

Responses to questions

The Consumer Policy team welcomes your feedback on as many sections as you wish to respond to, please note you do not need to answer every question.

Status quo and problem definition	
1.	<p>How do you expect the implementation and use of open banking to evolve in the absence of designation under the Bill? What degree of uptake do you expect?</p>
2.	<p>Do you have any comments on the problem definition? How significant are the risks of suboptimal development and uptake under the status quo?</p>
3.	<p>What specific objectives should the government be trying to achieve through a banking designation? What needs to happen to achieve these objectives?</p>
4.	<p>Do you have any comments on the criteria that should be used to assess designation options?</p>
The Scope of an open banking designation	
5.	<p>Do you agree that the banks covered and timeframes should be based on the API Centre Minimum Open Banking Implementation Plan? Do you have any concerns about the specific implementation dates suggested?</p> <p>In addition to banks, non-bank lenders are also an important part of the financial ecosystem. As experienced in Australia, many Open Banking uses cases, including product comparison, switching and credit assessment, are compromised when non-bank lenders are out-of-scope. A timeframe for designation of non-bank lenders, therefore, should be considered and defined to avoid this issue.</p> <p>Similarly, many Open Banking use cases would be compromised if smaller banks are out-of-scope. A timeframe for designation of these banks should be defined.</p>

	Providing clarity and certainty regarding these designations and timeframes will promote investment in NZ Open Banking use cases.
6.	Do you have any views on the costs and benefits of designating a wider range of deposit takers, beyond the five largest banks?
	As per our response to question 5, leaving smaller banks out of scope will compromise many Open Banking use cases. Examples include: (1) customers of smaller out-of-scope banks would not be able to use Open Banking to apply for a new loan or switch banks; and (2) customers of a large in-scope bank may not have visibility of more suitable products offered by smaller out-of-scope banks. The success of Open Banking will depend on all deposit takers being designated.
7.	Do you agree that, in the first instance, only requests by accredited requestors be designated? Do you have any comments on when and how direct requests by banking customers could be designated under the Bill?
	Yes, with the exception of Product Data, which is public information and therefore should be available to anyone via public APIs.
8.	Do you have any comments on the customer data to be designated?
	It will be important to ensure that account details, such as fixed home loan rate expiry dates, and the 'revert' product and interest rates are included. Such details are necessary for high value use cases such as home loan comparison and switching. The absence of these details from the Australian CDR have had a material impact on home loan use cases.
9.	Do you have any comments on whether product data should be designated? What product data should be included? When should the product data designation come into force?
	<p>Product Data is critical to several important use cases, including product comparison and switching. In Australia, Stay or Go uses Product Data to power its comparison website that help consumers understand the competitiveness of their existing Home Loan or Credit Card, to identify more suitable products that are offered by their existing provider, to negotiate a better deal with their existing provider, and to consider switching options. Other use cases include mortgage brokers using Product Data to provide their customers with a fuller picture of the home loan market (beyond their lending panel).</p> <p>The combination of Product Data and Consumer Data is powerful. For example, using this data, a comprehensive assessment of a consumers current situation and the most suitable products and offers in market can be completed with accuracy.</p> <p>Importantly, product comparison use cases require the majority, if not the entire market to be in-scope (designated), otherwise the comparison may not include the most suitable products available. This is an area where Australia has implemented more effectively than the UK (where only 9 banks are designated).</p>

	<p>The scope of products should be similar to Australia – i.e. all deposit and lending products for consumers and businesses. Narrowing the scope, such as in the UK, will materially impact the potential for product comparison and switching use cases.</p> <p>Product Data is relatively easy for data holders to implement (when compared to Consumer Data), therefore it may be sensible to implement this first, assuming the data standards can be developed quickly (for example, by leveraging those already developed in Australia).</p>
10.	<p>Do you have any comments on designating payments under the Bill? Should other actions be designated? If so, when?</p>
	<p>The ability to switch an account from one product to another at the same bank, for example from a high interest rate Rewards Credit Cards to a Low Rate Credit Card, should be considered. This would enable consumers to move to more suitable products offered by their bank, noting this is often a better outcome than switching providers and apply for additional credit.</p>
<p>The benefits, costs and risks of an open banking designation</p>	
11.	<p>Do you agree with our assessment of how the designation will affect the interests of customers (other than in relation to security, privacy and confidentiality of customer data)? Is anything missing? For businesses: What specific applications and benefits are you aware of that are likely to be enabled by the designation? What is the likely scale of these benefits, and over what timeframe will they occur?</p>
12.	<p>Do you agree with our assessment of the costs and benefits to banks from designation under the Bill (other than those relating to security, privacy or confidentiality)? Is anything missing? For banks: Would you be able to quantify the potential additional costs to your organisation associated with designation under the Bill? i.e. that would not be borne under the Minimum Open Banking Implementation Plan.</p>
	<p>There’s an opportunity for banks to leverage their investment in Product Data to uplift and streamline existing processes, and consequently, reduce cost and risk. For example, many banks employ marketing managers and media agencies to manually document product pricing changes in spreadsheets. These spreadsheets are then emailed to marketing affiliates (e.g. comparison sites) who are asked to manually enter this data into their systems. A multi-day QA process then follows with screenshots of the implemented pricing changes emailed back and forth, and errors rectified. Such processes are inefficient and expensive. They can be replaced by Product Data APIs, and banks can benefit from elimination of the associated costs.</p> <p>These cost reduction and process improvement opportunities should not be overlooked when assessing the case for Product Data implementation.</p>
13.	<p>Do you agree that the designation will promote the implementation of secure, standardised, and efficient regulated data services?</p>

14.	Do you have any comments on the benefits and risks to security, privacy, confidentiality, or other sensitivity of customer data and product data?
15.	Are there any risks from the designation to intellectual property rights in relation to customer data or product data?
Accreditation criteria – what specific criteria should business need to meet before they can become accredited to make requests on behalf of consumers?	
16.	Do you have any insights into how many businesses would wish to seek accreditation, as opposed to using an accredited intermediary to request banking data? For businesses: How likely are you to seek accreditation? What would make you more or less likely to apply?
17.	Do you agree that directors and senior managers of accredited requestors should be subject to a fit and proper person test? Do you have any comments on the advantages or disadvantages of this test, or other options?
18.	Do you agree that requestors whose directors and senior managers have already met the 'fit and proper' licensing or certification test by the Reserve Bank, Financial Markets Authority or Commerce Commission should be deemed to meet this requirement without further assessment?
19.	Do you consider that, in the absence of insurance or guarantee requirements, there is a significant risk of banks or customers not being fully compensated for any loss

	that might reasonably be expected to arise from an accredited requestor breaching its obligations?
20.	Do you have any comments on the availability and cost of professional indemnity insurance and/or cyber insurance, and how this may impact on the ability of prospective requestors to participate in this regime?
21.	Do you agree that a principles-based approach similar to the Australian CDR rules is an appropriate insurance measure?
22.	Do you agree that accredited requestors in open banking should be required to be a member of a financial services disputes resolution scheme?
23.	Do you consider that information security requirements should form part of accreditation?
24.	Do you have any comments on the level of prescription or specific requirements that should apply to information security? For businesses: What information security standards and certifications are available to firms in New Zealand, and what is the approximate cost of obtaining them?
25.	Do you agree that additional criteria of accreditation be the applicant demonstrate compliance with its policies around customer data, product data and action initiation and with the Act?

26.	Do you consider any additional accreditation criteria are necessary?
Fees – what restrictions should there be on fees for providing customer data or initiating payments?	
27.	What would be the impact of requests under the Bill being free, for banking?
28.	If requests under the Bill were not free, what limits or restrictions should be placed on charging fees? Do you have any comments on the costs and benefits of the various options?
The detailed rules for open banking	
29.	Do you agree with the proposals to ensure that consents given to accredited requestors are sufficiently informed? Are there any other obligations that should apply to ensure that consents are express and informed?
30.	Should customers be able to opt out of specific uses of their data that are not necessary to provide the service? Do you have any comments on the advantages and disadvantages of this?

31.	Should customers have the ability to set an expiry on ongoing consents? Do you have any comments on the advantages and disadvantages of this?
32.	Do you agree with the proposals in this paper to help ensure that consents given to accredited requestors acting as intermediaries are sufficiently informed? Are there any other obligations that should apply to ensure that consents given to intermediaries are express and informed?
33.	Do you agree with the proposals to ensure that payment authorisations given to accredited requestors are sufficiently informed? Are there any other obligations that should apply to ensure that payment consents are express and informed? Should there be any other limitations on merchants or other unaccredited persons collecting authorisations, or instructing payments?
34.	Do you agree with the proposals in this paper for customer dashboards for viewing or withdrawing consent?
Joint customers	
35.	Should there be any exceptions to joint customers being able to access account information, other than those provided by clause 16 of the Bill? What would the practical impact of additional exceptions be on the operation of open banking?

36.	Are regulations needed to deal with joint customers making payments, or are the default provisions of the Bill sufficient? What would the practical impact of the default provisions of the Bill on the operation of open banking?
Secondary users	
37.	Are there any issues with designating authorised signatories on a customer’s account as secondary users? What else should regulations provide for secondary users?
Payment limits	
38.	How should payment limits be set?
Remediation of unauthorised payment	
39.	Do you agree that accredited requestors should remediate banks for unauthorised payments that they request? Are there any other steps that should be required to be taken where unauthorised payments occur?

Content of the register and on-boarding of accredited requestors	
40.	What functionality should the register have? Is certain functionality critical on commencement of the designation, or could functionality be added later?
	To support access to Product Data, the register must offer a public API to retrieve a list of all active data holders, their Product Data endpoints, and other identifying details (such as an immutable unique identifier). Information on scheduled API outages should also be publicly available.
41.	What additional information needs to be held by the register to support this functionality? Should this information be publicly available, or only available to participants?
42.	Is it necessary for regulations to include express obligations relating to on-boarding of accredited requestors? If so, what should these obligations be?
Content of policies relating to customer data and action initiation	
43.	Do you agree with the proposed content of accredited requestor customer data policies? Is there anything else that should be required to be included?

Standards for open banking

44.	Do you agree with the proposed standards? Should any additional standards be prescribed?
45.	When should version 3.0 of the API Centre standards become mandatory?
46.	If product data were included in the designation, what standards should be adopted or developed for product data?
	Stay or Go is familiar with both the Australian and UK Product Data standards. Consequently, we highly recommend that NZ adopt the Australian standards for the following reasons: (1) they cover the full suite of products, whereas the UK's standards are limited to a very narrow scope; (2) in general, they allow for higher quality data; and (3) there's a high degree of overlap between participants in the NZ and Australian markets, therefore using the same standards will simplify implementation for both the Banks and the users of this information.
47.	Do you have any comments on performance standards that should apply?
48.	How can MBIE most effectively monitor performance?

49.	Are existing institutional arrangements with the API Centre fit for purpose, to achieve desired outcomes? If not, what changes should be considered? How should the approach change over time as other sectors are designated?
General Comments:	

Thank you

We appreciate you sharing your thoughts with us. Please find all instructions for how to return this form to us on the first page.