



Digital Assets, Payments and the Real Economy: Why New Zealand needs intent, coordination and pace

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Masterclass: FinTech Hui

The discussion at KPMG and Chapman Tripp's joint masterclass panel at the 2026 FinTech Hui made one point unmistakably clear: digital assets and modern payments infrastructure are no longer theoretical innovations - they are becoming core components of how financial markets function globally. What differentiates jurisdictions that are progressing from those that are not is not ambition, but execution.

New Zealand is at a crossroads. The choices made now will determine whether we develop the critical financial infrastructure necessary to serve our economy into the future. These choices will need to be made quickly.

Reframing the digital asset conversation

A consistent theme from the panel was the need to move beyond a crypto centric framing. When digital assets are discussed solely through the lens of crypto markets, it obscures where the real opportunity lies: payments, settlements, liquidity and capital efficiency. These areas are vital to New Zealand's financial markets, and are key to allowing New Zealand to remain competitive with, and connected to, overseas markets.

Tokenised deposits, regulated stablecoins, real world asset tokenisation and distributed ledger technology (DLT) enabled settlement are fundamentally about infrastructure. They are extensions of the existing financial system, not alternatives to it.

In New Zealand, the Financial Markets Authority (FMA) has recently clarified through its fintech sandbox that a NZD backed stablecoin can be treated as a means of payment rather than a financial product, reinforcing the view that not all digital assets should be regulated as investments. While product specific, this development signals a more functional, use case led approach to regulation.

Payments modernisation is the most immediate lever

The panel repeatedly returned to payments, and its use in building tokenised markets, as the most practical and impactful starting point for change.

High costs, friction and slow settlement, particularly in cross border transactions, disproportionately affect SMEs and exporters. These constraints are not new, yet they remain unresolved and risk becoming more pronounced as overseas markets continue to modernise around us.

Even for New Zealand's largest businesses and financial institutions, the ability to attract foreign capital depends on our financial markets settlement processes keeping pace. If money needs to be transferred into New Zealand a day or

more in advance to ensure settlement can reliably occur, or transfers of domestic securities take materially longer than in international markets, there is a real world cost that offshore investors may soon be unwilling to bear.

Modern payment rails, including tokenised settlement and DLT enabled infrastructure, offer the potential to reduce settlement cycles from days to minutes or even seconds. The implications are material:

- Improved liquidity and working capital efficiency.
- Reduced settlement and counterparty risk.
- Better access to credit for SMEs.
- Greater transparency and resilience across the system.
- Continued connection to and competition with overseas markets.

For New Zealand, payments modernisation is not about keeping pace with innovation for its own sake. It is about removing structural inefficiencies that hold back the real economy.

Global market behaviour since the Hui reinforces this shift from concept to execution.

- PayPal expanded its USD backed stablecoin (PYUSD) to 70 global markets, explicitly positioning it as a faster, lower cost cross border settlement mechanism within a regulated payments ecosystem.
- Mastercard announced the acquisition of stablecoin infrastructure provider BVNK (up to USD 1.8bn) to enable stablecoin based business payments and payouts, signalling that systemically important payment networks now view blockchain rails as core infrastructure rather than experimental adjacencies.

These developments highlight that payments innovation is increasingly being driven by incumbents operating inside regulatory perimeter, not by speculative crypto markets.

Stablecoins, custody and financial sovereignty

An additional consideration raised during the panel was the sovereignty implication of accelerating stablecoin adoption. As global stablecoins, predominantly denominated in foreign currencies, gain traction, there is a growing risk that value is held and settled outside New Zealand's regulated financial system, often in offshore custody arrangements.

While this may reduce friction in the short term, it limits the ability of the Reserve Bank to implement monetary policy and domestic institutions to intermediate liquidity, weakens local balance sheets, and reduces policy visibility over capital flows. For a small, open economy, this is not a theoretical concern. Without a clear framework for how stablecoins, custody and tokenised money operate within New Zealand's financial architecture, we risk importing efficiency while exporting control, with implications for financial stability, market development and long term economic resilience.

Learning globally without copying blindly

Examples from Singapore, Hong Kong, Australia, the US and parts of Europe were cited throughout the discussion to demonstrate what is now achievable in other markets, rather than as templates to be replicated.

Common threads across these jurisdictions include:

- Clear regulatory intent, even where rules are still evolving.
- Use of pilots, sandboxes and live projects to build policy capability.
- Focus on wholesale and institutional use cases before retail expansion.
- Recognition that regulation enables investment when objectives are clear.

Recent developments reinforce this pattern. Large global banks are accelerating tokenised deposits, issuing regulated commercial bank money on distributed ledgers as a complement to stablecoins and central bank money. European and Australian initiatives are explicitly focused on settlement efficiency, interoperability and liquidity management reflecting a deliberate infrastructure first approach. In parallel, central banks, including the European Central Bank, are publicly framing digital money initiatives as tools to strengthen payment system resilience and autonomy, particularly in response to reliance on foreign payment networks.

These examples underline an important point: **progress comes from doing, not just consulting.**

New Zealand's opportunity is to leapfrog

The panel was clear that New Zealand needs to move deliberately. Our smaller size, concentrated market structure and lack of deeply embedded legacy infrastructure create an opportunity to leapfrog.

Leapfrogging is particularly relevant in:

- Payments and settlement infrastructure.
- Tokenisation of wholesale assets such as bonds and deposits.
- Cross border trade and capital flows.

Unlike larger markets, New Zealand is not constrained by decades of sunk cost in outdated systems. But that advantage only exists if there is **intent to act.**

Bringing together institutional and retail opportunities

Additionally, given the size and nature of our markets, New Zealand should strongly consider building use cases that include and meet the requirements of both wholesale/institutional markets, and ultimately retail expansion. These combined solutions are needed to achieve scale in our small market, and solutions that involve institutional players can bring both significant resource and (somewhat counterintuitively) quick, simpler use cases. Retail markets then benefit from the underlying technology and from the opportunity to build on it for a broader, diverse retail market.

We should not simply focus on solutions for retail customers, or proprietary institutional builds. Success for New Zealand will lie with innovation that brings together the benefits and advantages of broad aspects of the economy.

The strategic gap: fragmented governance in a small country

Perhaps the most critical insight from the panel was not technological, but structural: New Zealand's governance model for financial system innovation is overly complex for a country of its size.

Responsibility for fintech, payments and digital assets is spread across multiple agencies (e.g. the Reserve Bank, Financial Markets Authority, Ministry of Business, Innovation, Employment, Commerce Commission) each acting within its mandate, but without a unifying strategy or shared outcomes framework. The result is:

- Slower decision making.
- Ambiguous policy signals.
- Increased compliance friction.
- Reduced confidence for investors and innovators.

In larger economies, fragmentation can be absorbed. In a small economy, it becomes a competitive disadvantage. Capital, talent and experimentation migrate to jurisdictions where regulatory intent is clearer and coordination stronger.

This fragmentation contrasts with recent **trans-Tasman commitments**, where payments reform, digital assets and licensing frameworks have been explicitly prioritised for coordinated action through 2026. While positive, it also highlights how much coordination remains to be done domestically to translate intent into execution.

New Zealand's small scale need not be a constraint; properly leveraged, it can be a strategic advantage. The relative closeness of its institutions, regulators and market participants should make it easier to build consensus, align priorities and move from policy intent to implementation with greater speed than larger jurisdictions can typically achieve.

Regulation must be proportional and purposeful

The panel strongly reinforced that regulation is not the enemy of innovation, rather that uncertainty is. Clear objectives, even if conservative, allow firms to invest responsibly. However, proportionality matters. Given that SMEs represent around 97% of New Zealand business, frameworks designed for large global institutions may inadvertently exclude a substantial proportion of the domestic economy and emerging players if compliance burdens are not appropriately matched to scale and risk.

Effective regimes:

- Distinguish between infrastructure and speculative activity.
- Protect consumers without blocking wholesale innovation.
- Allow regulators to learn through controlled experimentation.

Sandboxes and pilot programmes are not concessions to industry; they are capability building tools for policymakers that also serve to give practical insights to regulators.

Keeping the real economy at the centre

Ultimately, the panel emphasised that digital assets and payments innovation must serve the real economy: supporting economic growth, resilience and competitiveness.

Tokenised markets can improve transparency and reduce systemic risk. Faster settlement can unlock liquidity. Better capital flow can support lending and investment, particularly in sectors central to New Zealand's identity, such as agribusiness and export led SMEs. This is about ensuring New Zealand's financial system evolves in step with its economic ambitions and supports New Zealand to remain connected to global markets.

From discussion to direction

Digital assets are not new. The conversation has been ongoing for more than a decade. What has changed is the pace at which other markets are now moving from experimentation to execution. New Zealand risks being left behind if it does not move beyond discussion mode.

The panel's conclusion was unequivocal: New Zealand needs a collective strategy, clearer intent and greater coordination. And, ultimately, New Zealand needs to act—whether we choose to lead selectively or follow quickly, standing still is not a neutral position.

The question is no longer if change is coming, but whether New Zealand will shape it deliberately, or risk being left behind.

Further resources

- [Chapman Tripp – Providing the full range of legal advice across the Fintech ecosystem.](#)
- [KPMG – Helping financial institutions tackle the challenges the sector faces.](#)
- [KPMG report – Navigating tomorrow: How technology, AI and regulation are redefining financial services.](#)

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