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NSW Government signs banking agreements, improves banking procurement process

The NSW Government has signed deals updating NSW's banking and payments services which will deliver an increased depth in liquidity and financial strength, and improved mitigation against market shocks.

NSW is a significant participant in the banking and payments market, processing 143 million payments annually valued at \$216 billion.

The agreements with four Australian banks and one global bank also include reforms to the State's banking procurement process.

Commencing 1 April 2025, Westpac Banking Corporation (Westpac), Australia & New Zealand Banking Group Limited (ANZ), and Citi Australia (Citi), continue as the Government's State banking partners, with the addition of Commonwealth Bank of Australia (CBA) and National Australia Bank (NAB), to deepen the multi-partner banking model.

Under the new agreements, investment in innovation and digital transformation will deliver significant savings and an enhanced citizen experience, while the NSW Budget will be better off through a reduction in the cost of processing transactions and competitive benchmarking attained through more regular fair value pricing reviews.

In addition, new procurement reform and terms delivered as part of a future-focused approach to the banking tender process, will offer significant improvements in re-tendering partners, resulting in further cost savings with additional emphasis on supporting NSW small business and broader social priorities.

Contracts agreed this week under the new framework will run for an initial term of five years with options to extend for a further six years. The previous agreements lasted three years with a single three-year option to extend. This efficiency in the procurement process alone will contribute more than \$5 million to the overall savings for the NSW budget.

The deals will deliver more than \$47 million in budget benefit overall.

The achievement marks the culmination of a comprehensive tender process where the NSW Government was able to test the market and ensure the citizens of NSW including small businesses, can ultimately benefit from strong partnerships, garner access to best-in-class capability, and on commercial terms that establish a compelling value-for-money proposition.

With core services contracts in place, the Government will also look to partner with both fintech and small banking sector participants as part of its move to a more modern, efficient banking operation.

A NSW Government spokesperson said:

“The NSW Government is pleased to have secured new extended banking agreements that ensure our State remains at the forefront of financial stewardship while providing the people of NSW with the best banking and payment services available.

“These new agreements under the State’s multi-partner model will save the NSW budget more than \$47 million and ensure an efficient, effective, and economical use of financial services for the State and its agencies.

“We are also excited by the prospect of innovative banking and payment solutions that will support our efforts to deliver simpler, safe and secure payment options for the citizens and businesses of NSW.”