KPMG

Navigating tomorrow Beyond borders:

How technology, AI and regulation are redefining financial services

November 2025

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Foreword

The financial services industry in Aotearoa New Zealand is navigating the currents of change. Driven by rapid technological innovation, evolving customer expectations and a shifting regulatory landscape, the future of finance in our country needs to be reimagined.

Financial services are no longer confined to traditional institutions or physical branches. The sector is at a pivotal juncture, where the convergence of technology, data, evolving regulation and shifting customer expectations is creating both unprecedented opportunities and complex challenges. As digital-native competitors and tech giants encroach on traditional territory, financial institutions must rethink their value propositions, operating models and strategic priorities to serve, innovate and lead in Aotearoa New Zealand.

We spoke with local banking and financial sector leaders to understand what they have been experiencing and what the sector needs to embrace, to ensure the future success of our country. At KPMG, we believe that the future belongs to those who are bold enough to embrace transformation, and collaborative enough to shape it together.

In this second edition of "Navigating Tomorrow" we draw on the insights and experiences of leaders across the sector, highlighting the challenges we face and the opportunities that lie ahead. We continue to explore critical dimensions shaping the future of the sector both here and globally:

- the strategic integration of artificial intelligence (AI)
- the evolution of embedded finance and the role of fintechs
- the growth in digital assets.

Considering these, we also look at how Aotearoa New Zealand can learn from other markets that are leading in financial services evolution and the role regulation plays as an enabler.

In this report we present a summary of what we have heard on these topics through our conversations with leaders across the sector, and with KPMG Global Head of Innovation and Fintech, Anton Ruddenklau. We provide recommendations and challenges to the sector to ensure our banking and finance system innovates and provides a safe, secure and sustainable future with customers at the heart.

Looking ahead, the success of New Zealand's financial sector will rely on building trust, encouraging innovation and working together (across institutions, regulators and communities) to create a financial system that's strong, inclusive and ready for the future.

Nicola Raynes-Pene
Partner
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AI and strategy:

From automation to augmentation

Artificial intelligence (AI) is no longer a back-office tool, rather it is a strategic enabler across embedded finance, customer experience and operational efficiencies.

For the last ten years discussions have been held about the 'workforce of the future' – and finally it is getting its proper airtime as the new era of AI capability is here.

Artificial intelligence (AI) is no longer a back-office tool, rather it is a strategic enabler across embedded finance, customer experience and operational efficiencies.

Aotearoa New Zealand state of play

Financial institutions in Aotearoa New Zealand that we spoke to are at various stages of realising the benefit of AI within their organisations. Some examples of where AI is being used include:

- enhancing and streamlining home lending processes
- cybersecurity
- software development
- fraud detection
- payment routing optimisation
- merchant onboarding automation
- modelling
- internal training
- AI bots that analyse bank statements
- AI bots that redesign product pages
- trialling AI in sensitive areas like customer arrears calls.

Looking specifically at New Zealand banks, we can see it is still early days for realising significant value from AI. The recently released KPMG CEO Outlook survey shows the value from AI is concentrated across a small number of back office areas.

We often see that legacy systems limit the ability to innovate, and banks and financial organisations across Aotearoa New Zealand are upgrading legacy solutions and technology to ensure they can cater to these new needs. Additionally, we see a large focus on 'use case' deployment to ascertain immediate benefits and efficiencies, without fully connecting those to strategy or operating models.

Areas where New Zealand banking CEOs are seeing significant impact are fraud and financial crime management, and data management. These are both areas where AI has been prevalent for a while, but generative AI is enabling a more transformative impact. KPMG is increasingly providing more support to clients to help them understand the evolving state of the art of fraud detection with AI, and implement or develop tools that integrate with their systems and workflows.

Looking ahead, the KPMG CEO Outlook survey shows operational efficiency as the primary driver for AI adoption in New Zealand banks. This is different from counterparts across Europe, USA and Australia who see strategic differentiation and regulatory compliance as also important drivers.

AI in overseas in financial markets

Looking abroad, in KPMG's The Intelligent Bank report 2025, the use of AI is prevalent in the banking and finance sector and Executives hold high expectations for its impact.

- **AI goals are clear:** 68% are seeking to reduce costs; 42% are looking to enhance customer experience.
- **Business evolution:** 51% say AI is fundamentally reshaping their business with 80% believing that banks that embrace AI will develop a competitive edge over those that do not.
- **Initial benefits:** 66% have achieved cost savings; 26% have experienced revenue growth and 13% have experienced a high revenue contribution.
- **Greater clarity:** 71% agree it is prudent to wait for greater clarity in the evolving AI space before committing to significant investments.

At KPMG we are seeing AI use cases across the financial services sector globally, that span the entire value chain as the sector aims to enhance operations through customised solutions, risk management, automation and informed decision making.

Real examples from financial institutions around the world include:

- Using AI tools to streamline document compliance review to identify gaps which reduce review time from days to minutes and with improved accuracy;
- Using AI to enhance customer experience, seeing 50% reduction in scam losses, a 30% decrease in fraud reports and a 5-40% drop in call centre wait times; and
- Adopting AI to provide personalised customer experiences, leading to a 300% rise in mobile loan sales.

In this rapidly evolving environment, institutions that prioritise strategic alignment, robust security, data privacy and the cultivation of critical skills will be the ones best positioned to thrive and lead the sector.

AI success is built on a foundation of trust

The 2024 KPMG Global AI in Finance report identifies data quality and governance as major concerns among financial services leaders as the difficulty with integrating existing tools is one of the biggest barriers to AI adoption.

It is recognised across those leaders we spoke to that AI stewardship is vital, supported by a strong governance framework complimented by training for all staff, including Directors and Executives, to ensure the risks and functionality are well understood.

Institutions are putting in place AI policies covering privacy, security and ethical use and we need to see this happen in tandem with the deployment of AI so not to lose pace. Alongside this, there is a focus on ensuring an appropriate culture and competence. For the last ten years discussions have been held about the 'workforce of the future' – and finally it is getting its proper airtime as the new era of capability is here. How well these are addressed will become a differentiator for those that succeed.

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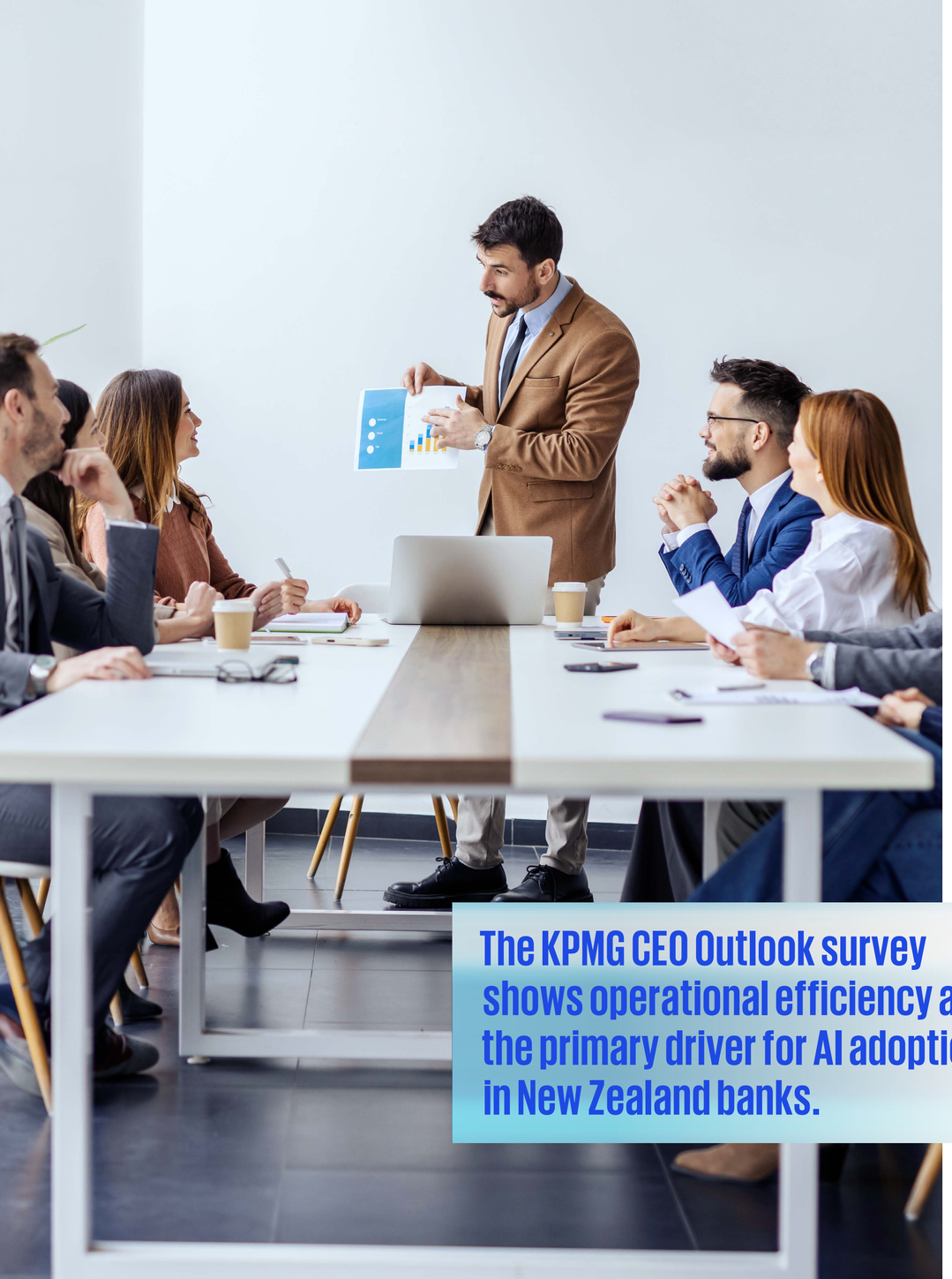


The KPMG CEO Outlook survey shows operational efficiency as the primary driver for AI adoption in New Zealand banks.

As highlighted in Trust, attitudes and use of artificial intelligence: A global study 2025, trust and acceptance of AI is generally lower in advanced economies. The higher trust and acceptability of AI in emerging countries is reflective of their accelerated uptake of AI. This enforces how critical it is to get the trust in AI right, especially within Aotearoa New Zealand as the research found only 23% of Kiwi participants believe the current safeguards are sufficient to make AI safe and 81% believe that AI regulation is required. The study conducted by the University of Melbourne, found that only 34% of responders were willing to trust AI, and 85% would be more willing to trust AI systems when assured of their trustworthy use. But will this desire and focus on regulation stymie progress?

AI and regulation in Aotearoa New Zealand

Globally, we see regulators are watching closely and institutions must ensure their AI strategies are not only effective but trustworthy. For example, in the UK the Financial Conduct Authority (FCA) has this year launched its AI hub where organisations can develop, test and experiment with AI solutions for financial services, understand how the regulators AI frameworks applies and conduct live testing in a safe environment.

The UK also has a Digital Regulation Cooperation Forum, which is a voluntary forum that brings together four UK regulators for digital regulation to better respond to the global nature of large digital platforms and the speed of innovation[1]. In 2023 they launched the Internation Network for Digital Regulation Cooperations (INDRC) to link overseas counterparts and share best practices on effective interdisciplinary cooperation. Members include Australia and Canada[2].

Within New Zealand we are yet to see similar from our regulators. Whilst the Ministry for Business, Innovation and Employment (MBIE) has launched 'Responsible AI Guidance for Businesses' and the Financial Markets Authority (FMA) and Reserve Bank of New Zealand (RBNZ) have issued guidance and a view on the impact for financial stability respectively, the onus is on the sector to work out how to manage the rapidly changing technologies. We recommend local regulators step further into this and move alongside the sector in this new phase to not only ensure governance and control frameworks, but to support innovation.

[1] About the DRCF | DRCF

[2] International Network for Digital Regulation Cooperation (INDRC) | DRCF

Embedded finance and fintech innovation:

The new financial fabric

Across the globe, embedded finance is rapidly evolving as companies weave financial services into the fabric of daily life.

Embedded finance programs are rapidly developing in sectors like telecommunications, retail, pharmaceuticals, tourism and travel, driven by customer demand and expectations.

Embedded finance is not just a theoretical concept but a tangible, growing force in New Zealand's economy.

Embedded finance is redefining the financial services landscape by integrating banking capabilities into non-financial platforms, effectively dissolving traditional boundaries between financial services and everyday experiences. From travel platforms delivering instant insurance to e-commerce sites enabling credit at checkout, these innovations are reducing reliance on separate transactions and conventional banking channels. Financial services are becoming invisible, contextual and deeply integrated into digital ecosystems, enhancing convenience and accessibility for consumers.

Seamless experiences in everyday platforms

Customers are demanding frictionless and seamless services. Most recently China has officially welcomed its first fully integrated AI payment system, as the result of a partnership between fintech giant Alipay and coffee chain Luckin Coffee. They have launched a conversational AI feature that allows customers to order and pay for their drinks in a single chat session without ever leaving the interface.

Embedded finance is not just a theoretical concept but a tangible, growing force in New Zealand's economy. It is making financial products more accessible and relevant to the moments that matter most for individuals and businesses alike. We have seen embedded finance traditionally taking place within the transaction cycle of say motor vehicles or business assets, where finance is offered through intermediaries.

However, we are now starting to see this offered through digital interfaces with no visibility of the assessment and fulfilment processes behind.

Real-time credit

Embedded credit is provided by many online retailers in Aotearoa New Zealand offering buy now pay later (BNPL) solutions, such as Zip, Afterpay and Klarna, which allow consumers to finance purchases at the point of sale. This allows customers to avoid a previously time-consuming credit application process. Another example is ANZ who have developed GoBiz, a platform that enables small businesses to apply for loans directly from Xero. Through the integration with Xero's financial data, ANZ can assess creditworthiness in real time and streamline the lending process. This simultaneously provides an enhanced customer experience and drives new revenue streams.

Innovation led by fintechs

Fintechs are at the forefront of this innovation by redefining how financial services are delivered by harnessing Application Programming Interfaces (APIs), cloud infrastructure and agile development to deliver frictionless intuitive experiences. Some that we spoke to advocate for APIs to be treated as digital public infrastructure, akin to broadband, to democratise financial access. As Gen Z continues to become a larger contributor to the economy and workforce the demand continues to increase with a digital first mindset and real time experiences the norm.
The World Economic Forum cites that AI is set to play a transformative role in embedded finance as AI-driven platforms move from facilitating payments to making finance smarter and more intuitive. The shift is clear: the future of finance is not about selling products - it's about embedding value into moments that matter.

Embracing partnerships and collaboration

To remain competitive, we are seeing traditional banks across the globe responding by forming strategic partnerships which will only continue to grow as customers' needs and experiences demand it. Banks are exploring or committed to partnership with aggregator models to streamline connections with smaller fintechs, which is enabling participation without overextending resources. We too are seeing traditional banks and financial organisations partner with or acquire fintechs here in Aotearoa New Zealand, recognising the advantage of building their ecosystem to help drive innovation and greater customer experience. This needs to continue.

The cornerstones of growth, resilience and relevance

Trust, security and compliance remain paramount. For those who master these elements, the rewards will be transformative: new avenues for growth, resilience and relevance in a rapidly evolving financial landscape. The fintechs that succeed will be those that form strategic partnerships, scale profitably, embed AI across their organisations and broaden their reach beyond New Zealand's borders.

Building trust requires demonstrable safety and security across the ecosystem. Priority actions include independent penetration testing and continuous control validation, uplift of third party risk management with continuous monitoring, modern identity and access management and zero trust architectures, secure software development with rigorous change and release controls, resilience and incident response readiness. These capabilities should be evidenced through transparent metrics, regular Board reporting, and alignment to regulatory expectations.

The challenge for all market participants is clear: to build trust and choice, deliver seamless customer experiences and ensure that innovation serves the needs of consumers and businesses, both here and around the world.

The future of finance is not about selling products - it's about embedding value into moments that matter.

Growth in digital assets:

Demand on the rise

Across the globe, the financial landscape is being reshaped by the rapid adoption and interconnectedness of digital assets, including stablecoins and tokenisation.

Global markets are responding to the growth in digital assets, yet in Aotearoa New Zealand, caution prevails.

Digital assets represent a new frontier in how value, ownership and access to financial systems can be managed. They offer decentralised control (away from banks or intermediaries), global accessibility and innovative financial opportunities beyond traditional systems (i.e. offering diversification). They also enable secure, transparent ownership and open new ways to invest, transact and participate in digital economies.

But what exactly are they?

Digital assets

Digital assets are a broad category that is defined as cryptographically secured digital representations of value or contractual rights that use some form of distributed ledger technology and can be transferred, stored or traded electronically[3]. Included within this is digital currency, such as Cryptocurrency, Stablecoin and Central Bank Digital Currencies (CBDC) and Tokens, such as Non-Fungible Tokens (NFTs) and security tokens.

Stablecoins

Stablecoins are a type of cryptocurrency digital asset that is stable because their value is pegged to the value of a specific, real-world asset, such as the US dollar. Examples include USD Coin (USDC) which is one of the most popular stablecoins pegged 1:1 to the US dollar. Closer to home the XSGD is pegged to the Singapore dollar 1:1 and the NZDD stablecoin is backed 1:1 to New Zealand Dollars (NZD). They can be stored in digital wallets for ease of use.

Tokenisation

Tokenisation refers to the process of converting assets into a digital format and recording their ownership rights on a distributed ledger, typically a blockchain. KPMG references tokenised assets as fiat currencies, real assets, financial assets and intangible items that are tokenised to become digital money, tokenised real work assets (RWAs), tokenised financial assets and other tokenised assets[4].

[3] KPMG Digital Assets | KPMG UK
[4] The Asset Tokenization C-Suite Playbook
[5] Conference at a glance | Sibos

At the recent 2025 SWIFT International Banking Operations Seminar (SIBOS) held in Frankfurt, Germany, hundreds of experts from around the globe came together to discuss "The next frontiers of global finance"[5] focusing on connectivity, interoperability and resilience in the financial ecosystem. This included the digital evolution of payments and securities, increasing financial access, bolstering financial crime compliance, cybersecurity, regulatory shifts and the role of technologies such as AI, quantum computing and Digital Ledger Technology (DLT). Global markets are responding to the growth in digital assets, yet in Aotearoa New Zealand, caution prevails.

So, what is happening around the world that we can take lessons from?

Stablecoins

The numbers speak loudly. The World Economic Forum notes that the average supply of stablecoins in circulation is increasing by roughly 28% year on year. Total transfer volumes hit $27.6 trillion last year, surpassing the combined volume of Visa and MasterCard transactions in 2024[6] (noting that MasterCard has a strategic goal to integrate stablecoins into the financial mainstream by investing in infrastructure, governance and partnerships to support the payment evolution[7]). Circle, a fintech company that issues USDC and EURC stablecoin, has reported that Asia has the highest adoption of stablecoins worldwide – APAC recorded $2.4 trillion of activity in the year ended June 2025[8].

Likewise, global corporates such as Walmart, Amazon and Samsung, are moving to launch their own stablecoins and digital tokens, embedding proprietary currencies within their platforms to streamline costs and deepen customer engagement. Financial Infrastructure Specialists (FIS), i.e. the providers of the infrastructure required, as opposed to big tech firms, are driving tokenisation and banks are building on these platforms to offer new digital asset services. In Aotearoa New Zealand, we have seen stablecoins become available since 2021, with both Techemynt and Easy Crypto launching their products in the last few years.

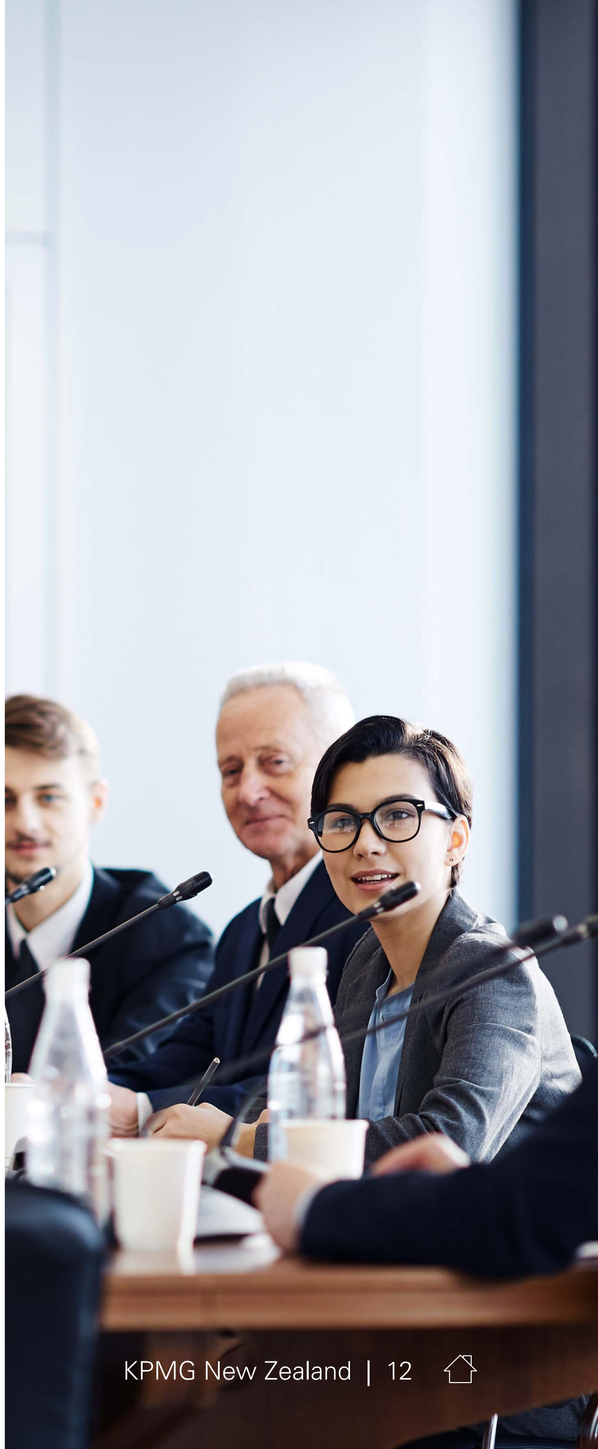
Globally, regulatory and infrastructure innovation is keeping pace. In markets like Singapore and Hong Kong, regulators are enabling stablecoin providers and tokenised deposits through implementing stablecoin regulatory frameworks.

In Singapore a Stablecoin regulatory framework applies to single-currency stablecoins pegged to the Singapore Dollar or any G10 currency issued in Singapore[9]. In Hong Kong issuing stablecoins is a regulated activity which requires a licence[10]. Such a regulatory framework is boosting market confidence in stablecoin.

The momentum is undeniable: stablecoins are accelerating towards mainstream adoption. The regulators' responses in the US, EU and Asia with new legislation is underscoring the urgency of this global movement.

Central Bank Digital Currencies (CBDCs)

These are government-issued digital currencies that mirror the value of the country's fiat currency. Central banks are realising that with the increased digitisation of money and payments they need to provide a public option. According to the CBDC tracker, as at July 2025, 137 countries and currency unions, representing 98% of global GDP, are exploring a CBDC. Currently, 72 countries are in the advanced phase of exploration, i.e. development, pilot or launch, with emerging markets driving global growth.



6 Stablecoin surge: Reserve-backed cryptocurrencies are on the rise | World Economic Forum
7 Mastercard enables stablecoins USDG, PYUSD, USDC, FIUSD on its network
8 Circle (@circle) / X
9 MAS Finalises Stablecoin Regulatory Framework
10 Hong Kong Monetary Authority - Regulatory Regime for Stablecoin Issuers

On our shores, RBNZ is looking to address the limited choices and competition within our local market when it comes to methods of payments, by exploring the introduction of digital cash. Following consultation in 2024, which attracted a record number of responses, the next stage noted by RBNZ is further engagement, design and technical work, policy development and a cost-benefit analysis during 2025 and 2026. RBNZ has stated it will work with the Government to decide whether to introduce Digital Cash and noted the earliest it would be introduced is 2030.

Tokenisation

The World Economic Forum reports that asset tokenisation is the next generation of value exchange, representing a transformative digital asset ownership model and fundamentally reshaping global financial markets[11].

Looking across the globe where tokenisation has been adopted, in Asia, UK, EU and the US, regulatory clarity and support is essential to interact with tokenisation confidently. Europe's MiCAR laws (Markets in Crypo-Assets Regulation) and Singapore's Project Guardian (a collaborative initiative between policymakers and the financial industry to enhance liquidity and efficiency of financial markets through asset tokenisation) are examples of creating an environment that facilitates sustainable asset tokenisation innovation. These key jurisdictions are shaping the regulatory landscape and fostering the growth of tokenised assets through supportive legislation and collaborative projects.

Locally in Aotearoa New Zealand, progress is being made. The FMA recently launched a discussion paper on 'Tokenisation in financial markets' to seek feedback and help the FMA understand what they could do to support innovation and enhance customer protection. The country is in the early stages of exploring distributed ledger technology at scale in many industries, including financial markets. As the FMA notes, there is increased interest from firms outside the regulatory perimeter of FMA looking to issue tokens, with several businesses approaching the FMA on tokenisation projects[12].

This transformation requires financial institutions to rethink their role within the future landscape of financial services. This includes consideration of infrastructure and operations, ensuring they are equipped to thrive in a future defined by digital assets and cross-border innovation, which we see is starting to happen.

Regulators play a key role in balancing innovation with consumer protection. This involves a delicate balance of encouraging innovation to seize the strategic opportunities and provide regulatory certainty which assists in de-risking, whilst ensuring consumers understand the offerings through transparent disclosures. The FMA has demonstrated a collaborative approach through its consultation process, and financial institutions will be contributing to the developments to ensure they are ready and adapting as this evolves locally.

For Aotearoa New Zealand, the message is clear: to remain relevant and competitive on the world stage, our financial services sector must move in step with the rest of the world. The move to tokenisation will require our financial institutions to ensure robust technological infrastructure is in place as a critical enabler. The country urgently needs an overall strategy in this area to drive and attract innovation and remain relevant on the global landscape.

[11] WEF Asset Tokenization in Financial Markets 2025

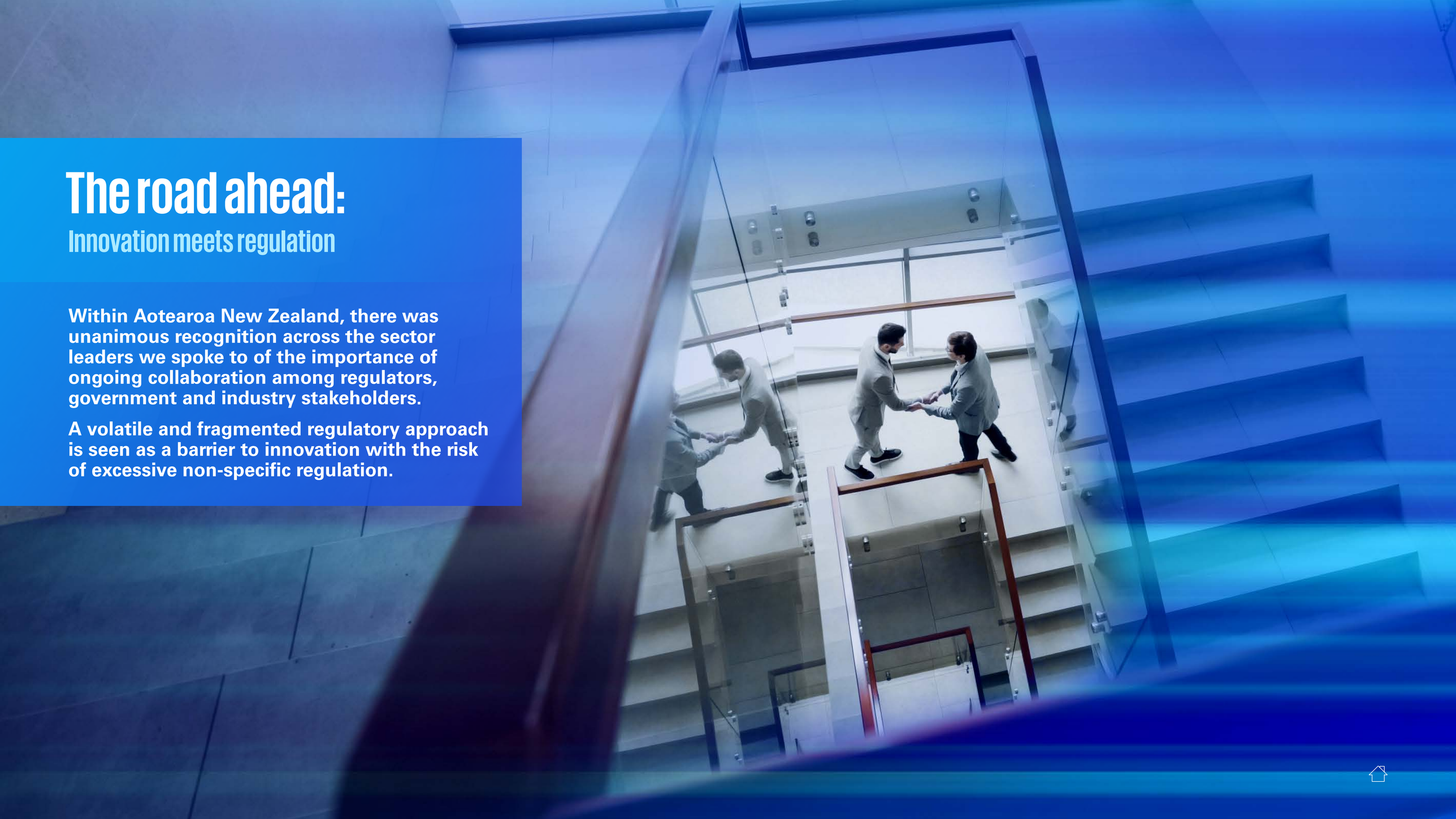
[12] Discussion paper: Tokenisation in financial markets, pg12

The road ahead:

Innovation meets regulation

Within Aotearoa New Zealand, there was unanimous recognition across the sector leaders we spoke to of the importance of ongoing collaboration among regulators, government and industry stakeholders.

A volatile and fragmented regulatory approach is seen as a barrier to innovation with the risk of excessive non-specific regulation.



New Zealand needs to leapfrog or develop more momentum in strategy and collaboration, to ensure we remain relevant.

Smart regulation a driver of innovation

Good regulation should provide clear, targeted and proportionate guardrails. A strong example of this is the e-money licensing regime we see in Europe, UK and Asia. This has contributed to the wave of fintech innovation in the UK and Europe including well known examples such as Revolut and Wise. Such a licence allows fintechs to offer core financial services without requiring a full banking licence (and the requirements that entails). This also sends a strong signal of trust within the eco-system which in turn boosts trust in innovative solutions. We have not yet seen such innovation or discussion in Aotearoa New Zealand, which begs the question – why not?

In New Zealand, financial regulation is spread across multiple agencies which can slow the development of clear and effective regulation and means organisations need to navigate an increasingly fragmented regulatory environment. We have seen some recognition of this with the consolidation of AML/CFT supervision under the Department of Internal Affairs (DIA) and the supervision of consumer credit lending moving from the Commerce Commission to the FMA.

Many other countries are embracing innovation through regulatory frameworks for stablecoins, sandboxes, digital supervision tools and AI-powered real-time compliance frameworks (refer above). By harnessing these technologies, regulators can monitor markets in real time, identify emerging threats and respond more swiftly than ever before.

The FMA's recent sandbox pilot has been a great initiative and a step up in this area for collaboration. However, it is not clear if this will move beyond a pilot. We await the observations and learnings from the sandbox but we urge the FMA to continue with the sandbox beyond the pilot phase.

Learning from global leaders

Learnings must be taken from other jurisdictions. The UK's FCA sandbox launched over 10 years ago in 2014, driven by the ambition to make the UK "the global capital of fintech". The organisations that have been through that sandbox are on average 50% more likely to raise capital, raise 15% more when they do and are 18% less likely to fail[13]. These insights can help develop forward looking regulations. In the UK, the FCA has continued its innovation and support of the industry by launching an AI hub, as mentioned above. In addition to the regulatory sandbox, they also provide a digital sandbox to test and develop technology solutions on synthetic data sets.

[13] Ten years of FCA innovation: impact and opportunity | FCA

Similarly, in Singapore, Monetary Authority of Singapore (MAS) has the National AI programme in Finance, aiming to develop Singapore into a global hub for financial institutions to research, develop and deploy AI and data analytics solutions. The benefits of the programme are to enhance productivity and innovation, stimulate job creation and improve trust and acceptance of AI and data analytics through better governance. This includes the availability of grants and talent development programme. The programme is now moving to the next frontier – quantum technology. MAS has established a Quantum Computing Programme to put in the place the key enablers necessary to support the growth of this innovation in financial services.

Furthermore, MAS has a competitive mandate objective to promote a financial services sector that is dynamic, competitive and supportive of enterprise, while also ensuring its stability and soundness. Contrast to the FMA in New Zealand which does not have an explicit competition objective, rather it works to ensure financial markets are "fair, efficient and transparent". The RBNZs purpose it is promote prosperity and wellbeing for all New Zealanders. It's three core objectives to achieve this are price stability, financial stability and central banking. RBNZ says Competition is important across all these objectives following the Commerce Commissions market study.

The RBNZ has recently published "Competition Assessment Guidelines for Prudential Policy" to provide a framework for how and when competition should be considered in its decision making, which is a positive step. This seems consistent with much of New Zealand's regulatory landscape taking the form of 'guidance' and would it not be simpler to mandate key areas through targeted legislation?

Aotearoa New Zealand regulators need to move quickly and provide clarity and certainty on the FMA sandbox and move forward with AI, as the next frontier of quantum computing is where progressive regulators are innovating. New Zealand needs to leapfrog or at least develop more momentum in strategy and collaboration, to ensure we remain relevant.

Aotearoa New Zealand needs to move quickly and provide clarity and certainty.

Competitive markets:

Who's winning the future?

Around the world, financial hubs are racing to attract capital, talent and innovation.

What sets the leaders apart? We've already highlighted the key factors – a combination of progressive regulation, robust digital infrastructure, access to skilled talent and a culture of innovation and trust. We observe that public-private collaboration is also key to co-creating the right future conditions.

Here in Aotearoa New Zealand, we asked the leaders we spoke to - how do we compete in the financial services sphere?

From setback to springboard

Firstly, there was an overwhelming recognition that recent times have been tough in Aotearoa New Zealand. The economic and social fallout post-Covid has taken its toll. However, most responses were reflective of our culture and the collegial, genuine, open and innovative way of doing business. We need to seize on this and shake off the tall poppy syndrome to share and celebrate our success stories. We need to reignite our innovative and curious mindsets, take collective action and have a balanced risk approach to innovation.

There was also a clear consistent message that Aotearoa New Zealand will flourish with the right investment and immigration settings, along with broader support across the financial and technology ecosystem to capitalise on the technology advances available to the sector. Often cited as a barrier to sustainable innovation, talent needs to be retained and attracted in the core capabilities that are needed to drive forward the digital revolution across the whole local eco-system.

Breaking the hiring mould

Perhaps a question for the sector is to consider whether this truly is a talent shortage or whether is it a challenge of how the sector hires across the eco-system. Hiring practices within Aotearoa New Zealand often rely heavily on personal networks. This is compounded by anecdotal evidence of skilled migrants being overlooked due to a perceived lack of "New Zealand experience." This raises important questions: Are we actively seeking the skills that are entering the country? Are the sectors' hiring processes designed to recognise and enable the capabilities we need?

Whilst there is no silver bullet, if Aotearoa New Zealand can harness the talent on top of an innovative regulatory framework, it will set the stage for innovative investment. Looking abroad, investment needs to come from the industry, government and with broader economic settings conducive to private investment. For example, in Singapore there are several grants for innovation, including up to 50% support to set up centres of excellence or Corporate Venture Capital entities to nurture innovation, and up to $400k to conduct experiments with novel technology solutions to improve efficiency or productivity of the financial services sector. The FCA in the UK also supports innovation with public funding available for fintech innovation through grants.

Fuelling innovation through investment

Looking to Singapore and the UK as examples, they are really focused on technology innovation hubs, collaborating and working alongside industry in fintech, AI and now quantum technology. As digital assets, open finance and cross-border interoperability continue to grow at pace, markets that are embracing these shifts early are shaping the global financial order of the next decade.

Aotearoa New Zealand cannot stand still - it needs bold leadership, big ambitious thinking, urgency and collaborative innovation for the future.

Conclusion

The future of financial services is not a destination - it's a dynamic journey.

Institutions that thrive and build sustainable futures will be those that embrace agility, foster trust and think beyond their traditional boundaries. They will partner across ecosystems, invest in responsible innovation and talent, and anticipate, not just react to, change.

As we look ahead, one thing is clear: the winners in financial services will not be defined by size or legacy, but by their ability to adapt, collaborate and lead with purpose.

We hope you enjoyed this report and we would be delighted to discuss its content and insights in further detail. Please get in touch if you have any questions or would like to discuss how we can help.

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