

Submission

to the

Ministry of Business, Innovation and
Employment

on the

Consultation: *Draft open banking
standards under the Customer and
Product Data Act*

24 October 2025



About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following seventeen registered banks in New Zealand are members of NZBA and support this submission:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank (New Zealand) Limited
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank N.A.
 - KB Kookmin Bank Auckland Branch
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on the draft Customer and Product Data Standards 2025 (**Standards**) to support the Customer and Product Data Act 2025 (**Act**).
5. We appreciate the feedback MBIE has incorporated in the finalised Customer and Product Data (Designation of Banking and Other Deposit Takers) Regulations 2025 and the Customer and Product Data (General Requirements) Regulations 2025 (together, the **Regulations**).
6. NZBA commends MBIE's work in developing the Standards. We provide suggestions within this submission to allow the Standards to support the successful development of the open banking regime in New Zealand.
7. We have identified specific areas where we consider that the Standards should be amended to better reflect the purpose and understanding of the open banking regime, and have provided recommendations to address these points. As set out in more detail below, these include:
 - 7.1. NZBA supports referencing version 2.3.3 of the Payments NZ API Centre specifications specifically, and recommends that participants may adopt updated API standards where necessary (paragraph 11);
 - 7.2. NZBA seeks confirmation that the Standards will permit banks to apply or adapt fair usage policies to manage API request volumes, ensuring compliance with their obligations and supporting system performance (paragraphs 12 to 14);
 - 7.3. NZBA supports clause 8's intention that optional data fields are only required where the data is actually held by the data holder, and recommends clarifying the drafting to ensure consistency with the Act and avoid ambiguity about the scope of data to be returned (paragraphs 15 to 17);
 - 7.4. NZBA is concerned that the Standards do not provide sufficient certainty that compliance will satisfy key obligations under the Act, and recommends that the Regulations be revisited to clearly address this, particularly regarding clauses that carry civil liability (paragraphs 18 to 27).
8. In our review, we have provided suggestions to fix technical issues within the Standards, including recommending a mapping exercise to clarify the extent to which the API Centre Standards are incorporated (paragraph 28). In addition, and as set out in more detail below, we have proposed amendments to:
 - 8.1. Correct apparent drafting errors (paragraphs 29 to 30);



- 8.2. Address cross-referencing errors (paragraphs 31 to 34); and
- 8.3. Include or fix defined terms (paragraphs 35 to 36)
- 9. We would be happy to continue to engage with MBIE as this work progresses.

Overarching comments

- 10. We provide the following overarching comments, in addition to our specific submissions below:
 - 10.1. NZBA strongly supports MBIE's proposal to incorporate external material by reference to version 2.3.3 of the Payments NZ API Centre specifications and other documentation, as defined in clause 3 of the Standards (together, the **API Centre Standards**) in the Standards. We consider this is essential for the successful implementation of New Zealand's open banking regime by the deadline of 1 December 2025.
 - 10.2. Due to the short consultation periods for both the Standards and the Regulations, with the Regulations being finalised prior to submissions on the Standards being considered, NZBA is concerned that there are aspects of the relationship between the Act, the Regulations, and the Standards that are not well aligned. For example, NZBA is concerned that the Standards do not provide the necessary certainty to establish that a data holder's compliance with the Standards will be sufficient to demonstrate compliance with certain sections of the Act. In our view and as discussed below, clarification on this point would be appropriately addressed in the Regulations (rather than in the Standards). Accordingly, we support the revisitation of the Regulations at the earliest opportunity to ensure that this is clearly reflected.
 - 10.3. In the interim, we suggest that MBIE issues guidance to clarify that compliance with the Standards will be regarded as compliance with the sections of the Act discussed at paragraphs 18 to 27 below. This could, for example, take the form of explanatory notes at the beginning of the standards or a separate guidance document released alongside them. While this would not provide the same level of certainty as specific incorporation into the Regulations, it would offer helpful interim comfort to market participants on the Regulator's perspective pending the next review of the Regulations.
 - 10.4. The NZBA seeks clarification on the process for raising and resolving discrepancies or challenges with the implementation of the Standards once they are published. Currently, such issues are escalated to the API Centre,



discussed within the relevant working group, and addressed as appropriate. However, it is not clear whether this process will continue to operate in the same way once the API Centre Standards are effectively adopted through the Standards.

- 10.5. The Customer and Product Data Designations for Banking and Other Deposit Taking Regulations 2025 prescribe relevant payment limits, with potential outcomes varying depending on the circumstances. The Standards do not provide further clarity on payment limits, resulting in uncertainty and risk, which may be detrimental to the effective operation of open banking. The NZBA would welcome clarification in the Regulations (or in guidance until such time as the Regulations can be updated) on the definition of relevant limits, particularly for enduring payments, or consideration of a standardised floor limit to ensure payments are processed up to a minimum value (subject to availability of funds and other relevant limitations).

Adapting Standards to reflect future updates

11. NZBA notes that the Standards refer specifically to version 2.3.3 of the API Centre Standards. While we support this approach, we seek clarity in the Standards that a data holder or accredited requestor may adopt newer versions of the API standards beyond those currently referenced by MBIE. In particular, it is important that participants are able to implement updated API Centre Standards where this is necessary to address emerging risks or enhance customer security.

Fair usage

12. We note that the API Centre's Banking Data API Specification (**data specification**) is incorporated by the Standards in clauses 5(1) and (2) and 8(1) and (2) (with respect to making or responding to data requests), clause 6 (in respect of the data holder's electronic systems) and clause 7 (in respect of requests and responses relating to confirmation of authorisation).
13. In the API Centre context, the data specification allows banks to implement fair usage policies, but does not necessarily require them to. In the absence of fees, there are no incentives for accredited requestors to ensure that API requests are made in an efficient manner. Accordingly, the NZBA submits that appropriate fair usage policies will be required to maintain system performance.
14. NZBA seeks confirmation that the Standards will allow banks to apply fair usage policies, and in doing so will not be in breach of their obligations, including under



section 27 of the Act. We consider that this is necessary to ensure that the Standards adequately support data holders in managing volumes of requests from third parties that exceed reasonably expected levels.

Requirements for a response to a request should be clarified

15. NZBA welcomes what we understand to be the purpose of clause 8 of the Standards, namely, to ensure that optional data fields are required to be completed only where the data holder actually holds the relevant data. We note that the definition of 'customer data' included at section 8(2) of the Act refers to 'data that is about an identifiable customer **that is held by or on behalf of a data holder** (including, for example, personal information)' [emphasis ours].
16. We consider that the descriptive example provided in the Standards demonstrates this intention well. However, in our view, the beginning of clause 8(3) of the Standards should be amended to read 'If customer data must be returned through an optional data field...' to clarify that the requirement relates to customer data under section 8(2) of the Act, which must be held by or on behalf of the data holder. Such clarification would help to ensure consistency and avoid any potential ambiguity regarding the scope of data that must be returned.
17. As outlined above, our understanding is that clause 8 of the Standards does not require banks to establish systems to return data they do not currently hold. However, if MBIE holds a different view, we request that this be communicated to us as soon as possible, as compliance with such a requirement by 1 December 2025 would present significant development and implementation challenges.

Further detail required to ensure the Standards provide the technical detail to support the Act

18. NZBA is concerned that the Standards do not provide the necessary certainty to establish that a data holder's compliance with the Standards will be sufficient to demonstrate compliance with certain sections of the Act.
19. We note that clarification in this respect would more appropriately be set out in the Regulations. We support the revisitation of the Regulations to ensure that this is clearly reflected. We consider this is particularly relevant to the obligations in clauses 27, 39 and 45 of the Act, contraventions of which give rise to civil liability under the Act and may result in significant penalties.



Requirements for a data holder's electronic systems should be clarified

20. We note that Section 28 of the Act provides for regulations or technical standards to specify technical or performance requirements for the electronic system required to be established by data holders under section 27 of the Act. Clause 6 of the Standards should clarify that its provisions are made for the purposes of section 28 of the Act to establish the technical and performance requirements for the electronic systems operated by data holder banks, as required by section 27.
21. As set out above, we also support the revisitation of the Regulations to clarify that compliance with clause 6 of the Standards is sufficient to establish compliance with section 28, and therefore section 27, of the Act.

Identification requirements of a person making a request should be clarified

22. We note that Section 45(3) of the Act provides for regulations and technical standards to specify the manner in which data holders must verify the identity of a person. We welcome the cross reference to section 45(3) in clause 9 of the Standards, and suggest that clause 9 should be amended further as below:

"A data holder is considered to have identified an accredited requestor under section 45(3) where it has taken reasonable steps to ensure that the network and message signing certificates used to make the request have been issued to the accredited requestor and meet the requirements for these certificates in the data security profile."

23. As set out above, we also support the revisitation of the Regulations to clarify that compliance with clause 9 of the Standards is sufficient to establish compliance with sections 45(2) and (3) of the Act, with respect to the verification of the identity of accredited requestors by data holder banks.

Confirmation of Customer authorisation requires further clarity

24. NZBA submits that clause 7 of the Standards provides additional guidance on the process for confirmation of authorisation.
25. We note that section 39(6) of the Act provides for regulations or standards to prescribe how confirmation of authorisation must be carried out. Section 37 of the Act sets out the criteria which must be met to establish that a customer (or a secondary user on their behalf) has given authorisation to another person, with section 37(1)(c) specifically providing for regulations or standards to prescribe the manner in which authorisation must be given.
26. In our view, at a minimum, clause 7 should refer specifically to section 37(1)(c) and



39(6) of the Act, to establish clearly that clause 7 is relevant to compliance with those provisions

27. As set out above, we support the revisitation of the Regulations to clarify that compliance with clause 7 of the Standards is sufficient to establish compliance with sections 39(6) and 37(1)(c).

Suggestions to resolve technical errors

Requirements of the Standards to be mapped against the API Centre Standards

28. NZBA submits that the Standards are unclear on the extent to which they incorporate the API Centre Standards and that a full mapping exercise should be undertaken in this respect. For example, in our review we have identified the issues set out below. This does not purport to be an exhaustive list.
 - 28.1. The Standards are unclear as to whether the requirements to comply with the “payment specification” and the “account information specification” also extend to their underlying resource specifications, which are referenced separately in clause 3 of the Standards (“Interpretation”);
 - 28.2. There are different uses of defined terms as between the Standards and the API Centre Standards, which may have unintended consequences. For example, we note that Section 2.17(b)(ii) of the API Centre Customer Service Standards refers to the “API Standards”, which are defined broadly in the API Centre’s terms and conditions to mean “the API standards developed, maintained, and published by the API Centre”. However, “API standard” is defined in section 10(3) of the Standards to refer solely to the account information specification and the payments specification;
 - 28.3. Clause 10(3) also includes other terms used in the API Centre Standards that are not defined in the Standards or the Regulations (e.g.: “Third Party”); and
 - 28.4. Clauses 7 (confirming the conditions that must be met for making/responding to customer authorisation requests) and 10 (accredited requestor requirements for obtaining authorisation) are both relevant to the customer authorisation process, but the Standards provide no further clarity on the sequencing or relationship between these clauses.

Requirements should be for “the payment specification” rather than “the account information specification”

29. NZBA notes that there may be a drafting error at paragraph (b) of subclause 7(3). We consider that the reference to the “account information specification” should instead be



to the “payments specification.”

30. We note that the same drafting error may have been made at paragraph (b) of subclause 7(4). As above, we consider that the reference to the “account information specification” should instead be to the “payments specification.”

Correction of cross-reference errors

31. Subclause 5(2)(a) refers to “section 4 (headed “Endpoints”) of the payments specification for “Domestic Payments””. However, the “Domestic Payments” section of the payments specification forms part of section 3 (“Basics”). Accordingly, in our view, the words “for “Domestic Payments”” should be deleted.
32. NZBA notes that there may be an error in the drafting of the cross-reference at the beginning of subclause 7(5). We suggest that the cross-reference is amended as follows:

“Subclause (6) applies if the accredited requestor initiates an authorisation flow by following one of the authorisation flow processes implemented by the data holder’s electronic system (for example, the Hybrid Flow process) in accordance with the requirements for a Third Party initiating that process set out in the data security profile.”

33. We suggest a similar minor amendment is made to subclause 7(6), as follows:

“A data holder must respond to initiation under subclause (5) in accordance with the applicable authorisation flow process for an API Provider set out in the data security profile.”

34. NZBA notes that there may also be an error in the drafting of the cross-reference in subclause 10(3)(c). We suggest that the cross-reference is amended as follows:

“Customer Data” means customer data as defined by section 5.”

Defined terms

35. NZBA notes the reference in clause 6(1)(b) to the “accounts information specification” and suggests this should instead refer to the “account information specification.”
36. NZBA suggests that the following terms are defined to provide clarity on the applicable requirements:
 - 36.1. “the consents resource specification” at clause 7(3)(c); and
 - 36.2. “the specification resource” at clause 7(4)(c).