational, meaning individuals have digital IDs that are widely accepted. This could simplify verification across services. For example, proving your age or identity to a new financial service instantly, or transferring your ID attributes when switching banks, reducing the need for repetitive ID checks (KYC) each time.

It could also enhance security: rather than each third-party storing extensive personal information, they might rely on tokenised identity data, minimising the data at risk. DINZ's involvement suggests ongoing efforts to ensure privacy, security, and interoperability are front and centre, so that open banking and digital identity solutions work hand-in-hand to protect consumers even as data sharing becomes more common.



## Continued regulatory evolution

In the future, regulators will monitor outcomes and adjust the framework as needed. They might expand consumer protections (for instance, if fraud cases arise related to open banking, expect targeted rules or stronger authentication requirements). They will also gauge competition. The goal will be a more competitive, innovative financial sector.

If incumbent banks still hold undue advantages, regulators could introduce further pro-competitive measures. Additionally, if open banking leads to Big Tech or non-bank players gaining large influence, regulators might address new risks (like data monopolies or privacy issues).

International alignment is another consideration: New Zealand will likely ensure its open banking standards and accreditation can reciprocate with others (for example, potentially recognising an overseas accredited provider or aligning technical standards so global apps can plug in easily).

**The future of open banking in New Zealand is one of an open, connected financial services ecosystem where consumers truly control their data and how it's used.**

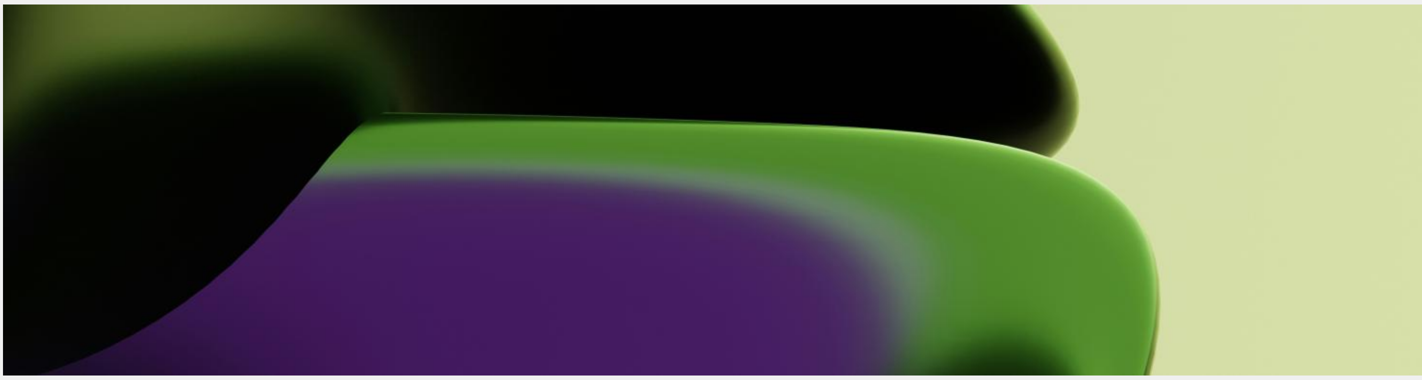
In the future, open banking may simply be the norm, part of a broader digital economy transformation where data flows securely to where it can deliver the most value for customers. Boards and CEOs should envision a landscape where traditional boundaries are blurred: banks become platforms, fintechs become partners, and customers expect seamless, personalised services.

Fintech founders should see abundant opportunity in this openness to build the next generation of solutions in payments, lending, wealth, and beyond, to solve pain points by leveraging data and connectivity. Educators and industry leaders will need to ensure the workforce is prepared for this API-driven financial world, and that consumers are educated about their rights and how to manage their digital financial lives safely.

New Zealand's deliberate yet collaborative approach, combining industry innovation with regulatory mandates, positions it well to realise the benefits of open banking while avoiding the pitfalls seen elsewhere.

As implementation proceeds and trust is built, NZ could even leapfrog, achieving high adoption quickly by migrating the already engaged user base to the new system.

**The next few years are crucial, but the trajectory is set: open banking is moving from a policy goal to an everyday reality, ushering in a new era of financial services that are more open, competitive, and customer-centric than ever before.**



# Appendix 3: Secondary research - Digital Wallets: The pocket sized future

Digital wallets are software-based tools that securely store payment information on a device, eliminating the need to carry cash or physical cards.

In practice, they allow consumers to pay with a tap of their smartphone or a few clicks online, retrieving encrypted card or bank details to quickly authorise transactions. Many wallets also hold loyalty cards, tickets, or even IDs in one place, mimicking everything you'd keep in a physical wallets. Popular examples include Apple Pay, Google Pay, and Samsung Pay, all dominant in Western markets, while in Asia, super-apps like Alipay and WeChat Pay integrate payments with everyday services.

Established fintech platforms such as PayPal and Venmo add peer-to-peer payments and social features to the wallet mix.

### Why is this important now?

In the 15 years since their introduction, digital wallets have surged to become one of the world's preferred payment methods. They now account for about 50% of global e-commerce transactions, a figure expected to reach 61% by 2027 [43] . By 2026, over half of the world's population is projected to use digital wallets regularly. This ubiquity is driven by convenience and security: using a phone to pay is fast and hassle-free, and technologies like tokenisation and biometric ID make it more secure than swiping a card [43]

For businesses, accepting wallet payments can reduce fraud and speed up checkout, improving the customer experience.

One of the experts we spoke to said,

**There is a clear appetite amongst consumers to transact using digital wallets... Businesses that do not offer this payment method risk missing out on a growing market segment.**

Digital wallets are no longer a novelty – they're becoming an expected option in commerce, particularly among young and emerging adults.

### Now: New Zealand's current state

New Zealanders have been comparatively slow to adopt digital wallets compared to some markets, but usage is rising steadily. According to Payments NZ, 67% of Kiwis still prefer traditional cards for everyday purchases – yet this is down from 77% just two years earlier. Meanwhile, 15% now regularly use digital wallet payments, up from 10% in 2022 [23]. In other words, one in six New Zealanders now reaches for a phone or smart watch at the checkout instead of a plastic card. Younger consumers (and Māori communities in particular) are leading this shift, reflecting growing comfort with new payment tech.

The COVID-19 era accelerated familiarity with contactless and mobile payments, and now the "tap-and-go" habit via Apple Pay or Google Pay is becoming ingrained.

All of New Zealand's major banks have recently moved to support consumer digital wallets. Banks such as ANZ, ASB, BNZ, and Westpac enable their customers to load debit or credit cards into Apple Pay and Google Pay, effectively turning smartphones into payment devices. This was a significant change; for example, ANZ was an early adopter of Apple Pay, and others followed suit to meet customer demand for mobile payments.

Even traditionally conservative banks came to recognise that offering mobile wallet support is crucial to staying relevant, especially as global fintech players expand in New Zealand. Services like Wise (formerly TransferWise) and Airwallex now offer multi-currency digital wallets to New Zealand consumers and businesses, letting them hold and transfer money internationally with low fees.

The presence of these international fintechs, alongside Big Tech offerings like Apple/Google Pay, emphasises the importance of innovation by local banks. New Zealand consumers are among the most enthusiastic adopters of digital finance globally (86% had used some form of digital payment by 2022) [44], so expectations are rising. In short, digital wallets are becoming increasingly integral to daily life, and New Zealand's banks and merchants are adapting to this new normal in payments.

## Next: The next phase of adoption

As digital wallet usage grows, the next phase in New Zealand is being catalysed by Open Banking,  the secure sharing of banking data and services via APIs.

Open banking is set to transform how digital wallets and financial apps integrate with banks. In a milestone announcement, the government confirmed that banking will be the first sector designated under the new Consumer and Product Data Act 2025, mandating open banking standards. From 1 December 2025, the four largest banks (ANZ, ASB, BNZ, and Westpac) must be open banking compliant, providing third-party access to customer account data and payment initiation. Kiwibank will follow in 2026.

This regulatory push aligns with work already underway: Payments NZ's API Centre has for several years convened banks and fintechs to develop standards for data sharing and payment. The major banks have been collaborating on open APIs voluntarily, and the new law cements those efforts with clear deadlines. The intent is to create a more open, innovative, and competitive financial ecosystem.

For New Zealand banks, this is a pivotal transition. Embracing open banking means moving beyond proprietary, siloed systems and adopting a more open "bank as a platform" mindset. Specifically, banks will expose APIs that enable licensed third-party apps, with the customer's consent, to securely retrieve account information or initiate payments on the customer's behalf. For consumers, this can enable a richer digital wallet experience. For example, a personal finance app could display your balances across multiple banks in one place, or a non-bank digital wallet could facilitate a direct bank-to-merchant payment without involving a card network.

In markets like the UK, which pioneered open banking, 25% of consumers now use open-banking-powered services every month, driving a flourishing fintech sector [37].

New Zealand's banks have a chance to follow suit by collaborating with fintech innovators and offering new services themselves.

Going forward, as open banking becomes fully implemented in NZ, we can expect a wave of new consumer-facing wallet features and fintech services. New Zealand banks should actively adopt and promote open banking in several ways:

- **Build or support integrated digital wallet apps:** Banks can upgrade their own mobile banking apps into broader digital wallets that aggregate not just their products but also external accounts (with customer permission). For example, a bank app could display a customer's accounts across multiple banks or enable seamless transfers between them, effectively turning the app into a one-stop financial wallet. Open banking APIs make this technically feasible.
- **Partner with global wallet providers**: Rather than seeing Apple, Google, Wise, or Stripe as threats, banks can collaborate. For instance, a bank could integrate Wise's international transfer capabilities into its app (some Aussie banks have done this), or ensure its cards work flawlessly with Apple/Google Pay and support new features that those wallets roll out. Such partnerships can enhance customer experience with minimal development. New Zealand's fintech industry group has noted that without support, domestic players risk being outpaced by these international entrants [37], so collaboration and co-opetition will be key.
- **Leverage APIs for value-added services:** With open data, banks can help customers in new ways. One example might be personal financial management tools built into wallets – e.g. automatically analysing your transactions (across all banks) to help budget or avoid fees. Another example is account aggregation and payment choice at checkout: imagine a Kiwi digital wallet that allows a user to choose any of their bank accounts to pay a merchant in real-time through an API (much like a debit card, but without the physical card). This could reduce reliance on card networks and give consumers more direct control. Banks can either provide these services or enable fintech partners to do so, earning goodwill and potentially new revenue streams.
- **Ensure security and trust:** As open banking expands, banks must double-down on security and customer education. The Payments NZ research shows consumer comfort with data sharing has grown (37% were comfortable sharing data in 2024, up from 16% in 2020)[23]. Still, this trust is predicated on privacy and safety. Banks should highlight the security features of digital wallets (biometric authentication, tokenisation, bank-grade encryption) and the protections of the open banking regime (licensing of third parties, customer consent mechanisms). Maintaining high trust will be crucial for broad adoption.

**The Next phase for digital wallets in NZ is about connectivity – linking banks, fintech's, and consumers in an open ecosystem.**

Open banking is the bridge that can connect a customer's traditional bank account to the dynamic digital wallet environment. By December 2025, New Zealand banks will have the regulatory green light to participate in this connected economy fully. Those banks that proactively adopt open banking and work with fintech partners stand to gain a competitive edge, delivering richer digital wallet experiences that today's consumers are beginning to demand.

The result could be a burst of innovation in payments and financial services, much like what has been seen in the UK and Europe but tailored to Aotearoa's needs.

## Future: The evolving digital wallet ecosystem

Looking further ahead, digital wallets are poised to become much more than just payment tools – they are set to be central enablers of a broader digital economy. In the future, a "digital wallet" may serve as an all-in-one platform for identity, credentials, tickets, and personal data, as well as money. As Stripe's research puts it, anything you might keep in a leather wallet could soon be held in your phone's wallet [45]. Indeed, 15% of digital wallet users in one survey reported that they now regularly leave their physical wallets at home [45] – a sign of confidence that phones can fully replace the functions of a wallet.

### The digital identity link

One major future development is the integration of digital identity into wallets. New Zealand is actively exploring this space. The passage of the Digital Identity Services Trust Framework Act (2023) has laid the groundwork for trusted digital identity providers, and the conversation is now shifting to wallet technology for storing verified identity credentials. The October 2023 newsletter of Digital Identity NZ highlighted that having dozens of separate apps – one for your bank, one for your supermarket, one for your driver's license, etc. – is "ridiculous" and not scalable [46].

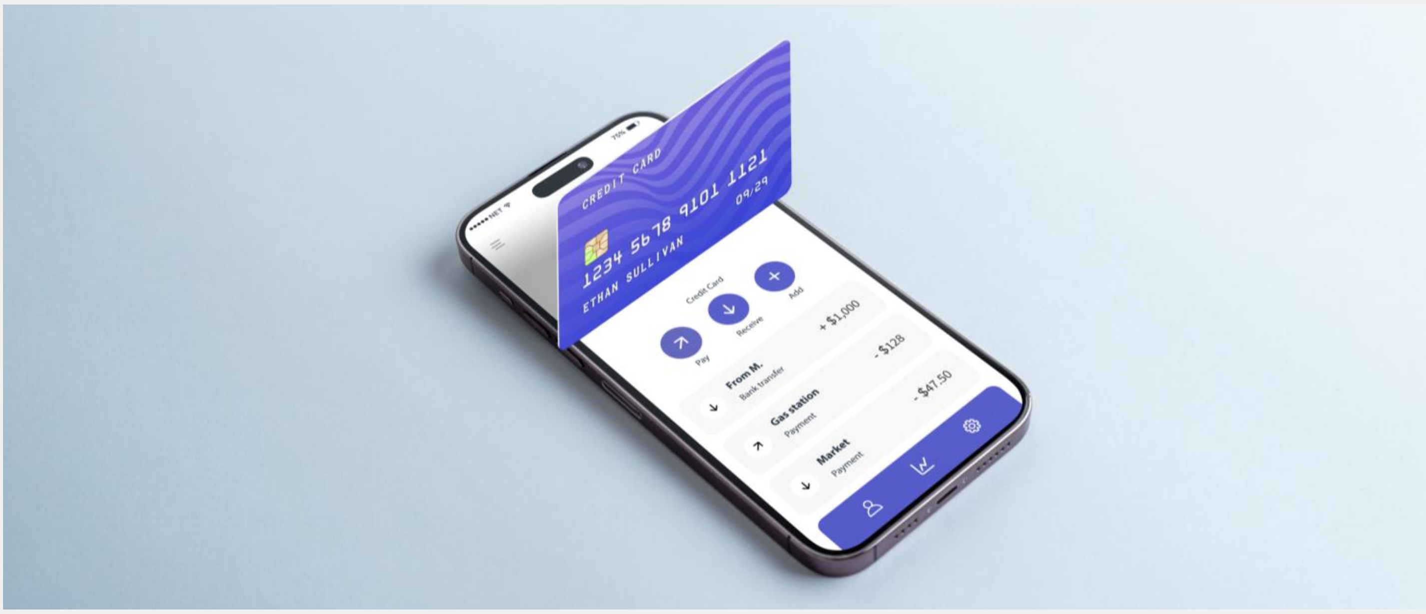
We don't carry 50 physical wallets for different cards; similarly, the future should not force users to juggle countless apps for each credential. Instead, the vision is for a unified or interoperable digital wallet that can hold multiple credentials securely, from your passport and driver's license to health records and educational certifications.

New Zealand's digital identity community is involved in global efforts like the OpenWallet Foundation, which aims to develop common standards for such high-trust wallets [46].

In the future, you might have a government-backed or open-source digital wallet app that can store cryptographically secure ID attributes issued by authoritative sources (like the Department of Internal Affairs for a passport, or a bank for a verified financial identity).

Crucially, these wallets would be designed for privacy. Once your credentials are loaded, the issuers should not be able to track when or where you use them. This gives individuals greater control over personal data. For businesses and services, it streamlines verification (e.g. proving your age or identity with a quick wallet scan rather than presenting a physical ID).

For New Zealand, a trusted digital identity wallet could also help address issues of inclusion (enabling remote verification for those who lack easy access to physical ID services) and fraud reduction.



## Super wallets

Beyond identity, future digital wallets could transform other sectors. Think of "super wallets" or "super-apps" – a concept already reality in parts of Asia – which combine payments with myriad services like transit, shopping, loans, and bookings [43].

We may see a rise of super-wallet platforms in Western markets, too. For example, a tech giant or consortium might offer a wallet that not only holds your cards and IDs but also interfaces with your email, your rideshare apps, your insurance, and so on. In such wallets, artificial intelligence could play a role in financial advice (e.g., nudging you if a bill seems unusually high or automatically suggesting a cheaper service provider). Open banking is just the first step toward open data; in the future, open APIs might extend into insurance, utilities, and government data.

A wallet could become a personal hub to manage all these aspects of life. New Zealand's fintech advocates talk about moving from open banking to a truly open data infrastructure, impacting everything from identity to insurance and health. This hints at a future where interoperability and data portability are standard. A customer might seamlessly switch service providers (for banking, energy, etc.) through their wallet, which holds the keys to their data, rather than being locked into any one company's app.

## For banks and fintech's

For banks and fintechs, the future digital wallet ecosystem presents both opportunities and challenges. On the one hand, it opens opportunities to offer new services. For example, banks could issue digital credentials (imagine a "verified customer" credential a user can reuse for KYC at other institutions), or they could integrate central bank digital currency (CBDC) if the Reserve Bank of New Zealand issues digital cash in the coming years. On the other hand, it means heavier competition and the need for interoperability. Banks might find themselves providing banking-as-a-service behind the scenes, with the customer interface owned by a third-party wallet. This will be a paradigm shift: the bank's brand could be less visible if customers interact primarily via, say, a Google wallet or an NZ government wallet. To stay relevant, banks may need to ensure they are part of the ecosystems that emerge, either by offering their own compelling wallet or by being the trusted financial backbone for others.

## Security and trust will remain the bedrock of any future developments.

As digital wallets expand to hold more sensitive data, they become targets for cyber threats and raise the stakes for privacy. The industry will need robust standards (like the Trust Framework) and possibly new "wallet management" schemes – parallel to how payment card networks operate, to govern interoperability and liability.

Banks in New Zealand, with their long history of security and customer trust, can play a crucial role in this space by lending their credibility and expertise. A universally trusted digital wallet, as Digital Identity NZ's leadership pointed out, "will not be for the faint-hearted" to develop [46]. It may require public-private collaboration, with government ensuring open standards and perhaps even providing a baseline wallet for citizens as a public good.

Globally, there are precedents: countries like Sweden and Canada are piloting government-issued digital ID wallets, and the European Union is working on an EU Digital Wallet for its citizens. New Zealand could eventually follow a similar path to guarantee that all citizens have access to a trusted, interoperable wallet for identity and payments.

### The trajectory of digital wallet technology is one of expanding scope and deepening integration into our lives

Now, digital wallets are changing how we pay, offering convenience and security that is gradually displacing cash and cards in New Zealand and around the world. Next, with open banking, these wallets will become even more powerful, able to connect directly to our bank accounts and other financial services, ushering in a new wave of innovation in how we manage money. And in the Future, digital wallets may evolve into comprehensive personal digital hubs, holding our identities, accessing a multitude of services, and operating in a fully open data environment.

### For New Zealand's banks, CEOs, boards, and fintech founders, the message is clear: digital wallets are a cornerstone of the emerging financial landscape.

Embracing this trend is essential for staying relevant and competitive. That means investing in open banking capabilities, partnering with both global tech players and local innovators, and keeping a finger on the pulse of technologies like digital identity and "super wallets." By doing so, New Zealand's financial sector can ensure it not only adapts to the digital wallet era but also helps shape its future, to the benefit of Kiwi consumers and the economy at large.

The progress to date, from rising consumer adoption to pioneering open banking projects, is encouraging. The next few years will be critical in turning New Zealand's initial steps into a leap, towards a future where the wallet in your pocket is digital, and it holds much more than just your money.

# Appendix 3: Secondary research - Digital Identity: Re-shaping trust

In simple terms, digital identity is "proof of who you are online", a digital representation of personal identity information (and attributes like biometrics) that can be used to verify you when accessing services. Instead of relying on physical IDs in person, a digital identity lets individuals confirm "yes, it's really me" in an online context.

In New Zealand, the Department of Internal Affairs has long been the custodian of citizens' identity data. It emphasises that as everyday activities move online, having the ability to prove who we are safely and securely online is essential for accessing both public and private services, from welfare payments to opening a bank account.

Effective digital ID solutions simplify this process for users while protecting their information, ultimately enhancing their participation in the digital economy. For the banking sector, this means transitioning away from cumbersome paper-based processes toward faster, more reliable electronic identity verification.

## Now: Existing tools and beyond

Over the past decade, New Zealand's primary digital identity tool has been the government-run RealMe service. Launched in 2013, RealMe provides a secure login and a "verified identity" option that people can use across many agencies and businesses. As of 2025, more than 1.5 million New Zealanders have a verified RealMe identity that can be used to, for example, open bank accounts, apply for loans, or access government services without repeatedly showing physical ID [47]. Major banks like Westpac, ANZ, BNZ, and Kiwibank already accept RealMe for customer identity verification. This allows new customers to prove their identity online in minutes by logging in and consenting to share their verified credentials, instead of providing scanned passports or driver's licenses.

Until recently, only a limited number of organisations could integrate RealMe (requiring lengthy approvals), but the government has moved to simplify onboarding for businesses so that more banks and companies can adopt RealMe quickly (as long as privacy and security requirements are met). This change is expected to significantly reduce onboarding time and compliance costs, as one pilot saw identity verification drop from over a month to ten minutes by using RealMe [47].

### The Digital Identity Services Trust Framework

In parallel, New Zealand has been building a broader Digital Identity Services Trust Framework, which was finalised in late 2024 to regulate digital identity providers and set standard rules. This Trust Framework, established by the Digital Identity Services Trust Framework Act 2023, is essentially a legal and governance structure defining how digital identity systems should operate in Aotearoa with strict standards for privacy, security, and user consent [11]. The framework establishes an accreditation regime: providers of digital identity services can become accredited by meeting requirements for information protection, authentication standards, and alignment with laws such as the Privacy Act.

The government stood up a new Trust Framework Authority in July 2024 to oversee this ecosystem. The significance for banks is that an accredited digital identity will carry an official trust mark, giving confidence that the service meets high standards. Importantly, these rules put the user at the centre: they require that people have control over their personal data (only sharing what is needed, with consent) and that issuers or verifiers cannot track how credentials are used.

As the Minister for Digitising Government, Judith Collins explained, using accredited digital IDs

> **makes it easier to securely share your information, helps protect from identity theft, and gives New Zealanders greater control over their own information**[48].

New Zealand now has both a widely-used identity platform (RealMe) and a new regulatory framework poised to enable multiple trusted digital ID solutions – a foundation from which to expand seamless digital identity in banking.

### Why this matters now

The urgency for seamless digital identity in banking comes from both customer expectations and risk management needs. Banks are required to verify customers' identities for regulatory compliance (e.g. anti-money laundering KYC checks), a process that has traditionally involved tedious paperwork or in-person document checks. Digital identity can streamline this: instead of forcing customers to submit "insecure scanned copies of important documents," a verified digital credential lets them prove attributes like their name, age, or address instantly and securely online.

This drastically reduces friction in opening accounts or applying for financial products. It also reduces the security risks for banks: rather than handling and storing numerous copies of passports or IDs (which could be lost or stolen), banks receive only a cryptographic confirmation of the customer's identity from a trusted provider.

New Zealand's fintech community emphasises that digital identity is pivotal for building trust between banks and customers in an increasingly digital financial system [49]. According to the 2024 FintechNZ Deloitte Pulse check report, establishing trust through government and cross-sector collaboration on digital identity is seen as a key strategy to combat industry-wide issues like fraud and privacy concerns [49].

In other words, robust digital identity is becoming the backbone of trusted digital customer relationships. We have already seen how RealMe and similar tools can improve user experience and safety; the groundwork laid in 2024 now positions New Zealand's banks to take digital identity to the next level.

## Next: Emerging developments and adoption strategies

### Upcoming digital ID innovations

Over the next 1-2 years, New Zealand will roll out a suite of new digital identity services under the Trust Framework. Government officials have highlighted several expected services on the horizon, including a Digital Driver's Licence, a possible "Bank ID", and digital trade certifications. These credentials would be accessible via approved digital identity wallets or apps, allowing users to present, for example, a digital driver's licence on their phone or use a bank-issued digital ID to log in or share identity info.

Early steps are already underway: In May 2025 the government released the "NZ Verify/Whakatūturu" mobile app, which can verify mobile driver's licences (mDLs). Initially, those from certain Australian states and U.S. jurisdictions – as a proof of concept for modern digital credentials. This app showcases how a digital ID can reveal only the necessary details (e.g. confirming 18+ age with a photo) while keeping other personal data hidden [47]. Such privacy-by-design features, enabled by standards like ISO mobile IDs and verifiable credentials, will likely extend to New Zealand's digital IDs.

We can expect the NZ Verify app and similar tools to expand to support Kiwi-issued credentials in the near future. For banks, this means that in the next phase, they could start accepting a customer's digital driver's license or other government-backed digital identity as valid ID for onboarding or authentication, and no physical ID sighting is required.

### International benchmarks to emulate

As New Zealand banks navigate these developments, they can draw inspiration from international peers that have pioneered banking-linked digital identity. A standout example is Sweden's BankID, an electronic ID system developed by a consortium of banks. BankID today has over 8.6 million users and is considered the most widely adopted voluntary digital ID in the world [50]. In Sweden, virtually 99% of adults use BankID to authenticate to thousands of services, not only banking and payments (its heaviest use), but also to access tax services, health records, and more [ref]. The success of BankID emphasises how powerful a bank-driven digital identity can be once it reaches critical mass.

Closer to home, Australian banks are moving quickly on digital identity via a system called, ConnectID. Launched in 2023 by the bank-owned fintech, Australian Payments Plus ConnectID enables participating banks to verify their customers for third parties in real-time [51]. Australia's "Big Four" banks (CBA, NAB, Westpac, ANZ) all recently enabled ConnectID, instantly bringing ~10 million banking customers into a network where they can use their banking credentials to prove their identity for other companies. The model positions banks as "trust anchors", since banks already KYC-verify their customers, they can vouch for a customer's identity to another business with the customer's consent [51].

Early results are promising: awareness of digital ID services in Australia jumped to 72% of the population by the end of 2024, up from 52% a year prior [51], showing growing public acceptance.

For New Zealand banks, these international benchmarks illustrate real-world pathways to success, whether through a collaborative bank-led scheme or tight integration with a government platform and highlight the importance of scale and user experience in driving adoption.

## Strategies for adoption

Equipped with a supportive policy framework and examples of what works, New Zealand's banks now need to execute on making digital identity truly seamless.

In the immediate term, one strategy is to integrate existing digital ID services more deeply into banking channels. This could mean more banks using RealMe (now that onboarding is easier) as a one-click verification option for new customers or linking with the forthcoming government mobile ID app so that a customer can, say, scan a QR code and share their verified license details during account signup.

Banks should also consider becoming active participants in the Trust Framework ecosystem themselves. This might involve getting accredited as Identity Credential Providers, for instance, a large bank could issue its own "BankID" credential under the Trust Framework that customers can use across other services. By doing so, banks leverage their trusted role to help customers reuse identity verifications, much as the Australian banks are doing with ConnectID. Even if individual banks don't go it alone, industry collaboration will be key. We may see New Zealand banks band together (potentially via Payments NZ or FinTechNZ) to create a unified banking identity service for the country. Such collaboration, in concert with government standards, can accelerate network effects, ensuring digital IDs are accepted widely, not just in siloed apps.

## From a technological standpoint, adopting common standards is crucial for seamless integration

New Zealand's Trust Framework has deliberately allowed multiple technical standards (both the W3C Verifiable Credentials model and the ISO 18013-5 mobile driver licence standard), so banks should design their solutions to be interoperable and future-proof. In practice, this means working with vendors (like local NZ digital identity innovators, some of whom are active in the Digital Identity NZ network) to implement secure APIs and authentication flows that can plug into various identity wallets. User education and onboarding are another practical focus: banks will need to communicate to customers the availability and benefits of using digital identity (e.g. "Skip the branch – verify yourself in seconds with your Digital ID").

Incentives or a smooth UX will encourage uptake. Internally, banks must align their compliance teams and update processes so that digital identity verification is accepted as meeting AML/CFT requirements, which regulators have already begun to acknowledge in guidelines. The good news is regulators are on board: New Zealand's approach is to enable these innovations alongside strong privacy and security oversight, so banks can be confident in using accredited digital IDs.

As open banking (the Consumer Data Right) comes into effect by late 2025, adopting seamless digital identity will become even more important. Open banking will allow customers to share their financial data with third-party fintech apps, an ecosystem that will function best if there's a reliable way to authenticate users and confirm their consent.

Digital identity will be the linchpin of that trust, and the "Next" phase for New Zealand banking is about operationalising digital identity – turning the recent frameworks and prototypes into everyday practice, learning from global peers, and building the partnerships needed to make seamless identity verification a reality for Kiwi consumers.

## Future: Long-term vision and impact

Looking further ahead, one can envision a future where digital identity is deeply embedded in New Zealand's banking and societal infrastructure. In this future state, identity verification becomes virtually invisible – it "just works" behind the scenes, as seamless as a tap-and-go payment.

New Zealand's banks, together with government and tech partners, have the opportunity to create a digital identity environment that rivals the best in the world. If successful, New Zealanders could each possess a portable, user-owned digital identity that they control and can use anywhere. FinTechNZ has noted that the end-game could be a "permission-based, transferable digital identity" that individuals own – usable across financial services and beyond [52].

Such an identity could, for example, allow a person to prove their age to buy age-restricted goods, verify their income for a loan, or even check into a hotel, all by securely sharing a snippet of their verified attributes from their smartphone, with no need to undergo ID checks repeatedly. This points to a dramatic reduction in duplication and cost across the economy.

Banks would no longer need to vet every customer from scratch individually; instead, a customer's digital ID (backed, perhaps, by prior bank verification or government data) would instantly assure any institution of their identity with high confidence. This could help eliminate onboarding friction and even expand financial inclusion: people who struggle to maintain multiple forms of physical ID or who live remotely would find it easier to meet ID requirements, since a one-time verification could unlock many services.

In the long term, New Zealand's digital identity framework might also interoperate globally. We are already seeing early signs in this direction with the NZ Verify app accepting foreign digital licenses. Tomorrow's Kiwi traveller could just as easily use their NZ digital credentials abroad if compatibility is established through international standards. Countries around the world are converging on digital identity initiatives, from the European Union's planned Digital Identity Wallet for citizens to the United Kingdom's newly announced government digital ID wallet for official credentials.

### Rethinking digital identity: Starting at school

There is a unique opportunity to reimagine how identity is established and verified in New Zealand. As Jeff King from MyMahi noted,

> **Schools are a perfect place for identity to happen.**

By creating secure digital identities early, while students are still in school, we can remove one of the most significant barriers to financial inclusion: the lack of a suitable ID required to open a bank account or access essential services.

Many young & emerging adults still struggle to obtain acceptable identification, leaving them excluded from basic banking services. At the same time, this generation expects seamless, digital-first solutions, yet New Zealand currently lacks a universal, interoperable digital identity framework. Embedding digital identity at the school level could ensure every young person leaves with a trusted, verified identity, creating a smoother pathway into financial independence, banking, and broader participation in the digital economy.

This approach could also have a significant impact on Māori and Pasifika communities, where barriers to traditional forms of identification are more common. By ensuring equitable access to trusted digital identities from a young age, we can build early trust, reduce exclusion, and lay the foundation for long-term financial inclusion across all communities.

## For bank leaders and boards

The future vision isn't only about tech, it's about customer trust and strategic positioning. Digital identity will increasingly underpin the customer experience: by 2030, customers might choose banks based on how easy and secure it is to engage with them digitally. Banks that champion digital identity could become primary "identity brokers" in the economy, leveraging that role into new business models (for instance, offering identity assurance services to other companies, much like some banks have done with BankID in Scandinavia).

However, this future also comes with responsibilities. As digital identity becomes ubiquitous, the threat landscape will evolve – fraudsters will target digital ID systems through social engineering, biometric spoofs, or deepfake identities.

Banks and the Trust Framework Authority will need to continuously enhance security measures (e.g. advanced biometrics with liveness detection, AI-based fraud analytics) to keep ahead of such threats. Encouragingly, BankID's experience shows that a robust digital ID can be made very secure: it includes features like biometric onboarding checks and risk scoring of transactions to detect anomalies.

New Zealand's future digital identity ecosystem can adopt similar best practices, ensuring that convenience never comes at the expense of security.

## The constant of trust

The journey of digital identity in New Zealand banking is just beginning, but its trajectory is clear. Currently, the focus is on establishing trust and usability – setting up the systems and proving they function effectively.

Next, it's about scaling up adoption and weaving digital ID into the fabric of banking services and open banking innovation. In the future, if we stay the course, New Zealand could enjoy an entirely seamless digital identity environment, where performing a financial transaction or verifying oneself is as quick as a blink, private by design, and universally accepted. The payoff is substantial: smoother customer experiences, stronger fraud prevention, more inclusive access to services, and a competitive edge in the digital economy.

Achieving this vision will require continued collaboration between banks, government, and technology providers. However, given the momentum from the Trust Framework's launch to banks' increasing engagement, New Zealand is well-positioned to leap from the age of paper IDs and repetitive form-filling into a future where identity verification is secure, effortless, and empowering for all parties.

**The promise of a future ahead: one digital identity, many opportunities – unlocking trust at every level of banking and society.**

# Appendix 3: Secondary research – Wise case study [24]

## Overview & challenge

Wise began life as TransferWise and now operates a global cross-border payments platform. Young and emerging adults, particularly international students and digital nomads, often need to send money overseas or spend in multiple currencies without the high fees charged by traditional banks.

Wise's personal accounts are free to open for people aged 18+ and offer multi-currency wallets in 40+ currencies and a debit card that works in 150+ countries. A personal account has no monthly fee, uses the mid-market exchange rate, and charges transparent conversion fees, making it attractive to young people with limited budgets.

## Key features that resonate with young adults

| Feature | How it benefits young adults |
|---|---|
| **Multi-currency account & card –** free to open, holds 40+ currencies and works in 150+ countries | Lets travellers and digital nomads spend like locals, avoid multiple bank accounts and cut FX fees. |
| **Transparent money transfers –** uses the mid-market exchange rate and 90 % of transfers arrive within a day | Makes sending money home or paying overseas tuition quick and low-cost. |
| **Free ATM withdrawals & no monthly fee –** two free ATM withdrawals up to £200 per month and no subscription costs | Gives budget-conscious users fee-free access to cash and predictable costs. |
| **Bank-app integrations –** partner banks like Mandiri let users send 13 currencies in-app with 66 % of payments arriving within seconds | Allows young expats or students to transfer money abroad directly from their main bank app with minimal friction and cost. |
| **Branding –** Branding the appeals and resonates | Their bright green debit card is appealing, memorable and the mobile app empowers users to hold multiple currencies and send or spend money globally easily. |

# Wise

## Impact

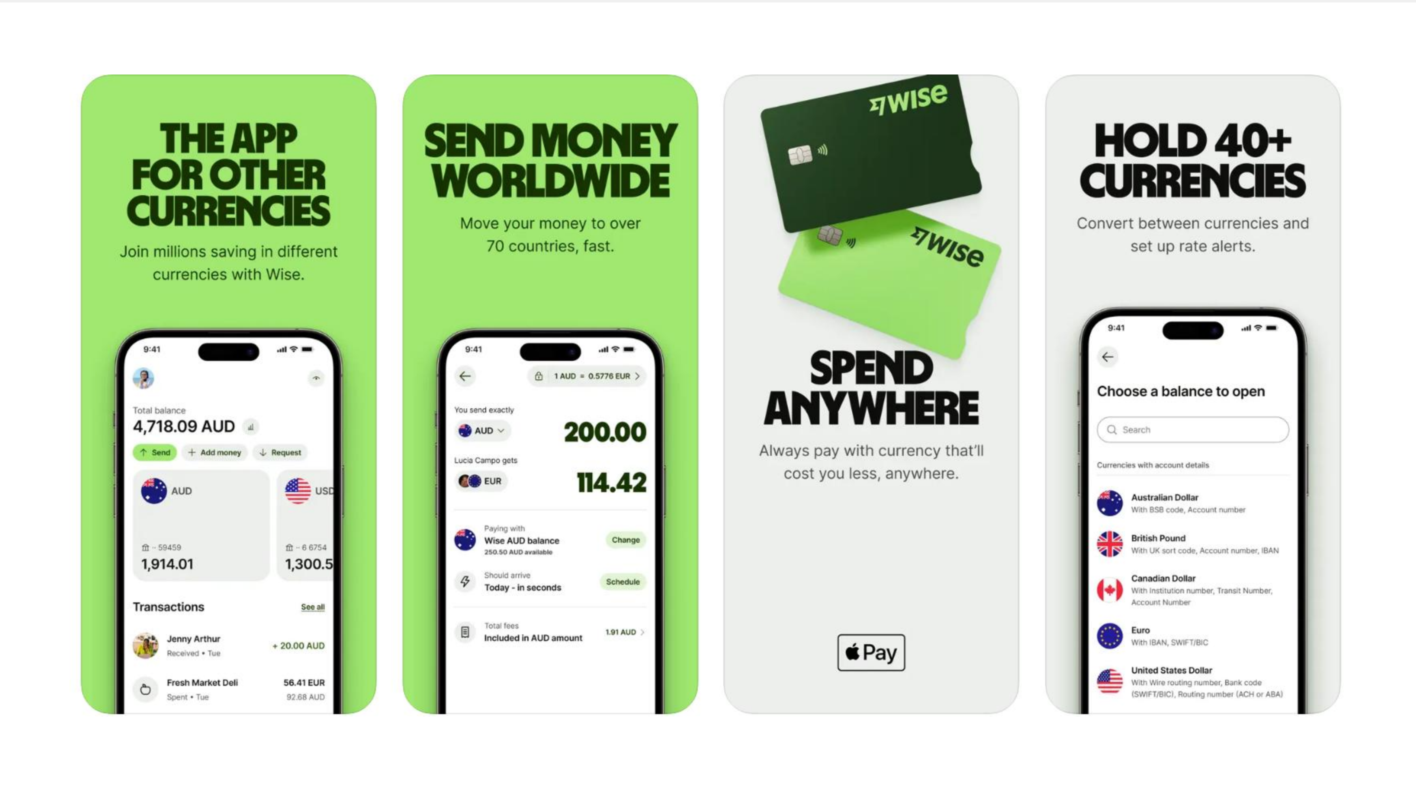
Wise has grown to serve millions of customers worldwide. A recent case study with Mandiri Bank reveals that cross-border transfers totalling US$ 93.3 million were processed through the Wise Platform between February 2023 and February 2024, saving more than 20,000 active users US$ 2.3 million in fees. With more than 60 licences and 90 banking partners, Wise is positioned to provide international students and young professionals with affordable, transparent foreign-exchange services.

We will not be surprised if Wise enters the transitional banking landscape very shortly.

## Lessons for engaging young adults.

Wise succeeds because it removes friction from international banking, a pain point for young people living or studying abroad. Clear pricing, fast delivery, and multi-currency functionality meet the needs of a generation that expects digital self-service.

By allowing partners to integrate with Wise's infrastructure, the company reaches students through apps they already use and builds trust through real-world testimonials.




**All information found on the Wise website: [www.wise.com/nz](www.wise.com/nz)**

# Appendix 3: Secondary research - Up Bank case study [25]

## Overview & challenge

Up Bank, launched in 2018 by Australian neobank Ferocia and Bendigo Bank, deliberately targets younger customers who are digitally savvy and frustrated with "boring" banking. The bank positions itself as a lifestyle brand rather than a traditional institution—its mission is to make money easy. They now help over 900,000 customers and are laser-focused on building the best digital banking experience on earth.

The Upsider community is the heartbeat that pushes them forward every day. They have grown their customer base by promoting 'hook up your mates' (more than half of all Upsiders were referred by a mate). They acknowledge that their customers have a solid GIF game, highlighting gamification as a successful value proposition.

## Key features that resonate with young adults

Up's user experience includes gamification and collaborative features, which encourage financial engagement rather than passive consumption.

| Feature | How it benefits young adults |
|---|---|
| **Savers (Goal-based saving)** – Up lets customers create "savers" for specific goals; automatic deposits can be scheduled weekly, fortnightly or monthly. Goals can be individual or joint. | Goal-based saving helps young people visualise and plan for purchases like a laptop or holiday. Automatic micro-deposits cultivate a savings habit without manual effort. |
| **Maybuy –** save-now-buy-later | Instead of buying on credit, users add a product to the app and schedule savings toward it. This encourages thoughtful spending and prevents impulsive purchases, important for emerging adults building financial discipline. |
| **2Up shared account** – Two people can share a joint account with a shared debit card, joint savers and instant digital cards. | Couples or housemates can manage bills and shared goals transparently without merging their entire finances. |
| **Save Up challenge (gamification)** – A structured challenge encourages users to save AUD $1,000 over a year; progress is tracked through levels, and participants can challenge friends. | Turning savings into a friendly competition motivates young adults to stay on track and compare progress with peers. |
| **Budgeting & tracking tools** – The Up app includes trackers for up to 40 spending categories, allowing users to set spend limits and monitor expenses via "Monthly Insights". It predicts upcoming bills based on past charges and warns users to avoid late-payment penalties. | Real-time notifications and category budgets make it easier for young people to understand their spending patterns, avoid overdraft fees and prepare for future commitments. |

# Up Bank

## Impact

Up Bank has attracted hundreds of thousands of customers in Australia. Although exact numbers are proprietary features like Save Up challenges, Maybuy and 2Up highlight Up's unique approach to driving engagement and savings.

The design has earned Up a reputation for being a "bank for everybody" and not just for early adopters. Up's playful user experience fosters financial literacy among younger demographics, encouraging them to build savings habits and gain confidence in managing money.

## Lessons for engaging young adults.

Up demonstrates how gamification can turn everyday banking into an engaging experience. By using progress bars, challenges and social sharing, the app taps into the motivational psychology of younger generations. Up also recognises the importance of joint financial management for couples or flatmates and provides features that make it easy to share expenses without the need for complicated paperwork. The bank's clear and friendly design, along with its strong social media presence, contributes to a high level of brand loyalty among Gen Z and Millennials.


**Up website:** [www.up.com.au](http://www.up.com.au)

# Appendix 3: Secondary research – Sharesies case study [26]

## Overview & challenge

Sharesies is a New Zealand-based investing platform founded in 2016 to make investing accessible to everyone, regardless of wealth. Co-founder Sonya Williams noted that many millennials felt priced out of property; Sharesies aimed to provide the same investment opportunities to someone with NZ $5 as someone with NZ $5 million.

Sharesies makes investing accessible for young people by removing traditional barriers like high upfront costs, lack of financial knowledge, and the intimidation of stock markets. It allows users to buy fractional shares for as little as a few cents, set up auto-investing to build habits over time, and access both local and global markets. Alongside this, Sharesies provides simple educational tools and resources, helping young investors grow their confidence and build long-term wealth.

## Key features that resonate with young adults

| Feature/Case evidence | How it benefits young adults |
|---|---|
| **Fractional investing –** buy portions of shares or funds with low minimums and capped fees. | Makes investing accessible to those with small budgets; users can build portfolios with as little as NZ$5. |
| **Kids Accounts & auto-invest –** parents can open accounts for teens and set recurring contributions | Introduces investing early and builds good habits through automated deposits. |
| **Predictable pricing –** capped brokerage fees and subscription pricing keep costs transparent | Helps young investors budget for investing without worrying about hidden charges. |
| **Responsive support & easy share transfers –** in-app chat helps users move existing shares into Sharesies | Reduces hassle when consolidating portfolios and provides guidance for first-time investors. |
| **Investor Journey** – Sam, a 19-year-old university student, began investing at 14 via a Sharesies Kids Account. His parents set up an auto-invest order; he added money from holiday jobs. He started with managed funds and ETFs and later moved to individual companies. He describes the platform as user-friendly and credits early exposure for building his confidence and financial mindset. | This case shows how Sharesies' simple interface and auto-invest function make it easy for teenagers to get started. Early exposure fosters long-term thinking and reduces fear of investing. |

# Sharesies

## Impact

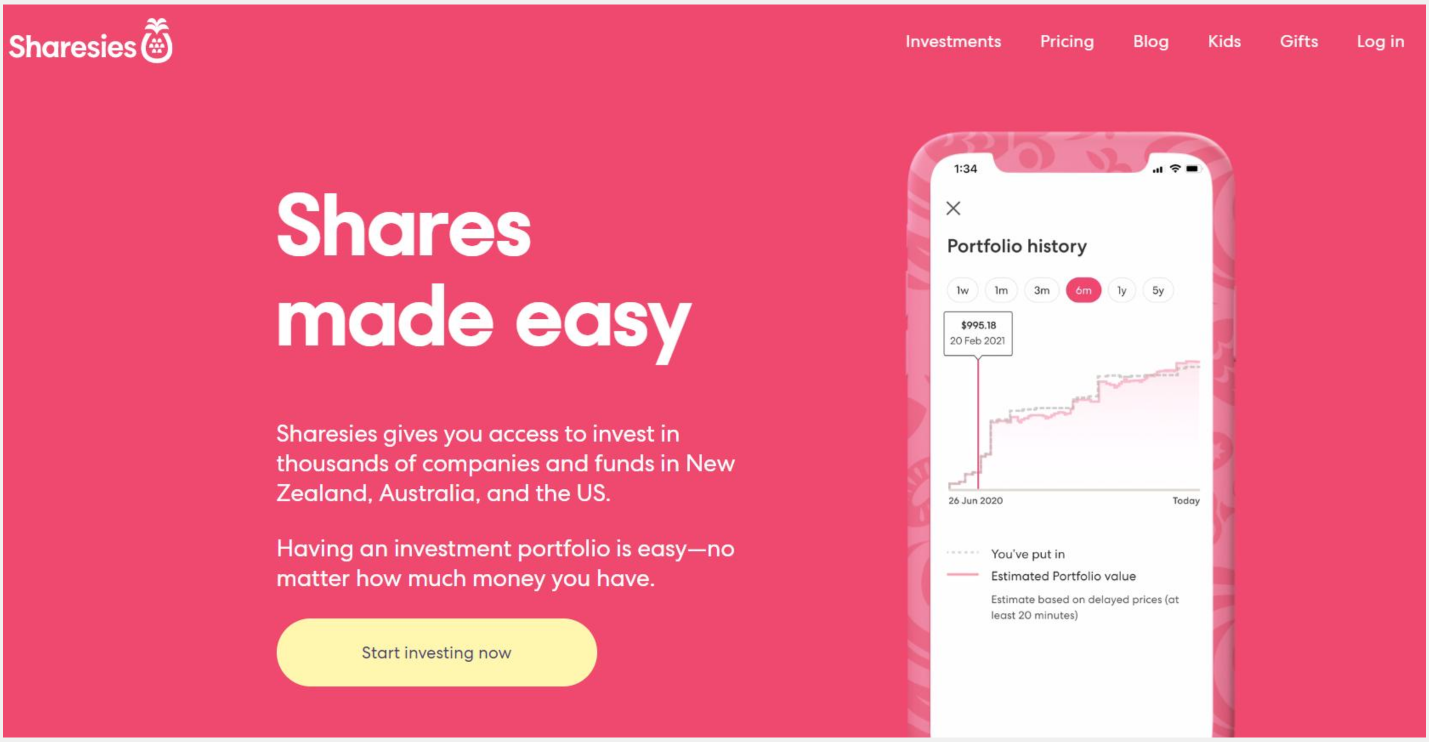
Sharesies' inclusive model has democratised investing in New Zealand. By 2025 it had more than 800,000 users, and the firm has been recognised for improving financial literacy. Investor stories illustrate how teenagers and young adults build portfolios, learn about market volatility and adopt long-term investing habits.

Sharesies' emphasis on education through webinars, podcasts and articles further empowers young investors.

## Lessons for engaging young adults.

Sharesies proves that removing minimum investment thresholds and using easy-to-understand interfaces can attract a new generation of investors.

Early engagement through Kids Accounts fosters long-term habits, and supportive customer service encourages new investors to ask questions and transfer existing assets. Emphasising education over speculation resonates with millennials and Gen Z, many of whom aim to build wealth slowly rather than chase quick returns.




**Sharesies website:** [www.sharesies.nz](www.sharesies.nz)

# Appendix 3: Secondary research – Revolut case study [27]

Revolut

## Overview & challenge

Overview & challenge. Revolut launched in the UK in 2015 as a foreign-exchange card and quickly evolved into a multi-product financial platform offering banking, investments, and crypto trading. For young people who travel or study abroad, high FX fees and fragmented financial services create friction.

Young adults often juggle multiple financial apps and face high FX fees; Revolut set out to unify banking, payments, investing and foreign exchange in one platform

## Key features that resonate with young adults

Revolut's "super-app" strategy provides a range of features that resonate strongly with 18- to 32-year-olds who value flexibility, low costs and digital convenience.

| Feature/Case evidence | How it benefits young adults |
|---|---|
| **Multi-currency spending and travel card (physical, virtual and single-use)** | Lets users pay abroad at near-interbank rates, stash multiple currencies and avoid high FX fees; single-use virtual cards add security for online shopping. |
| **Instant peer payments and bill splitting via in-app chat** | Simplifies splitting rent, dinners or group trips, and reduces friction when settling debts with friends. |
| **Savings "Pockets" with round-ups and joint goals** | Automates saving by rounding up spare change and allows friends or couples to save together for shared goals, encouraging disciplined saving. |
| **Budgeting and analytics tools** | Provide spending insights and notifications, helping young users track expenses, set budgets and avoid overspending. |
| **Personalised card design** | Offers self-expression and strengthens brand connection by letting users customise their physical card with emojis or text. |

# Revolut

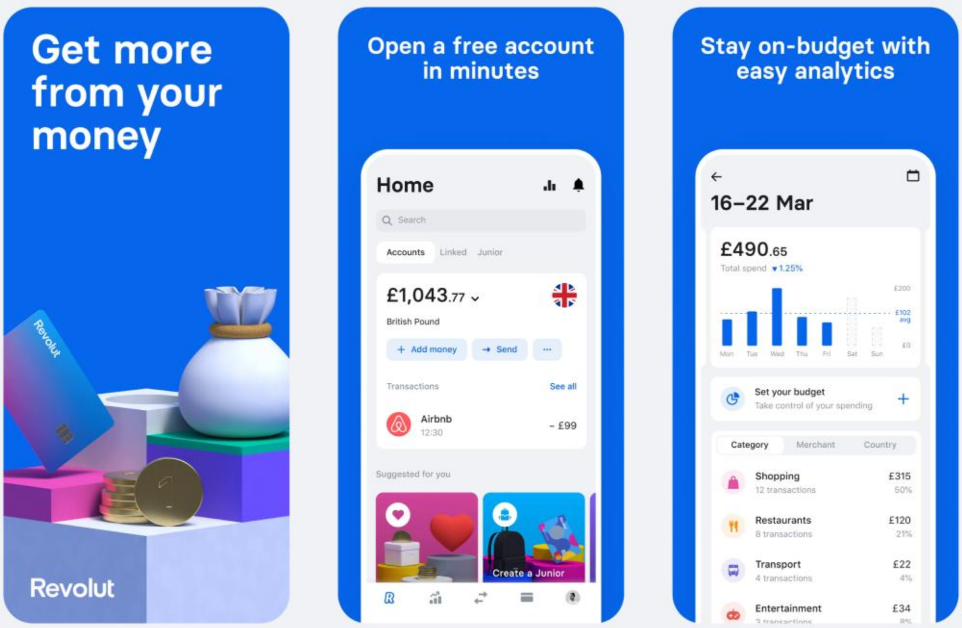
Revolut

## Impact

Revolut's overall strategy of unifying payments, banking and investments in one app allowed it to scale rapidly. By 2024, it had over 52.5 million retail customers and revenue of £3.1 billion. Offering youth accounts helps Revolut build brand loyalty early and provides a pathway for young users to graduate to adult products, confident investors and beyond.

## Lessons for engaging young adults

Revolut's success with 18- to 32-year-olds stems from a user-centric strategy that solves multiple problems at once. By integrating currency exchange, banking, investing and crypto in one app, the company removes friction for young adults who don't want to juggle multiple providers. Its transparent, competitive pricing, especially for foreign exchange and trading, appeals to cost-conscious students and early-career workers. Revolut regularly adds new features and stays ahead of trends, while chat-based payments, bill-splitting and group saving tools match the social habits of Gen Z and millennials. Smart budgeting analytics and "Pockets" that round up spare change help users take control of their spending. Multi-currency cards with single-use virtual options support travel and global lifestyles. Personalisation, such as custom card designs, plus a commitment to solving real-world problems through a simple interface, further strengthens Revolut's appeal among young and emerging adults.




**Revolut website:** [www.revolut.com/en-NZ/](www.revolut.com/en-NZ/)

# Appendix 3: Secondary research – Monzo case study [28]

## Overview & challenge

Monzo is a UK-based digital bank founded in 2015 that quickly grew to more than eight million customers by 2024. It positions itself as a mobile-first alternative to traditional banks, targeting tech-savvy younger customers who expect seamless app experiences, transparent fees and instant feedback.

Monzo recognised that many 18- to 32-year-olds felt frustrated by legacy banks' hidden charges and clunky interfaces, and that teens and new earners needed guidance on managing their money responsibly. To solve this, Monzo offers app-based current accounts with features such as real-time spending notifications, budgeting and bill-splitting tools, fee-free card spending abroad, and controlled overdrafts. It also provides "pots" for goal-based saving and salary sorting, along with a teen account that blocks gambling and other age-restricted transactions. These tools address the challenge of helping young people gain financial independence while avoiding harmful debt and overspending.

## Youth orientated products and marketing

| Feature/Case evidence | How it benefits young adults |
|---|---|
| **No-fee teen/young adult account –** contactless debit card with Apple Pay/Google Pay and account number for payments | Gives near-adult banking functionality without monthly fees, allowing independence for first-time earners. |
| **Instant spend notifications & budgeting tools –** real-time alerts, bill-splitting and spending categories | Helps users track spending, split rent or meals easily and stick to budgets. |
| **Age-appropriate controls –** gambling and other age-restricted transactions blocked; no overdraft | Prevents risky behaviour and debt, teaching responsible money management. |
| **Fee-free card spending abroad & ATM allowance –** no charges for overseas card use and fee-free cash withdrawals up to £200 in non-EEA countries per 30 days | Supports affordable travel and study abroad experiences without hidden fees. |
| **Social language and communication** – language That is engaging, playful, yet professional, and sometimes humorous. | Using language that resonates with this group. Choosing the time to be professional, Informative, playful and when not to take themselves too seriously has a positive impact on brand appeal. |

# Monzo

## Impact

Monzo's combination of free, feature-rich accounts and creative marketing has made it a favourite among younger generations. The teen account provides a controlled introduction to banking, while marketing campaigns and gamified features maintain engagement. The positive reception of the influencer campaign suggests that Gen Z values relatable, peer-driven content when choosing financial providers.

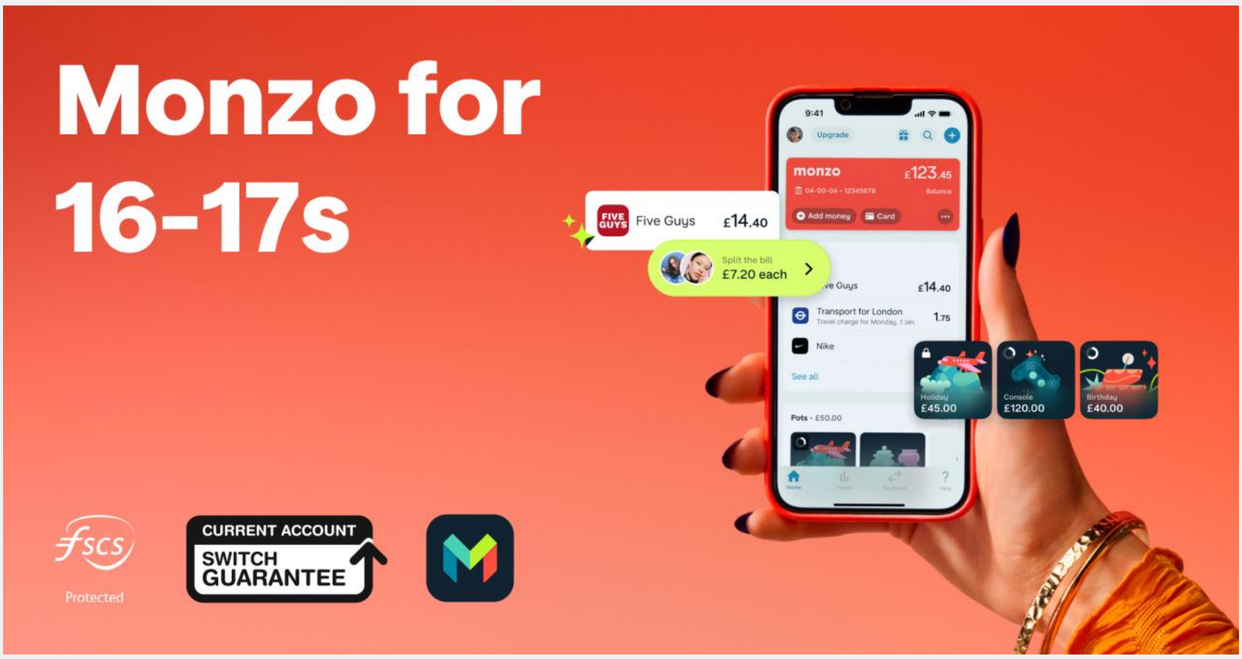
## Lessons for engaging young adults.

Successful strategies include offering nearly full-functionality accounts to teenagers, implementing spending restrictions to encourage responsible behaviour, and using gamification to make budgeting feel rewarding.

Incorporating safeguards such as blocking gambling and eliminating overdrafts protects inexperienced users from harmful spending. Gamified features like saving "pots" and salary sorting make budgeting interactive and rewarding.

Authentic, platform-native marketing works: Monzo's campaign utilised a relatable influencer to demonstrate features in humorous student scenarios, thereby building trust and positioning the bank as a friendly financial companion.

Additionally, social media campaigns featuring authentic creators help humanise the brand and build an emotional connection. By positioning itself as a "friend" rather than an institution, Monzo appeals to younger customers who are sceptical of traditional banks.




**Monzo website:** [www.monzo.com](http://www.monzo.com)

# References


1. National population estimates: At 30 June 2023 | Stats NZ. (n.d.). https://www.stats.govt.nz/information-releases/national-population-estimates-at-30-june-2023/

2. Commerce Commission - Disruptive forces needed to drive change in NZ's personal banking sector. (n.d.). https://comcom.govt.nz/news-and-media/media-releases/2024/disruptive-forces-needed-to-drive-change-in-nzs-personal-banking-sector

3. Wyman, O. (n.d.). Young and emerging adults . Oliver Wyman Forum. https://www.oliverwymanforum.com/gen-z.html

4. Speaking Young and emerging adults : How banks can attract young customers. (2023, November 20). World Economic Forum. https://www.weforum.org/agenda/2023/11/gen-z-banking-finance-money-trends/

5. CX disconnect: Banks, carmakers, telcos failing to join customer dots, 'gaming' NPS, measuring wrong outcomes, undermining martech investments – but universities nailing it | Mi3. (2024, May 13). https://www.mi-3.com.au/06-05-2024/cx-disconnect-banks-carmakers-telcos-failing-join-customer-dots-gaming-nps-measuring-0

6. Adewunmi, A., & Rahman, M. M. (2023). The social production of financial inclusion of Generation Z in digital banking ecosystems. Australasian Accounting, Business and Finance Journal, 17(4), 98–117. https://www.uowoajournals.org/aabfj/article/id/1171/

7. Framework for Innovation - Design Council. (n.d.). Design Council. https://www.designcouncil.org.uk/our-resources/framework-for-innovation/

8. The Origins | Te Korekoreka. (n.d.-b). Te Korekoreka. https://www.tekorekoreka.co.nz/origins

9. Ipsos. (2020). The forces of customer experience. Retrieved July 11, 2025, from https://www.ipsos.com/sites/default/files/ct/publication/documents/2020-05/the-forces-of-cx.pdf

10. Commerce Commission - Market study into personal banking services. (n.d.). https://comcom.govt.nz/about-us/our-role/competition-studies/market-study-into-personal-banking-services

11. New Zealand Government. (2023). Digital Identity Services Trust Framework Act 2023. https://www.legislation.govt.nz/act/public/2023/0013/latest/LMS459583.html

12. Sagar. (2025, June 10). Fine-Tuning LLMs for Financial Services with IBM watsonx. Nexright. https://nexright.com/fine-tuning-llms-for-financial-services-with-ibm-watsonx/

13. Erica® - Virtual Financial Assistant from Bank of America. (n.d.). Bank of America. https://info.bankofamerica.com/en/digital-banking/erica

14. Morgan, J. (n.d.). Quest IndexGPT: Harnessing generative AI for investable indices | J.P. Morgan. https://www.jpmorgan.com/insights/markets/indices/indexgpt

15. NatWest launches Cora+, the latest generative AI upgrade to the bank's digital assistant | NatWest Group. (n.d.). https://www.natwestgroup.com/news-and-insights/news-room/press-releases/data-and-technology/2024/jun/natwest-launches-cora-plus-the-latest-generative-ai-upgrade-to-t.html

16. Genesys Awards Kiwibank as Winner of CX Innovator Award | Genesys. (n.d.). Genesys. https://www.genesys.com/company/newsroom/announcements/genesys-awards-kiwibank-as-winner-of-cx-innovator-award

17. Smith, P. (2019, February 10). UBank creates virtual home loan assistant to give 24-hour AI-driven advisers. Australian Financial Review. https://www.afr.com/companies/retail/ubank-creates-virtual-home-loan-assistant-to-give-24-hour-aidriven-advisers-20190208-h1b1jf

18. Smartpay-Russell. (2023, August 27). How Contactless Became NZ's #1 Payment Method - Smartpay. Smartpay NZ. https://www.smartpay.co.nz/blog/contactless-nz-1-preferred-payment-method/#:~:text=To%20help%20retailers%2C%20Payments%20NZ,for%20contactless%20debit%20card%20transactions

# References continued...


19. Silk, K. (2022). New Zealand's changing payments landscape and potential responses to it – a regulator's view. In Payments NZ's the Point 2022 Conference. https://www.bis.org/review/r221109c.pdf

20. MinterEllisonRuddWatts. (2025). New Zealand payment system update: Interchange fee. https://www.minterellison.co.nz/insights/new-zealand-payment-system-update-interchange-fee

21. Bignell, F., & Bignell, F. (2025, May 14). OBL reveals UK open banking adoption for consumers reaches same level as small business adoption. The Fintech Times. https://thefintechtimes.com/obl-reveals-uk-open-banking-adoption-for-consumers-reaches-same-level-as-small-business-adoption/#:~:text=The%20report%20also%20found%20that,market%20open%20banking%20proposition

22. Huston, J. (2024, December 1). Open banking services must migrate customers to regulated government system. RNZ. https://www.rnz.co.nz/news/business/535411/open-banking-services-must-migrate-customers-to-regulated-government-system

23. Consumer research: cards still on top but digital options gaining ground | Payments NZ. (n.d.). Payments NZ. https://www.paymentsnz.co.nz/resources/articles/consumer-research-cards-still-on-top-but-digital-options-gaining-ground/#:~:text=Sixty,from%2077%20percent%20in%202022

24. Wise. (n.d.). ***Wise: Money without borders***. https://wise.com

25. Up. (n.d.). Up: Australia's digital bank. https://up.com.au

26. Sharesies. (n.d.). Sharesies: Investing made easy. https://www.sharesies.nz

27. Revolut. (n.d.). Revolut: One app, all things money. https://www.revolut.com

28. Monzo. (n.d.). Monzo: Banking made easy. https://monzo.com

29. New Zealand's AI Strategy: Investing with confidence | Ministry of Business, Innovation & Employment. (n.d.). https://www.mbie.govt.nz/business-and-employment/economic-growth/digital-policy/new-zealands-ai-strategy-investing-with-confidence

30. Reserve Bank of New Zealand. (2025). Financial Stability Report. May 2025. In Financial Stability Report. https://www.rbnz.govt.nz/financial-stability/financial-stability-report

31. Stobo, C., Barrass, S., & Financial Markets Authority. (2025). Financial Conduct Report. https://www.fma.govt.nz/assets/Reports/FMA-2025-Financial-Conduct-Report.pdf

32. Institute of Digital. (2023, October 8). Unlocking the Power of AI Chatbots: Elevating Customer Experience in New Zealand — The Institute of Digital Marketing New Zealand.| IDNZ. https://www.id.ac.nz/blog/the-role-ai-with-chatbots-in-improving-customer-experience-for-nz-companies

33. RBNZ and FMA Governance Thematic Review outlines good practices and areas for improvement. (n.d.). Financial Markets Authority. https://www.fma.govt.nz/news/all-releases/media-releases/rbnz-and-fma-governance-thematic-review-outlines-good-practices-and-areas-for-improvement/

34. NPST. (2024, September 18). UPI: The world's favourite payment method hits $964 billion in record time - NPST. https://www.npstx.com/newsevents/upi-the-worlds-favourite-payment-method-hits-964-billion-in-record-time/#:~:text=NPST%20www,highest%20in%20the%20world%2C

35. Hermes. (2019, September 3). PayNow reaches over 2.8 million individual registrations. The New Paper. https://www.tnp.sg/news/singapore/paynow-reaches-over-28-million-individual-registrations

36. Gallantree, T. (2022, November 7). Millions of Australians take-up PayID to prevent scams. Australian Banking Association. https://dev.ausbanking.org.au/millions-of-australians-take-up-payid-to-prevent-scams/#:~:text=6%20November%202022

# References continued...


37. FinTechNZ. (2025, May 29). The Time Is Now – A Call to Action for fintech in Aotearoa - FintechNZ. FintechNZ. https://fintechnz.org.nz/2025/05/29/the-time-is-now-a-call-to-action-for-fintech-in-aotearoa/#:~:text=Supporting%20the%20development%20of%20our,industry%20that%20exports%20innovation%20globally

38. Zealand, D. I. N. (2025, March 23). Shaping the future of open banking in Aotearoa: Digital Identity New Zealand. https://digitalidentity.nz/2024/10/21/shaping-the-future-of-open-banking-in-aotearoa-dinz-responds-to-proposed-designation-regulations-and-standards/#:~:text=Learning%20from%20Australia%E2%80%99s%20Open%20Banking,Journey

39. Open banking milestone reached for Aotearoa New Zealand | API Centre. (n.d.). Payments NZ. https://www.apicentre.paymentsnz.co.nz/news/articles/open-banking-milestone-reached-for-aotearoa-new-zealand/#:~:text=%E2%80%9CToday%20is%20a%20massive%20day,to%20offer%20open%20banking%20payments

40. Martin, M. (2025, June 9). Westpac partners with Akahu to advance open banking in New Zealand. NZ Adviser. https://www.mpamag.com/nz/news/general/westpac-partners-with-akahu-to-advance-open-banking-in-new-zealand/538462#:~:text=%E2%80%9CBy%20working%20with%20Akahu%2C%20we%E2%80%99re,Westpac%20chief%20information%20officer

41. Open banking | Ministry of Business, Innovation & Employment. (n.d.). https://www.mbie.govt.nz/business-and-employment/business/competition-regulation-and-policy/consumer-data-right/open-banking#:~:text=Customer%20authorisations

42. Consumer data right | Ministry of Business, Innovation & Employment. (n.d.). https://www.mbie.govt.nz/business-and-employment/business/competition-regulation-and-policy/consumer-data-right#:~:text=

43. Weldon, R. (2025, July 10). What is a digital wallet and how do they work? Airwallex NZ. https://www.airwallex.com/nz/blog/what-is-a-digital-wallet

44. New Zealand Consumers ahead in digital payments uptake | Scoop News. (n.d.). https://www.scoop.co.nz/stories/BU2209/S00094/new-zealand-consumers-ahead-in-digital-payments-uptake.htm#:~:text=Consumers%20in%20New%20Zealand%20are,method%20during%20the%20same%20period

45. How digital wallets work and how to accept a digital wallet | Stripe. (2025, July 15). https://stripe.com/nz/resources/more/digital-wallets-101#:~:text=

46. Zealand, D. I. N. (2024, May 21). 'Identiful' Digital Wallets and why you should care | October Newsletter - Digital Identity New Zealand. Digital Identity New Zealand. https://digitalidentity.nz/2023/10/24/identiful-digital-wallets-and-why-you-should-care-october-newsletter/#:~:text=As%20an%20aside%2C%20Digital%20Identity,public%20sector%20developed%20digital%20wallet

47. van Velden, B. (2025, March 14). Streamlining identity verification online. New Zealand Government – Beehive.govt.nz. https://www.beehive.govt.nz/release/streamlining-identity-verification-online#:~:text=%E2%80%9CMore%20than%201,service%20to%20the%20public%20too

48. Aldane, J. (2024, November 15). New Zealand sets out the rules for trusted digital identity services. Global Government Forum. https://www.globalgovernmentforum.com/new-zealand-sets-out-the-rules-for-trusted-digital-identity-services/#:~:text=Addressing%20the%20practical%20problem%20that,of%20our%20important%20physical%20documents%E2%80%9D

# References continued...


49. Frear, G., & Rennie, H. (2024, March 27). New Zealand FinTech PulseCheck 2024. Deloitte. https://www.deloitte.com/nz/en/Industries/financial-services/perspectives/new-zealand-fintech-pulsecheck-2024.html

50. Borak, M. (2025, February 5). Can BankID spread its footprint outside of the Nordics? Biometric Update | Biometrics News, Companies and Explainers. https://www.biometricupdate.com/202502/can-bankid-spread-its-footprint-outside-of-the-nordics#:~:text=Among%20adults%20in%20Sweden%2C%20the,the%20Future%20of%20Identity%20podcast

51. Sing, E. K., & Sing, E. K. (2025, March 13). Four more banks offer their customers ConnectID service and privacy in transactions - Identity Week. Identity Week - Identity and Trust for Government, Enterprise, and Partners. https://identityweek.net/four-more-banks-offer-their-customers-connectid-service-and-privacy-in-transactions/#:~:text=Research%20conducted%20by%20Kantar%20in%C2%A0December,in%20December%20 2023

52. FinTechNZ. (2023, July 28). FinTechNZ – Digital Identity - FintechNZ. FintechNZ. https://fintechnz.org.nz/2023/04/27/fintechnz-digital-identity/#:~:text=the%20likes%20of%20AML%2FKYC%20%28anti,as%20we%20have%20seen%20with

CONTACT

Lance Webb

Lance@shapeconsulting.nz

+64 21 2888164

SHAPE