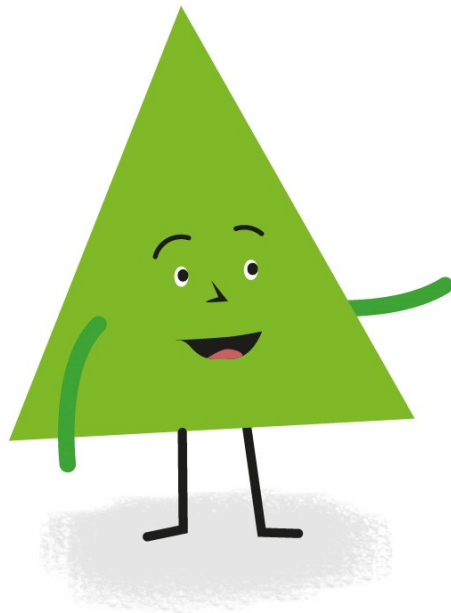


# Payment methods

This guide explains:

- ways of making payments
- payment processing times
- pending payments
- card tokens
- open banking
- buy-now-pay-later providers.



## Ways of making payments

Banks offer six main ways of making payments, whether into or out of your account:

### *EFTPOS card*

This allows you to deposit or withdraw money from your accounts electronically. You can use it only to make purchases in person, such as at a store. You cannot use it to make purchases online or by phone.

### *Debit card*

This works like an EFTPOS card, except some – including those issued by Visa and MasterCard – also allow you to buy online or by phone. Debit cards allow you to make purchases through either EFTPOS or credit card systems. If you want the protections available through the payment systems operated by a credit card scheme, select the “credit” option on the EFTPOS terminal you use.

#### *Credit card*

This allows you to make purchases using a pre-approved amount of credit. You can use it to pay for goods and services in person, online or overseas. If you make a payment with a credit or debit card through the Visa or MasterCard payment platform, you can ask your bank to charge the transaction back to the merchant’s bank. See our guide on chargebacks [here](#).

#### *Direct debit*

This allows an organisation or person authorised by you to withdraw money from your nominated account electronically. It can be a regular, fixed amount (such as for rates or insurance) or a varying amount (such as for power bills). The person or organisation you nominate (called the initiator) lets you know in advance the amount to be withdrawn and when the withdrawal will happen. See our detailed guide on direct debits [here](#).

#### *Direct credit*

This typically allows businesses to make batches of payments (such as wages) in one transaction.

#### *Automatic payment*

This allows you to instruct your bank to pay a fixed amount at regular intervals from your nominated bank account to another person or organisation.

### **Payment processing times**

If you make an electronic payment (that is, by internet banking or using a banking app) to an account holder at the same bank as yours, the payment will go through straightaway. It will take longer if the account holder is at a different bank. How much longer will depend on:

- when you set up the payment
- the type of payment you made
- when the bank processes the payment.

Once you have set up and confirmed a payment, the bank will take the money from your account and put it into a batch of payments to await processing. Even though the processing has not yet taken place, your account balance will immediately reduce. See our guide on processing payments [here](#).

### **Pending payments**

When you make a purchase with a credit or debit card, the bank deducts the amount immediately from your balance. But the payment may appear in your online statement as “pending”. It will stay that way until the person or organisation you bought the goods or services from (often called the merchant) processes the purchase. Exactly how long it remains pending will depend on:

- when the transaction was made (such as outside business hours)

- how long the merchant takes to process the transaction (something the bank does not control)
- whether you in fact make the payment using your credit card (such as when you pay your hotel bill using another payment method).

Once the processing is complete, the payment will be displayed as a transaction.

If a merchant takes more than five days, the pending payment may no longer show and the amount will go back to your account, returning your available funds to the previous balance. But when the merchant does eventually process the transaction, your account will be debited again. Contact the merchant first before going to the bank if you are concerned about how long it is taking to process a payment.

A pending payment reduces the amount of credit available immediately. The bank cannot cancel a pending transaction. If you made an error with the account number or did not authorise the transaction, you will have to try to recover the payment (see our guide on mistaken payments [here](#)).

### **Card tokens**

When you allow a business to save your card details, your card number may be replaced with a secure 'token'. This process is called tokenisation.

Tokenisation does not give a business permission to take any payments beyond those you have already agreed to. You still need to agree to any payments taken by a business. Such agreement will typically be in the terms you signed up to with that business and can include agreement for recurring payments.

Tokenisation can be more secure because the business does not store your actual card number. It can also be more convenient, allowing recurring payments to continue even if your card expires or is replaced. However, this also means you cannot rely on your card expiring or being replaced to stop payments. If you want to stop them, you will need to contact the business to cancel the service.

### **Open banking**

Open banking refers to initiatives that give you greater access to and control over your banking data, and a safe way to share that data with third-parties. Open banking went live in New Zealand for the biggest four banks on 1 December 2025.

### **Third party services**

There are several third party services offering New Zealanders payment services and personal financial management. To provide you with services, some third parties require you to give them your internet banking username and password.

We recommend you check your bank's policies about the use of such services and sharing your credentials, and make sure you understand the service (including how the service collects and uses your information, and what you can do if something goes wrong).

### **Buy-now-pay-later providers**

These organisations allow consumers to buy goods and services in stores or online immediately and pay for them over time. Buy-now-pay-later providers include Afterpay, Zip and Klarna. They are attractive to consumers because they do not charge interest, but they do charge fees such as penalties for late payments.

Buy-now-pay-later providers are not members of our scheme so we cannot consider complaints about them.

**Get in touch**

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