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Reserve Bank
of New Zealand
Te Pūtea Matua

Digital cash in New Zealand

Full consultation paper

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Notes for the Large Print Reader

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Contents

Contents	LPP
<u>Executive Summary</u>	1-6
<u>Introduction</u>	6-7
<u>What is digital cash?</u>	7-10
<u>Why is the Reserve Bank investigating digital cash?</u>	11-14
<u>Supporting greater digital financial inclusion</u>	14-15
<u>Digital cash can improve digital financial inclusion</u>	15-19
<u>Strategic design of digital cash</u>	19
<u>User centric design and benefits</u>	19-29
<u>We need your feedback</u>	30-31

Contents	LPP
<u>Submission questions</u>	31-34
<u>References</u>	34-35

Executive Summary

At the Reserve Bank of New Zealand Te Pūtea Matua (Reserve Bank), we're looking at digital cash. It would be an electronic version of the banknotes and coins we have today (physical cash) issued by the Reserve Bank, but it would not replace physical cash.

What is digital cash?

Digital cash would be a new type of money in addition to the banknotes and coins we have today, and the electronic money in your bank account. It would be issued by the Reserve Bank and hold the same value as banknotes and coins. It could be swapped 1:1 with physical cash, and other forms of NZD, like the electronic money in your bank account.

It would likely be accessed by either a physical card, digital wallet, or an app on your phone or device. People could choose a digital cash provider and open a digital cash account with them. This could be a bank or a private payments provider.

Digital cash could be used to buy items in shops or online, or to send money to other people instantly. You could also make payments without connecting to internet.

The way New Zealanders pay for things is changing

We know that being able to use cash is still important for many New Zealanders. But we also know that the way people pay is changing, and our economy is becoming more digital. Digital payments can make it easier and quicker to buy the things we want. To keep up with the changing times, we are looking at the possibility of issuing digital cash.

Digital cash is in addition to physical cash

Digital cash will not replace physical cash. It will give New Zealanders the choice of using digital cash or using your regular bank accounts, cards, physical cash or however you make your payments.

Digital cash isn't a new concept. Every day, billions of New Zealand dollars issued and backed by the Reserve Bank, already flows behind the scenes between commercial banks and other big institutions.

Digital cash would give you more choice when making payments

Digital cash would be mainly used for payments by individuals. It would mean everyone has access to central bank money – either as physical cash or in digital form. Now, physical cash in banknotes and coins is the only type of central bank money available to everyone to pay for things.

We want the certainty and safety of using digital cash to be available to all New Zealanders and businesses alongside physical cash. Digital cash design should also carefully meet or balance different considerations if it's to work for everyone.

Digital cash services would be provided by the private sector. New Zealanders will have the choice of who they use to access their digital cash services. For example, you will have a choice of digital cash wallet providers. Digital cash could boost competition in New Zealand's payments landscape by supporting new types of money and payments services from the private sector.

Digital cash would be easy to access and use, and private

We want everyone to have access to digital cash, even if they don't have a bank account. Like banknotes, you could use digital cash when the power is out, or the internet is down. If you want, you'll be able to use a physical card to access your digital cash and on devices like your phone or watch.

You could use digital cash to buy things in shops, online, or send money to friends and family instantly. Like banknotes and coins, digital cash would work with current payment options, and you can switch between the two.

It will also be private. The Reserve Bank will not be able to see or control how you spend your money.

Trust in our money is essential

We, the Reserve Bank, would issue digital cash just like we issue banknotes and coins today, so you can trust that it'll be safe and secure. Other forms of digital money are issued by the private sector – they can involve risks, particularly if something goes wrong in New Zealand's financial system.

Some other forms of digital money, like cryptoassets, are not denominated in New Zealand dollars. If a lot of people use them, it can pose a risk to our economy, the

New Zealand dollar, and our monetary sovereignty. Monetary sovereignty is important because it means that New Zealand can independently manage its money, set interest rates, and make decisions without being overly influenced by external forces.

Digital cash will be government backed and denominated in New Zealand dollars. Digital cash will help us keep our monetary sovereignty so you can continue to have confidence in our monetary system.

We're not the only central bank looking at digital cash

Many other central banks around the world are exploring digital cash to support:

- monetary and financial stability
- social and financial inclusion
- competition and private companies to develop innovative ways for people to pay.

We want you to tell us what you think about digital cash

We have developed some principles and design options for New Zealand's digital cash, and we want you to tell us if we have got it right and what it would mean for you.

There are many details to work out before we can decide if digital cash is right for New Zealand, and we plan to consult again in the future on whether we should go ahead and issue digital cash.

You can give your feedback by taking our online survey at <https://consultations.rbnz.govt.nz/money-and-cash/alternate-formats-digital-cash>.

Or, you can provide written feedback by:

- post to: Future of Money, Reserve Bank of New Zealand, #2 the Terrace, Wellington 6012.
- email at futureofmoney@rbnz.govt.nz
- phone on 0800 7269 7269. Call us between 9am and 5pm on weekdays.
- text on 021 223 6062

If you're Deaf, hard of hearing, deafblind, have a speech impairment or find it hard to talk, you can use the New Zealand Relay Service nzrelay.co.nz

You can provide feedback until **30 September 2024**.

Introduction

The Reserve Bank of New Zealand Te Pūtea Matua (Reserve Bank) is investigating a digital form of cash. Digital cash is a type of central bank digital currency. Just like physical cash, it would be issued by the Reserve Bank

and be trusted and safe. It would also protect people's privacy, and anyone could use it without needing a bank account.

We first consulted on digital cash in 2021.(1)

What is digital cash?

Digital cash would be a new form of cash issued by the Reserve Bank to the New Zealand public.

- denominated in New Zealand dollars (NZDs). It could be swapped 1:1 with physical cash, and other forms of NZD, like money in your bank account.
- private, secure, and able to be trusted – the Reserve Bank will not control how you spend your money.
- available to everyone and distributed by the private sector – but you would not need a bank account to use it.

Digital cash would be mainly used for payments by individuals. You could use it to do new things like make an instant digital payment to anybody. You could also make payments without connecting to internet.

1 See <https://consultations.rbnz.govt.nz/money-and-cash/digital-cash-in-new-zealand/> for supporting digital cash consultation notes and reports.

How would digital cash be used?

We can use the stories of Grace, Levi, and Maya to look ahead and imagine some of the ways people could open a digital cash account and use it in their everyday lives.

Grace has just opened a digital cash account with her bank.

1. Opening an account is quick and easy – Grace uses her phone to take a photo of herself, which she uploads to verify her identity.
2. Her identity is verified in a few minutes, and she now has a digital cash account.
3. This account is separate from her other bank accounts. Her bank cannot touch the digital cash in her account.
4. Grace uses internet banking to transfer money into her new digital cash account.
5. She also gives her employer her new digital cash account number, so she can get paid in digital cash.
6. Later, Grace finds some cash in her wallet. She goes to a smart ATM and deposits cash directly into her new digital cash account.
7. Grace can choose to access her digital cash through her phone, online banking, her watch, or through a separate physical card.

8. In the future, there would be many digital cash service providers offering digital cash services. You would be able to choose which provider you use, and this could change depending on the service you want.
9. Like Grace, you could open a digital cash account with your own bank or use a private payments company.

Levi wants to use his digital cash to pay for things instantly.

1. Levi orders a coffee at his local café, he chooses to make the payment by holding his phone, wearable or card against the PoS terminal. He also orders one for his friend Grace.
2. Levi also wants to book flights to Marlborough to visit his Nan. By paying with digital cash, Levi won't get charged any extra fees.
3. Levi also wants to be able to receive digital cash payments anywhere, anytime. By tapping their phones together, Grace can pay Levi back for the coffee he bought her earlier this morning. Grace's money is sent to Levi instantly and securely.
4. Levi is also going to take his digital cash card on holiday in case he needs to buy something and has no data left on his mobile to make an online payment.

Maya has more control over how she manages her money

1. Like most of us, Maya wants to have more control over how she manages her money.
2. Using her digital cash banking app, Maya can see exactly where she is spending her money.
3. Maya wants to cut down on the number of coffees she buys so she can save for a new car.
4. The app adds up how much Maya has spent buying coffees in a month and lets her compare how this has changed over time.
5. This helps Maya manage her spending without having to spend time adding her expenses manually.
6. Maya also uses her digital cash app to set up an automatic payment to transfer the digital cash she has left over every month into her savings account so she can earn interest. This helps Maya achieve her goal of buying a new car faster.
7. Maya also uses automatic payments to transfer some of her digital cash into her expenses account. This helps Maya track her bill payments and allows her to use the automatic payments that she has already set up.

Why is the Reserve Bank investigating digital cash?

Central bank money, in the form of cash and reserves, plays an important role in ensuring the NZD is New Zealand's primary currency. This is called the 'value anchor' role. Cash, either physical or digital, also ensures that everyone can make and receive payments and participate in society.

People are using cash less, and the role of central bank money in New Zealand as a value anchor is under threat. New Zealand's money should innovate to stay relevant and useful, and in doing so ensure our monetary sovereignty.

Globally a new wave of digitalisation is rapidly changing the nature and use of money and payments. The technology of central bank money may need to evolve to carry the benefits of cash into a digital future.

Given this, our objectives for digital cash are to:

- ensure that central bank money is available to New Zealanders and allow it to be used digitally.
- enable a money and payments system that is innovative, competitive and contributes to the development of New Zealand's digital economy.

- We are not alone. Many other central banks are also considering issuing their own versions of digital cash.

How would digital cash drive more innovation in payment services?

We can use the illustration of GiveBetter and NoScam to look ahead and imagine some of the new services that could be created using digital cash.

GiveBetter offers new donation services

1. GiveBetter is a small payments start up firm. It wants to help charities accept digital donations for a lower fee.
2. It knows that donations given through existing digital apps charge high fees. These are due to card fees and the app provider fees.
3. It also knows that internet transfers can be clunky and are not convenient for one-off donations like street collections.
4. GiveBetter sets up a digital cash giving app. It has no card fees and sets a small processing fee.
5. Charities sign up to GiveBetter. They can request digital cash donations using a simple QR code at a fraction of the fees of other donation apps.

NoScam offers fraud protection

1. NoScam wants to help protect everyday people from online fraud.
2. It sets up a service that confirms the identity of people and businesses that receive digital cash. This protects people from scammers who are pretending they are trusted parties like government agencies.
3. This service works in the background of digital cash wallet apps. People can select the NoScam service to check whether the people or businesses they are sending digital cash to are who they say they are. NoScam checks the payee's actual identity against what they have told the payer.

Here's an example of using digital cash for offline payments in a small town:

Leilani lives in a small town in New Zealand. Leilani's town has a history of severe weather events, and the mobile phone reception is sometimes patchy. During past severe weather events, her community has lost internet access and had poor mobile phone coverage. The EFTPOS systems also went down. This made it hard for people to buy food and essential supplies, and businesses could not take payments.

With digital cash, Leilani and her community would be able to use it in 'offline mode' to make payments, if the internet or power went down. This means, Leilani and her

community will be able to buy critical items from shops and transfer money to pay for them. They can also use their mobile phone to pay, or use a physical card, like a secure smart card. They can do this by downloading digital cash to their phone or card, then use Bluetooth to transfer it from one device to another.

By accepting offline EFTPOS payments, local shop owners and retailers in the affected area can remain open and continue to provide needed supplies. This will make communities more resilient during a severe weather event, or in an emergency.

Smart cards will give people who are less comfortable with making digital payments an option to access digital cash. This means everyone will have more choice in how they make payments.

Supporting greater digital financial inclusion

Digital cash can enhance digital financial inclusion in New Zealand by offering greater consumer choice such as basic money and payment services and offline payments.

As a digital payment option, digital cash may not suit people who prefer to use physical cash, additional wrap around services may be needed to support those who struggle with certain digital exclusions.

You can find more information on the inclusion opportunities of digital cash and how they have informed our design direction in the Inclusion opportunities for digital cash, Digital cash Consultation Note.

Digital cash can improve digital financial inclusion

The Reserve Bank can use digital cash to improve digital financial inclusion. The private sector can also use their existing products and services to improve digital financial inclusion but are not always incentivised to do so. The Reserve Bank supports a money and cash objective of inclusive payments, among other things, and is more incentivised to consider digital financial inclusion.

Digital cash can provide a new option that overcomes current digital financial inclusion barriers. The Reserve Bank can prioritise access, and design features of digital cash so that it has:

Inclusive consumer facing interfaces such as wallets, tokens, customer service, and on boarding. Interfaces can be used by anyone, and particular attention is given to reducing digital access barriers.

Basic debit services that anyone, including those who have recently faced insolvency, can use.

A range of services that meet the needs of those who are currently not served, or are underserved, by existing service providers such as banks.

Simple and easy ways to swap between digital and physical cash and connect to existing payments services and other parts of the financial sector.

Offline functionality so that people without a mobile phone or the internet can make payments and manage their money.

Payments can be programmed to remove barriers created by manual processes and ensure there is no delay between when a payment is approved and when it is received.

A user centric view that could support agencies to implement the Debt to Government framework if the individual consented to sharing their information in that way. **(2)**

Wrap around support services to educate and help people learn how to use digital cash and support them if things go wrong.

2 Inland Revenue Department (2023).

Careful use of personal and transactional information to unlock access to other financial services while preserving an individual's privacy and autonomy. **(3)**

In addition, digital cash may appeal to people who have low confidence or trust in banks or the private sector. If we succeed in designing it to be truly accessible, digital cash may also appeal to people who have not used digital payments before. As people learn how to use digital cash, they may begin to feel more confident about trying out other digital payments and financial services. And become more aware of the benefits of using these services.

3 For example, an individual's transaction histories can be used to approve a new loan or insurance application, but they might also be used to decline a new loan or to exploit the user to purchase services they might not have otherwise purchase.

Here's an example of how digital cash could give insolvent people access to online debit services (4)

Sam and Belinda live rurally and applied for a loan to buy a new car. But they found it hard to keep up with the repayments and they now owe more for their car than what they paid for it. They spoke to a financial mentor, who advised them to apply for insolvency.

After applying for insolvency, they lost their bank account with their existing bank. They were able to open an account with another bank, but it does not have a local branch. The bank also restricted how they could use their account — Sam and Belinda were not given internet banking or mobile banking and were not allowed debit or credit cards. This means they could only use an EFTPOS card to buy things in shops and could not make online payments. They also had to do all their banking in person, at a branch, which was an hour away.

Sam and Belinda decide to open a digital cash account so they could have access to their money online and make online payments. The digital cash account is debit only and

4 Story draws from Fincap (2023) and Christians against poverty (2020) which detail the restrictions people can face following bankruptcy.

does not have any restrictions. Sam and Belinda can now have their wages and working for family's tax credits paid into this account, do mobile banking, and buy things online.

Strategic design of digital cash

The Reserve Bank has made high level design choices digital cash. These choices reflect the objectives and outcomes that we would like a new form of digital money to achieve, and the potential benefits to New Zealand.

The design of digital cash should be user centric, private, and deliver clear benefits to New Zealanders. It should also enable participation from the market, capture a high-level of innovation, and consider the impacts on other payments participants.

User centric design and benefits

Digital cash must benefit users to be worth adopting. Therefore, to design digital cash we must first consider the wants and needs of users.

What New Zealanders said they want from their money management systems

Money management is serious business to New Zealanders. Responses to the 2021 CBDC Issues paper overwhelmingly said privacy and cash were very important.

Our 2023 market research revealed that people valued easy control and clear oversight of their money systems.

New Zealanders also care about who is issuing their money and who is keeping it safe. They agree the Reserve Bank has an important role in money and financial stability and can provide the safest form of money to people.

Benefits to users

We found that most people want to be able to make instant digital payments to other people. For example, some people were interested in instant gift giving or instant donations, while others are interested in the ability to instantly receive and make payments when buying items from online market at the point of exchange.

Other improvements that appealed to people included easier and cheaper international transfers, no surprise fees, better fraud and scams prevention, capturing the opportunity to improve learning and budgeting enablement.

Digital cash use cases that appealed to consumer focus groups

Appealing use cases

- Claim a tax refund immediately after donating to charity
- Instantly donate to a busker on the street with your phone

- Instantly gift money to friends/family without having to get cash out
- Receive job seeker support payment immediately after the application is approved (beneficiaries especially)
- Small payments at farmers markets without the need for change (vulnerable consumers/migrants who use markets for regular shop especially)

More appealing use cases

- Pay with a contactless card of phone without the surcharge (younger consumers especially)
- Buy something online and set up the payment so you only pay once its delivered
- Instantly pay for TradeMe purchases at the pick-up without using cash
- Money is safe from any potential bank collapse.

Most appealing use cases:

- Split bills at restaurants/cafes easily
- Make a digital payment without being connected to the internet eg. Using Bluetooth
- Receive money from a friend instantly (younger consumers especially)

Note: unappealing use cases are not summarised here.

Source: GravitasOPG et al. (2023).

Privacy and personal autonomy are key priorities

We heard New Zealanders tell us that privacy and autonomy is important to them. Privacy is used to describe concerns about how data is stored and used as well as broader concerns like government surveillance and control, programmable money, and restrictions on the ability to live freely.

The design of digital cash must ensure minimal data collection and embed appropriate personal and transactional data governance. It must also provide users with assurance that they have full control over their information, and autonomy in how they choose to store and spend their digital cash. This implies that there cannot be any constraints on the use of the digital cash such as ‘programmable money’ that would restrict certain purchases. Finally, it should protect New Zealanders personal autonomy and freedoms, human dignity and te ao Māori perspectives of privacy.

Digital cash principles

The digital cash principles listed below represent the digital cash objectives and desired outcomes we presented earlier. They capture the public policy opportunities and challenges for New Zealand digital cash and translate them into design criteria. These principles were first

presented in the 2021 Issues Paper and have been further developed since.

The list below uses the digital cash principles to define a set of strategic design choices for digital cash.

Digital cash principles

1. Uniform: Digital cash will have the same dollar value as cash and bank deposits. It supports NZD as unit of account and our monetary sovereignty.
2. Universal: Digital cash will be universal. Everyone will be able to use it for everyday payments and savings, just like with cash. To achieve this, digital cash must be inclusive.
 - a. Inclusive: Everyone can access and use digital cash, in the same way that anyone can use physical cash to make a payment. This requires users to have meaningful choice, and autonomy.
 - Meaningful choice: There is a range of money and payments products and services provided in the digital cash ecosystem. Physical cash is supported.
 - Autonomy: Digital cash is trusted and can be used with confidence. Digital cash services are accessible, and information is easy to access and understand.
3. Private: Your information and lives will be kept private, and not influenced by the Reserve Bank when using

digital cash. To achieve this, we must build in information governance and assurance.

- a. Information governance: Your privacy will be protected by the Privacy Act and good data governance principles. The Reserve Bank will collect as little data as possible and won't be able to see your personal information or how you spent your money. You will have a choice on how your information is used, stored, shared, and deleted. Digital cash will uphold Māori data sovereignty.
- b. Assurance: You can feel confident in your freedom and rights when using digital cash.

4. Innovative: Digital cash will be innovative and support new and improved ways to make payments. To achieve this, digital cash must be efficient and feasible.

- a. Efficient: The digital cash ecosystem uses the least resources possible and makes sure to allocate resources towards user requirements. This requires more competition and high interoperability with the existing payments landscape.
 - Competition: Digital cash enables broad access to, and participation in, New Zealand's money and payments landscape. Businesses compete to win and retain users of digital cash.
 - Interoperability: Digital cash is compatible with different payment devices and systems in New Zealand.

- b. Feasible: Digital cash and its ecosystem of services can be delivered in New Zealand. Service providers are incentivised to be involved in the ecosystem. This requires digital cash to be simple and have balanced incentives.
- Simple: Digital cash should be simple to design, develop and implement.
 - Balanced incentives: Service providers — banks, payment companies, and new providers — will deliver digital cash services in a sustainable and efficient way.
5. Reliable: Digital cash will be reliable – so you can trust that your money remains safe and payments can be made when you want to. To achieve this, digital cash to be resilient and safe.
- a. Resilient: Digital cash can recover quickly if it's exposed to risks or outages.
- b. Safe: Digital cash is protected from things like failures and cyber-attacks, so you feel safe using it. This requires the payment to be final and compliant.
- Final: Once you make a payment, it can't be reversed or reclaimed.
 - Compliant: Digital cash will need to comply with all relevant legislation and regulations.
6. Orderly: Digital cash will be issued by the Reserve Bank in an orderly way to minimise disruption to the financial

system and economy. To achieve this, we must monitor stability and maintain controls.

- a. Stability: The Reserve Bank will monitor the impact of issuing digital cash on financial conditions. This includes monitoring whether commercial banks can get enough funding to conduct their businesses.
- b. Controls: The Reserve Bank can control the timing, speed, and amount of digital cash in the economy and will make sure the financial system remains stable.

Application of the principles to strategic design choices

1. Uniform:

- a. Any interest earned or fees charged would be to the balance of funds, not on the asset itself.
- b. There are no features designed to constrain what digital cash can be spent on (the asset is not programmable).

2. Universal:

- a. It will be available on a range of devices and media.
- b. It will be easy to use and accessible for all people.

3. Private:

- a. The Reserve Bank will not see personal or transactional data.

- b. The Reserve Bank will embed fit-for-purpose data governance, including Māori data governance pou, that service providers must follow.
- c. Any digital cash service provider will give users control and assurance over how their information is collected, stored, used, shared, and deleted.
- d. Other government agencies (such as Police and IRD) must use legal mechanisms to access any personal or transaction data held in an individual's device or online wallet.

4. Innovative:

- a) It will be provided via a multi-tiered ecosystem. The Reserve Bank will deliver the core infrastructure (the asset and the platform) and service providers will offer digital cash services such as customer onboarding and online wallets.
- b) The multi-tiered ecosystem will be designed to encourage competition in the money and payments landscape.
- c) Consumer needs will be prioritised in the development of core infrastructure.
- d) It will provide a fast, convenient, and efficient way to pay. This includes instant payments.
- e) You can easily use in ways that you are already familiar with, and in new ways if you want to. It will work with existing payment technologies like at the point of sale.

- f) You can easily swap digital cash for other forms of NZD, such as physical cash or money in a transaction account.
- g) The core platform is flexible, highly interoperable, scalable, cost effective and sustainable over time.

5. Reliable:

- a. It is resilient to cyber-attacks and double spending.
- b. You can make payments without having access to the internet.
- c. It has a clear and comprehensive governance framework including policies regarding issuance, data use, risk management and responsibilities.
- d. It is compliant with relevant legislation such as the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Act 2009.

6. Orderly:

- a. Initial issuance is gradual and monitored for any stability impacts.
- b. It is issued in exchange for Exchange Settlement Account System reserves at the Reserve Bank or physical cash.
- c. There will likely be no limits on how much digital cash individuals can hold, but we may need to consider limiting holdings owned by corporations and wholesale institutions.

Digital identity is a core function

Digital identity is important for the digital cash ecosystem. **(5)** Different forms of digital identity could be used to access digital cash services. For example, to open a new account, to instruct a payment. Digital identity services may also be used for compliance checks, and other services. Market services providers would be responsible for digital identity services. The Reserve Bank would not collect any digital identity information.

The Department of Internal Affairs (DIA) is working on digital identity services. These services could also be used in the digital cash system. The DIA is also developing a 'digital identity services trust framework'. This framework would certify digital identity service providers. These certificates help consumers decide which digital identity service provider they can trust.

5 Digital identity is defined by the New Zealand Digital Identity programme as a digital representation of your identity information, and other attributes about you, that you can use to prove who you are online to access services digitally.

We need your feedback

We are in stage two of a multi-year, multi-stage process of considering digital cash. We need your feedback on what we think digital cash could look like in New Zealand.

We are continuing to explore the potential benefits of digital cash for New Zealand. This includes understanding the problems digital cash is to address and what other solutions may be available. We will consult on this cost benefit analysis later.

You can give your feedback by taking our online survey at <https://consultations.rbnz.govt.nz/money-and-cash/alternate-formats-digital-cash>.

Or, you can provide written feedback by:

- post to: Future of Money, Reserve Bank of New Zealand, #2 the Terrace, Wellington 6012.
- email at futureofmoney@rbnz.govt.nz
- phone on 0800 7269 7269. Call us between 9am and 5pm on weekdays.
- text on 021 223 6062

If you're Deaf, hard of hearing, deafblind, have a speech impairment or find it hard to talk, you can use the New Zealand Relay Service nzrelay.co.nz

Submission questions

Publication of submissions

All information in submissions will be made public unless you indicate that you would like all or part of your submission to remain confidential. Respondents who would like part of their submissions to remain confidential should provide both confidential and public versions of their submissions. Apart from redactions of the information to be withheld (i.e., blacking out of text), the two versions should be identical. Respondents should ensure that redacted information is not able to be recovered electronically from their documents (the redacted versions may be published as received).

Respondents who request that all or part of their submissions be treated as confidential should provide reasons why this information should be withheld if requests are made for it under the Official Information Act 1982 (OIA). These reasons should refer to the grounds for withholding information under the OIA. If an OIA request for redacted information is made, the Reserve Bank will make its own assessment of what must be released, considering the respondent's views.

The Reserve Bank may also publish an anonymised summary of the submissions received in respect of this consultation.

Consultation questions

1. Do you have any feedback on the objectives for digital cash to:
 - a. ensure that central bank money is available to New Zealanders and allow it to be used digitally?
 - b. contribute to the innovation, efficiency and resilience of New Zealand's money and payments landscape?
2. Do you have any feedback on the digital cash principles: Uniform, Universal, Private, Reliable, and Orderly?
3. What are your biggest concerns with digital cash? What design changes, if any, could address your concerns?

Benefits of digital cash

4. Do you think digital cash can enable long term innovation for New Zealanders? What innovative features in digital cash would you like to see?
5. Do you think digital cash can improve the reliability of payments in New Zealand? What reliability features would you like to see?
6. How can digital cash support digital financial inclusion? What design features (technical, governance, or standards) would be required to support digital financial inclusion?
7. What problem(s) could digital cash help you or your organisation address and what benefit(s) could it bring?

Strategic design

Future stages of work will continue to refine the design details of digital cash and its ecosystem, including governance arrangements. To assist us we would like feedback from industry and possible partners.

8. Do you have feedback on the digital cash design models and the Reserve Bank's preferred approach set out in section 6?
9. What role might your firm or organisation take in the digital cash ecosystem, and what support would you require from the Reserve Bank?
 - a. What products and services would you build off the options? What design functionality would you need to support you?
 - b. What core functionality should be provided by the digital cash platform and what should be provided by the market?
 - c. What key governance measures would you expect the Reserve Bank to provide in the digital cash ecosystem?
10. Intermediaries will still own the customer relationship including managing onboarding and AML/CFT requirements. What support or enabling functionality would you require as a potential intermediary?

Managed issuance

Future stages of work explore the potential impacts of digital cash on the financial system and understand the benefits, costs, and risks. To assist us, we would like feedback on the following:

11. Do you expect remuneration to be paid on digital cash holdings?
12. Do you think there should be holding limits for digital cash or other controls on issuance?

References

Supporting consultation publications

To support this consultation the following supporting Consultation Notes and reports are available on [our website](#).

- Reserve Bank (2024a) ‘Designing a digital cash ecosystem’, Digital cash **Consultation Note, #1**
- Reserve Bank (2024b) Innovation and reliability opportunities for digital cash, Digital cash **Consultation Note, #2**
- Reserve Bank (2024c) Inclusion opportunities for digital cash, Digital cash **Consultation Note, #3**
- Reserve Bank (2024d) Designing privacy into digital cash, Digital cash **Consultation Note, #4**

- Accenture and the Reserve Bank of New Zealand (2024) Central Bank Digital Currency, Strategic Insights Dossier, April.
- GravitasOPG and One Picture (2023) User needs for money management and payments, Qualitative research report, April.
- The digital cash storyboard presented to the Reserve Bank of New Zealand Board, February 2024.

References

Inland Revenue Department (2023) 'A framework for debt to government. Guidelines for agencies managing personal debt owed to government'.

FinCap (2023) 'Voices. Indicators of financial wellbeing for whānau supported by financial mentors in 2021 and 2022', September.

Christians against poverty (2020) 'Living with unmanageable debt in NZ - Below zero'.

End of Digital cash in New Zealand: Full consultation paper