

3 December 2025

Bryan Chapple
Commissioner
Commerce Commission
Via email

Cc
Dr John Small, Chair Commerce Commission

Response to the Commission's open letter 'Open Banking – our observations on recent progress', dated 2 September

Tēnā koe Bryan

Thank you for providing your observations on recent progress made on open banking, and for sharing your views on the way forward for the open banking ecosystem.

In the time since the publication of your open letter on 2 September 2025, the API Centre has delivered substantial progress, including:

- Published publicly our **5 operational standards**¹, covering compliance, customers, data security, register and reporting standards. These standards strengthen the foundation of our open banking ecosystem and enhance transparency.
- **Delegated additional authority to the Independent Director Committee (being the 3 independent Directors of the Payments NZ board)**, including approval of amendments to the Terms & Conditions decision making in relation to certain exemptions, and providing no objections to operational standards approved by the API Council.
- Approved a **new performance standard**² covering outages, reporting, thresholds and more. This recently published standard³ became effective on 28 November 2025.
- **Published the API Centre Terms and Conditions** on our public website⁴ to increase transparency.
- Completed a **broad market engagement** using qualitative and quantitative methods to assess and define demand for a wide range of functional candidates that our future standards could cater for. This engagement canvassed Standards Users (including

¹ Refer link to our [Operational Standards](#)

² This advances #49 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025, noting that payment limits are being addressed by CPD

³ Refer to the Performance Standard at this link to our [Operational Standards](#)

⁴ Refer link to our [Terms and Conditions](#)



impersonated access providers), major financial institutions, government agencies, payment intermediaries, fintech/data service innovators, and businesses from various sectors.

- Used the above broad market engagement to set and agree **the standards development pipeline priorities** and begun work on the highest priority features and functions⁵.
- Agreed the framework for a holistic **Roadmap** encompassing API Standards, Operational Standards, and known implementation dates.⁶
- Agreed **standards development process improvements** and new ways of working to enhance the efficiency of the development of future standards.
- Updated our Terms and Conditions to **strengthen the API Centre's purpose** and objectives, and clarified the exemptions criteria and governance processes.
- Commenced work on developing a **standards conformance**⁷ framework and capabilities.
- The near completion of our **Accreditation and Partnering Project**. (Note that the project resulted in recommending not to establish common accreditation and partnering arrangements, as the need for this has effectively been superseded by Customer and Product Data Act 2025 (CPD). However, the project successfully informed MBIE's development of applicable CPD policies and completed a range of deliverables. We will provide and update the Commission once the project has been closed.)

During this same period, the API Centre has committed significant resource and priority to working with MBIE and has now entered into a standards licensing agreement. This agreement ensures continuity for the industry by allowing MBIE to incorporate by reference the Payments NZ API Centre's v2.3.3 API standards for data, account information, payments and API security as well as our Customer Standard v1.1.

In totality, the above list of accomplishments demonstrates the API Centre's commitment to realising the benefits of API-enabled payments innovation and open banking. We would welcome engaging with the Commission to provide further information about this progress.

Future open banking capabilities supported by standards

We note a range of public policy expectations has been stated for the future of open banking capabilities supported by API standards:

- Use cases currently served by suboptimal access being prioritised for development of standards⁸. (Note that we would welcome the opportunity to clarify some of the Commission's assumptions about the limitations of current standards, as in some instances, the standards' functionality already address the concerns raised.)

⁵ To progress against #53.1 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025, noting that payment limits are being addressed by the CPD regime

⁶ *ibid*

⁷ Will address #50 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

⁸ See #25 & #48 in the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

- Use of open banking for in-person payments as an alternative to Eftpos⁹. (Note the current standards have the capability to allow third parties to deliver in-person payment experiences)
- The Government's acceptance of the inquiry into banking competition's recommendation regarding standardising credit information, and the signaling that the Government expects work on open banking to streamline product and loan comparison and applications¹⁰.

We do not disagree with these expectations. However, while these may leverage open banking to potentially address specific concerns and objectives, they do not necessarily align to what is widely needed for Aotearoa to achieve a thriving, successful and highly used open banking ecosystem. It is our view that:

Future standards should foster widespread adoption by prioritising functionalities with broad utility (driven primarily by quantifiable industry demand) thereby maximising value for the greatest number of stakeholders, while also balancing the Centres core objectives of safety, security, efficiency and interoperability.

In other words, we believe the immediate priority is to focus on the most common and impactful needs of ecosystem participants who will make open banking a success.

Through broad market engagement, we have identified and prioritised the most impactful standards development opportunities. This industry-led approach has accelerated open banking adoption and has ensured standards deliver the greatest collective benefit to customers and participants. We also note that some of the prioritised functionality we will be working on will naturally support further transition from impersonated access to APIs.

Impersonated Access

Our current standards prioritisation already partially meets the Commission's expectation that the standards will map to existing impersonated access use cases. Any further steps to tilt the prioritisation of standards further towards the needs of parties who utilise impersonated access raise concerns and challenges, including:

- There are opportunity costs of not pursuing higher-demand and common functionalities.
- The API Centre supports a diverse membership, including impersonated access practitioners as well as other parties that only utilise standardised open banking APIs. Prioritisation must deliver equitable stakeholder benefit and relevance by taking into account all perspectives.
- There is no uniformity in what different impersonated actors currently do, making it difficult to develop standards that map to all impersonated access use cases.
- No assumptions should be made about whether every impersonated access usage scenario reflects best practices and is appropriate to be translated into standardised APIs. For example, our enduring payment consent standard provides customer control by requiring

⁹ See #62 in the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

¹⁰ See para 7, 'Government Response to Report of the Finance and Expenditure Committee on the inquiry into banking competition', 13 November 2025

customers to consent to one or more creditor bank accounts (which is consistent with the U.K.'s practice¹¹). While removing this customer control may unlock new use cases - careful risk, safety and customer impact assessments would need to be conducted before any decision is made to convert that into an API standard.

Despite the considerations described above, the API Centre does support the migration from impersonated access to standardised APIs. Moving from impersonated access to standardised APIs will create a safer, more accountable ecosystem, where customer trust is built in.

It is our view that the API Centre and the wider open banking industry is not in a position to achieve the Commission's expectations regarding the wind down of impersonated access. We note the letter of expectations does not discuss mechanisms for how the transition will be achieved. The Commission and MBIE coordinate and use their combined regulatory powers to require the migration of impersonated access to standardised APIs as soon as practicable. The API Centre can then support, as appropriate, achieving this regulatory requirement.

We believe that it is both unreasonable and unrealistic to expect industry to coalesce around the Commission's 'expectations' and lead the delivery of transitioning away from impersonated access towards standardised APIs. In particular:

- There are practical challenges and inefficiencies in industry enforcing the sunset of impersonated access. There are no industry levers (such as the API Centre's Terms and Conditions or our standards) over impersonated access that could be used to enforce their sunset. Further, expecting many bespoke bilateral arrangements¹² to achieve a coordinated sunset is highly inefficient.
- Industry and the API Centre do not have any levers to impose sinking lids¹³ on new entities using suboptimal access methods or limit existing impersonated access users expanding their use cases.
- The resources and time required to appropriately manage competition law matters (if any), if industry¹⁴ were to lead a coordinated sunset for products and services using impersonated access methods by around 2028¹⁵.

In addition, we have material concerns that the Commission's proposed 'hybrid model' will act as a short term endorsement and legitimisation of impersonated access techniques. We would like to see more clarity that this is not the case.

With the industry's progress made delivering and implementing the Standards and the introduction of the CPD regime, there is now a viable alternative for many impersonated access use case scenarios. It is our view that where an API standard could be used for a particular customer, there is no longer any valid reason to use impersonated access methods to serve that customer. Regulatory mechanisms should be put in place to eliminate this scenario in the short term.

¹¹ Refer Open Banking Limited's [Variable Recurring Payment FAQs](#), which say: "Is Creditor account details mandatory to be part of the VRP consent for sweeping? Yes, creditor account details must be specified and cannot be changed."

¹² Refer #34 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

¹³ Refer #27 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

¹⁴ Refer #34 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

¹⁵ Refer #27.2 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025

Final thoughts

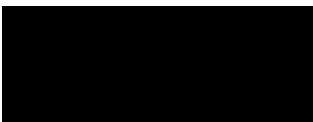
While the Commission makes some references to the new CPD regime, there is a lack of directional certainty regarding the relationship between the Commission's expectations and the CPD regime. We welcome a more joined up view between MBIE and the Commission. For example, the Commission's expectations in relation to smaller banks and other deposit takers joining the open banking ecosystem to help deliver the 'hybrid model' implies that they should become designated under CPD regime in order to deliver "standardised APIs by 30 May 2027"¹⁶.

We recommend that the Commission and MBIE adopt a unified leadership approach, using their combined regulatory powers to more decisively drive the migration of impersonated access to standardised APIs. We also recommend that this is undertaken:

- with the customer at the heart of the transition;
- in a highly consultative and collaborative way with industry, as they will need to give effect to any transition;
- in a way that does not deprioritise or hamper the development and implementation of industry-prioritised functionality that will be supported by future standards; and
- in a way that ensures equitable stakeholder benefit and avoids inadvertently providing some market actors with advantageous conditions through any transition timeframe.

We would welcome the opportunity to engage with you and the Commission's team to discuss any of these matters, and to further advance the development of the Aotearoa open banking ecosystem.

Ngā mihi



Steve Wiggins
Chief Executive

¹⁶ Refer #37 of the Commission's 'Open Banking – our observations on recent progress', 2 Sept 2025