RESPONSE ON THE EXPOSURE DRAFT OF OPEN BANKING REGULATIONS UNDER THE CUSTOMER AND PRODUCT DATA ACT

ANZ BANK NEW ZEALAND LIMITED

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Public

1. Introduction

1.1 ANZ Bank New Zealand Limited (**ANZ**) welcomes the opportunity to provide feedback to the Ministry of Business, Innovation & Employment (**MBIE**) on the exposure draft of open banking regulations under the Customer and Product Data Act (**Exposure Draft**).

1.2 ANZ is aware that the New Zealand Banking Association has also provided an industry response on the Exposure Draft. ANZ has contributed to and supports that response.

2. Contact details

2.1. Please contact Commercial information if you would like to discuss the contents of this response.

3. Confidentiality

3.1. ANZ requests that the information in this response is kept confidential on the grounds of commercial sensitivity. If MBIE receives a request to release our response under the Official Information Act, we ask that MBIE consult with us, and our preference is that the information is withheld.

4. Summary/general comments

4.1. The purpose of this submission is to suggest improvements to some areas to better ensure the intent of the regulation is achieved.

4.2. ANZ's key points are:

4.2.1. The Exposure Draft require Data holders to provide a much broader set of product information and data than the API Standards (which have been subject to significant consultation). This expanded scope requires clarification and additional time to implement.

4.2.2. The requirement to onboard Accredited Requestors in five days is unnecessarily short, introduces avoidable risks and requires clarification.

4.2.3. The Exposure Draft lacks information on quality assurance and customer protections, potentially increasing the risk of inappropriate data usage, fraud and customer harm.

5. Customer and Product Data (General Requirements) Regulations 2025

5.1. Regulation 6 Data holder must give accredited requestor access to system

This regulation specifies that Data holders must provide open banking system access to an Accredited Requestor within five working days. We suggest extending the timeline to 20 working days or more, depending on further clarifications.

5.1.1. There is no clear rationale for the proposed five working day timeline:

5.1.1.1. In our experience with working with over 20 third parties, there is no evidence to suggest that any of them could or would want to go live inside five working days.

5.1.1.2. We recommend an activation timeline of 20 working days be considered. While speed and responsiveness on the part of Data holders is important to Accredited Requestors, rapid enablement does not significantly benefit consumers or growth in adoption.

5.1.2. There is material risk introduced with this timeline:

5.1.2.1. ANZ has developed robust procedures for enabling third parties to access our infrastructure, customer data and payment capability. These procedures ensure consistent oversight and accuracy checks are applied. The five working day timeline would require significant changes to these critical security review processes.

5.1.2.2. We are also concerned that the regulations do not require Accredited Requestors to meet conformance testing standards, which provide confidence that their services meet the industry's API Standards. If a five working day onboarding timeline is implemented, we would recommend MBIE complete comprehensive third-party conformance testing as part of its accreditation processes. If not, the Exposure Draft should be amended to require Data holders and Accredited Requestors to demonstrate conformance before accessing customer data.

5.1.2.3. Other markets, like Australia, have invested in infrastructure for rapid automated establishment and verification of relationships in the open banking or CDR ecosystem. New Zealand presently lacks such infrastructure, increasing onboarding risks and requiring strong oversight of manual processes and controls. We note that the Australian CDR scheme has an indicative timescale of 3 weeks to 5 months for onboarding and activation after accreditation is completed[1]. In contrast, New Zealand's five working day timeline without this infrastructure would incur higher risks of errors, omissions, and potential data misuse or fraud.

5.1.2.4. In many organisations, a technical change freeze is implemented from early December to the early part of January. This prevents incidents when many staff are absent. The regulations should provide allowances for this industry behaviour in its accreditation drafting.

5.1.3. Further detail on onboarding requirements should be provided in the regulations:

5.1.3.1. The regulations do not outline the necessary information that Accredited Requestors should provide Data Holders. This would include the services required, their IP address, certificate information, and service contact information which are all required information to enable services. We suggest that the Exposure Draft is amended to include a detailed requirement list.

5.1.3.2. The Regulations are not clear on what milestone is associated with the five working day onboarding requirement. In ANZ's experience, access is typically firstly made to a staging, pre-production or rehearsal environment. This enables a third party to begin testing its service before it is rolled out to customers. The regulations are unclear as to whether access to this environment would be treated as onboarding success.

5.1.3.3. To allow industry participants to effectively implement a new process and plan for appropriate resourcing, the regulations should stipulate a minimum number of third parties to be onboarded within a defined time-period.

5.2. **Regulation 13 Accreditation matters relating to reasonably adequate cover for liabilities**

5.2.1.1. The regulations do not appear to require Accredited Requestors to provide contracts of guarantee, insurance or confirmation that the party is sufficiently capitalised to meet potential liabilities.

[1] See pages 8-11 in the AU CDR Onboarding Guide: https://www.cdr.gov.au/sites/default/files/2025-02/CDR-participant-on-boarding-guide-v2-published-25-February-2025.pdf

6. Customer and Product Data (Banking and other Deposit-Taking) Regulations 2025

6.1. Regulation 7 Designation of Data

6.1.1. The designation of an extended set of customer data fields creates a divergence from the API Standards, which have been developed following wide industry engagement and testing. As a result of the proposed extension, we would expect that Data holders will be required to undertake development on multiple systems to support the regulations. This is a material variation to the approach previously communicated by MBIE.

6.1.2. Regulation 7 (1) (e) designates statement data for a relevant account.

6.1.2.1. The simple interpretation of the requirements is that any data field provided to customers in their statement must be available. There should be no expectation on Data holders to provide more through open banking services than are available to customers through their own direct digital channels.

6.1.2.2. At ANZ, certain statement data fields are only retained in the PDF format provided to the customer and can only be provided to the Accredited Requestor in the same format. Certain data fields cannot be provided as structured data.

6.1.2.3. Statement files such as PDFs may contain more information than is specified in the consent approved by the customer. For example, a bank account statement may include balances for other bank accounts, or the name and address of joint account holders. This additional information creates a potential privacy risk for customers if they did not explicitly consent to the sharing of this data. ANZ recommends that the Exposure Draft either explicitly requires this, or additional time is provided for an alternative solution.

6.1.3. Regulation 7 (3) defines relevant accounts

6.1.3.1. This definition is different to that used in the API Standards. It adds into scope customer Term Deposits and PIE structured Term Deposits. If these are to be included, an extended adoption timeline is recommended.

6.1.3.2. PIE structured investment accounts are not offered by the designated entity ANZ Bank New Zealand Limited, and as previously notified, will not be in scope for ANZ.

6.2. Regulation 8 Designated actions

6.2.1. Regulation 8 (2) (a) outlines that all bank accounts accessible via BECS, including savings accounts be enabled for Open Banking payments. ANZ's Serious Saver account proposition has been developed to encourage long-term saving and not as a transactional account. We recommend excluding such savings accounts from this requirement.

6.3. Regulation 9 Classes of accreditation

6.3.1. In our previous submission in October 2024, ANZ provided extensive information about the types of on-sharing use cases, business models and the potential risks associated with these. The regulations appear to not have considered this information and do not adequately address privacy and other risks to customers.

6.3.2. Regulation 9 (3) includes an exception to requirements for intermediaries. This appears to be worded generically and is potentially open to misuse or purposeful abuse, leading to a loss of trust in the open banking system. ANZ's recommendation is to remove this exception.

6.4. Key topics not included in the regulations

6.4.1.1. The current framework lacks clear liability allocation for issues, which undermines consumer protection and confidence. Without specific arrangements for resolving customer issues arising from use of open banking services (such as payment failure, payment error, fraud, privacy or service failure), consumers must rely on default mechanisms that may be complex and expensive.

6.4.1.2. There is no requirement for accredited requestors to be a member of a dispute resolution scheme. This leaves customers without a simple mechanism to seek restitution for a dispute that involves multiple parties. This gap creates the risk of negative outcomes for customers and a loss of industry confidence.

6.4.1.3. The API Standards only define technical messaging between parties, without addressing the customer experience. The regulations do not include any requirements around customer experience, branding, or make provision for such guidelines to be provided. This absence of standardized labels, names, and explanations for open banking functions can result in inconsistent user experiences, confusion, resistance to adoption and potential misuse.

6.4.1.4. We recommend that customer protection provisions be broadened to better align open banking services with more mature industry payment services such as direct debits. The regulations only specify insurance coverage of liabilities and a requirement for annual notification of active consents. These are inadequate customer safety provisions to support a widely used payment and data sharing ecosystem. ANZ is happy to elaborate on the additional protections in place today that would be removed under the regulations which include fraud data fields, customer authentication for enduring payment consents and high risk merchants.