



Open Banking Regulations



29 August 2025

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Consumer Policy
Building, Resources and Markets Group
Ministry of Business, Innovation & Employment
15 Stout Street
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New Zealand



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To Consumer Policy Team,

XERO SUBMISSION REGARDING EXPOSURE DRAFT OF OPEN BANKING REGULATIONS UNDER THE CUSTOMER AND PRODUCT DATA ACT

Xero welcomes the opportunity to provide feedback on the *Exposure Drafts of the Banking and Other Deposit Taking Regulations* and the *General Requirements Regulations*. With [629,000 New Zealand subscribers](#)—including small businesses and their advisors—we are committed to ensuring the Consumer Data Right (CDR) delivers on its promise of competition, innovation, and participation.

Our submission focuses on a number of provisions where clarity and certainty are essential. We support the use of broad, established definitions to capture a full range of accounts, the early inclusion of provisions for payment initiation, clear obligations on data holders to provide access once accredited, and pragmatic requirements for customer authorisation notifications. We also highlight the need for clarity on when an accredited requestor is considered to be acting as an intermediary, and on the obligations intermediaries must meet, to ensure these provisions do not create unintended barriers to participation.

Most critically, we **urge the Government to confirm that access to core account information APIs will remain permanently fee-free**. This must be a foundational principle of the CDR. Introducing charges—whether now or after a limited period—could undermine uptake, deter investment, and limit the very innovation the regime is intended to encourage.

Finally, we note concern around process and timing. With the full rule set still outstanding and an operational target of December, short consultation windows and fragmented proposals risk unintended complexity and make it difficult for stakeholders to assess cumulative impacts.

We appreciate the opportunity to contribute to this consultation and look forward to further engagement.

Yours sincerely,

Grace Gown
Head of Global Public Policy
Xero

Overview

Xero welcomes the opportunity to provide feedback on the *Exposure Drafts of the Banking and Other Deposit Taking Regulations* and the *General Requirements Regulations* under the Customer and Product Data Act. With [629,000 New Zealand subscribers](#)—including small businesses and their advisors—we are committed to ensuring the Consumer Data Right (CDR) delivers on its promise of increased innovation, participation, and competition.

Our submission focuses only on selected provisions where clarity and certainty are most important to the regime's success. We support the inclusion of broad designated data definitions that capture a full range of accounts, the introduction of high-level provisions for payment initiation, clear obligations on data holders to provide access once accredited, and pragmatic notification requirements. We also **emphasise the need for core account information APIs to remain permanently fee-free**—a principle not yet confirmed in the draft regulations but which we believe is fundamental to the regime's long-term viability. Finally, we highlight the need for further clarity on when an accredited requestor is considered to be acting as an intermediary, and on the nature of the obligations intermediaries must meet, to ensure these provisions do not create unintended barriers to participation.

Finally, we are concerned about process and timing. The full rule set is still outstanding, yet consultation windows remain tight with an operational target of December. Reviewing proposals in isolation, rather than as an integrated package, creates uncertainty, risks unintended complexity, and limits stakeholders' ability to assess cumulative impacts.

1. Banking and other Deposit Taking Regulations

1.1. Designated data

We support the approach taken in Regulation 7, particularly the definition of “relevant accounts” in 7(3). By drawing on existing definitions in the *Financial Markets Conduct Regulations 2014* and the *Credit Contracts and Consumer Finance Act 2003*, the regime ensures a broad and consistent scope that includes not only deposit accounts but also credit products such as mortgages and credit cards.

This breadth of coverage is especially important for small business customers. Many small businesses rely on a combination of transactional accounts, credit cards, overdrafts, and mortgages to manage their day-to-day operations and longer-term financing. Allowing these accounts to be connected under the regime will give small business owners and their advisors a more accurate and complete picture of their financial position, enabling better cash flow management, tax planning, and financial decision-making.

We welcome the decision to leverage well-established statutory definitions rather than creating new or narrower categories. This provides clarity, avoids duplication, and ensures consistency across the financial regulatory framework. Most importantly, it makes a full range of accounts available for secure, standardised data sharing—delivering practical benefits for New Zealand’s small businesses.

1.2. Designated actions

We support the inclusion of high-level provisions for payment initiation in Regulation 8. Establishing these building blocks now is a forward-looking decision that lays the groundwork for small businesses to benefit from secure, account-to-account (A2A) payments as the system matures.

The current drafting appears broad enough to capture most small business accounts, many of which are structured with a single signatory or with multiple signatories who can act independently. This is important, as small businesses are consumers of these services too, and should not be unintentionally excluded from the benefits of payment initiation.

We note that accounts requiring two or more authorisers are less common, and current standards focus on single-authorisation, with no established approach to multi-authorisation at this stage. While not a priority at this point, it may be a useful consideration over time to ensure the framework can support the widest possible range of small business use cases.

While Xero does not directly handle funds, our role is to provide the technology that enables small businesses to manage their financial workflows efficiently. Our vision is that business owners should be able to complete end-to-end tasks—such as paying staff or settling supplier invoices—within their accounting platform, without needing to generate files or log into separate banking portals. For small businesses, this is about more than convenience: embedded, real-time payments can reduce administrative burden, improve cash flow, and provide peace of mind.

International experience shows the potential. In the UK, open banking data access and payment initiation were introduced together, and that combination has helped drive adoption and deliver meaningful use cases for small businesses. By putting the framework in place now, New Zealand is well-positioned to achieve similar outcomes as domestic payment infrastructure continues to mature.

1.3. Intermediaries

We note the provisions in Regulation 9 regarding intermediaries. The example in 9(3) usefully clarifies that where an accredited requestor is providing its own service to an end customer and—separately, with the customer’s consent—makes data available to another provider, that request is not treated as intermediary activity. This reflects common practice with accounting platforms, where a small business may connect data in Xero both for Xero’s core services and, with consent, to an app partner.

However, the drafting in 9(3)(b) — “A’s provision of those goods and services to C is separate from the goods or services that B provides to C” — could be read more narrowly than the example suggests. In practice, the services will not always be wholly “separate”: data shared with a partner app may be derived from, or linked to, the service Xero provides.

To better align the drafting with the example, we suggest clarifying that an accredited requestor is not acting as an intermediary where it:

- requests data mainly to provide its own service to a customer, and
- with the customer’s consent, also makes that data (including derived or value-added data) available to another provider to enable that provider to deliver its service.

This would codify the interpretation in the example, and provide certainty that customer-consented sharing of data with third parties is consistent with the regime.

2. General Requirements Regulations

2.1. Access to system

We support the approach in Regulation 6. Establishing a clear and non-discretionary obligation for data holders to provide access once an entity is accredited is fundamental to the regime's integrity. This gives participants the confidence to invest and innovate, knowing the rules will be applied consistently.

2.2. Charges for regulated data services

We note that Regulation 7 on charges is currently marked “under consideration”. Our position is clear: **fee-free access to core account information APIs must be a permanent feature of the CDR**. This should be established as a foundational principle of the regime, not subject to time limits or reversal.

A successful open banking ecosystem requires long-term investment and commitment from all participants. To make those investment decisions with confidence, industry needs certainty. That certainty depends on recognising that access to core account information must be fundamentally free and permanently so, not treated as a temporary concession. Establishing a fee-free model only for an initial period could undermine the long-term viability of the regime. That uncertainty could deter participation and limit the very innovation and competition the CDR is intended to foster.

It is also important to draw a distinction: whether fees may be appropriate for payment initiation or other premium services is a separate and distinct policy conversation. For core account information APIs, the answer must be unequivocal—access should remain fee-free on a permanent basis.

Permanent, fee-free access to core account information APIs is essential to the success of New Zealand's open banking regime, for several reasons:

- **Consumer rights:** Introducing charges could impose a hidden fee on consumers exercising their right to share their own data.
- **Investment certainty:** Participants must commit significant resources to build and maintain secure integrations. Long-term confidence that access will remain free is essential to justify these investments.
- **International precedent:** The [UK](#), [EU](#), and [Australia](#) all prohibit fees for core account data. There is also no precedent for limiting fee-free access to a few years before introducing charges.
- **Unworkable for high-volume services:** Core data APIs are used continuously, not occasionally. A per-call fee model would quickly become economically unviable for high-volume services, making the regime inaccessible for exactly the providers it is meant to enable.
- **Risk of unsecure workarounds:** If regulated APIs become uneconomic or impractical, participants will inevitably revert to less secure alternatives, such as screen-scraping. With the rise of AI-driven tools, these workarounds could become more powerful and harder to detect, undermining both the intent and security of the regime.
- **Viable alternative:** Accreditation fees and scheme-level levies, already contemplated in the Act, provide a sustainable way to fund the system without undermining adoption.

2.3. Notify customers of authorisation

We support the proposed approach in Regulation 10. Overall, it is a pragmatic and proportionate requirement that maintains transparency while keeping the customer experience simple.

An annual notification provides the right balance by keeping customers informed while avoiding notification fatigue. The regime should avoid requiring notifications more frequently than annually to ensure the intent is followed without overcomplicating the process.

We also welcome the ability to bundle consents into a single communication, which will further simplify the customer experience while maintaining transparency.

2.4. Intermediary accreditation obligations

We note the provisions in Regulation 14 regarding accreditation matters for intermediaries. Intermediary models are fundamental to the success of open banking regimes. In the UK, for example, the majority of participants access open banking through intermediaries. Enabling companies to participate in this way is therefore a must have for New Zealand.

The current drafting of Regulation 14, however, is vague. Terms such as “adequate security safeguards” and “adequate processes” are not defined, leaving uncertainty about what intermediaries must require of the unaccredited providers they connect with. This lack of clarity risks inconsistent interpretation and higher compliance costs, particularly for smaller ecosystem partners.

It also raises a broader policy question. If the requirements that intermediaries must apply to connected providers mirror those that apply to direct participants, then the practical value of participating via an intermediary could be diminished. It is unclear why the rules should differ for intermediaries, given all participants ultimately access the same sensitive data. What additional risks are being managed, and how these obligations are intended to work in practice, is not yet clear. Intermediaries play a vital role precisely because they lower barriers to entry and enable a wider range of providers to participate. Regulation 14 should therefore be designed to preserve this pathway rather than risk making it redundant.

To provide certainty and keep obligations proportionate, we recommend the regime adopt a flexible, tiered framework that recognises a range of established standards. This could include ISO 27001 and SOC 2 for larger or higher-risk entities, and the DSPANZ Security Standard for Add-on Marketplaces (SSAM) for smaller providers. Xero already [uses the DSPANZ SSAM](#) to assess the security of developers accessing our API platform, making it a practical and accessible option for emerging fintechs.

Providing clearer, proportionate benchmarks will ensure intermediaries remain a viable and effective pathway for participation, supporting a diverse and innovative open banking ecosystem.