

Submission

Technical proposal: Delegation requirements and treatment of professional trust accounts for Regulated Open Banking

for Ministry of Business, Innovation
and Employment | Hikina Whakatutuki

19 June 2026



Executive Summary

1. Payments NZ welcomes the opportunity to comment on the consultation on delegation requirements and the treatment of professional trust accounts in regulated open banking by the Ministry of Business, Innovation and Employment - Hīkina Whakatutuki ("MBIE").
2. We support the objective of enabling open banking for business customers. At the outset it is important to note that Payments NZ submits that the proposals would benefit from clearer articulation of the longer-term strategic end state for business customers. Any regulatory requirements should remain focused on the outcomes most likely to improve business customer value and uptake of open banking, rather than being overly prescriptive in implementation.
3. Greater clarity on the intended regulatory direction, supported by a roadmap for sequencing reforms, would help coordinate the industry and focus effort on the areas most likely to improve uptake, trust, and ecosystem value, including in relation to business customers.
4. With regard to delegation systems, Payments NZ submits that regulation should define access and outcomes rather than prescribe how banks design internal authority, entitlement, or identity-validation systems. In our view, regulating a detailed permission architecture would create a separate open banking layer that is distinct from existing arrangements, increasing business cost, complexity, customer friction, and delivery risk. This will have a negative impact on business customers.
5. On professional trust accounts, Payments NZ supports these accounts ultimately being brought within regulated open banking but to sequence the timing post June 2027. Any inclusion before 1 June 2027 attracts significant risks due to complexity, effort and opportunity cost as they are likely to achieve less benefit relative to other opportunities that could deliver broader business enablement prioritised by industry. There is limited evidence of strong current demand, and this raises concerns in addition to significant unresolved technical standards questions, and potential privacy concerns that must be addressed.
6. It is on this basis that Payments NZ recommends a phased prioritisation approach to adding access and impactful capability for business enablement that preserves the long-term policy intent of regulated open banking and avoiding disproportionate investment in a complex and relatively narrow use case.

About Payments NZ

7. Payments NZ plays a central and evolving role in Aotearoa New Zealand's payments system, including open banking. Our clearing systems move more than \$8 trillion in payments annually and underpin daily economic activity. We perform a significant trusted system stewardship role, coordinating the industry to deliver safe, efficient, open, innovative and interoperable change that endures - such as with open banking, at scale.
8. Since the establishment of the API Centre we have worked with industry stakeholders and our API Standards Users to lead the establishment of open banking in Aotearoa.
9. Through this industry work, the foundations of safe, secure and standardised open banking were delivered and have been used by Aotearoa customers since 2024. This later paved the way for the introduction of formal regulation through the *Customer and Product Data Act 2025* which became effective in December 2025. Our two core industry-developed standards for Payment Initiation and Account Information form the foundation of how open banking has been delivered in Aotearoa to date and forms the foundation of regulated open banking today.
10. The API Centre's purpose is enabling open banking innovation, and it is against the backdrop of our vision¹ and mission² that Payments NZ provides this feedback to the consultation.
11. Payments NZ is in full support of the continued success and sustainable growth of the open banking ecosystem over time. Building trust, supporting robust customer outcomes, enabling third-party innovation, and promoting interoperability will lift uptake and deliver value across the ecosystem now and into the future.
12. Most recently, the API Centre has prioritised researching and designing a multi-authorisation payment consent solution because of its potential to unlock significant open banking uptake that is not available today. It is through this work, coupled with our in-depth knowledge of the ecosystem, we have developed practical insight into banks' existing authority arrangements, how entities and individuals are associated in both current and future-state models, and the lifecycle challenges involved in managing long-lived consents. That depth of engagement and practical experience has shaped a clear view of effective outcomes in this area and informs our perspective on the delegation proposals,

¹ API Centre vision is to "enable the industry to deliver useful API-based services that are used to innovate and support Kiwi financial wellbeing."

² API Centre mission is "We contribute to a progressive, innovative, and trusted API ecosystem by enabling financial inclusion and promoting interoperable, safe, open, and efficient API-based services for Kiwi. We do this through effective and inclusive industry governance, working groups, a team of capable experts and input from ecosystem stakeholders."

for MBIE's careful consideration.

Summary: Confirmation and delegation system

13. Payments NZ acknowledges that the proposed system is intended to improve security and help business customers self-manage data access, however we consider that regulation should first seek to define the outcomes that need to be achieved rather than prescribe the systems and technical implementations used to achieve them.
14. In our view, an approach based on access principles, supported by clear strategic direction and agile standards development for foundational capabilities such as multi-authorisation, will lead to faster, scalable, interoperable, efficient, and trusted open banking outcomes.
15. Payments NZ submits that the focus for the government should be on articulating the specific scope and outcomes required for business customers and entities, and enabling fair and balanced industry prioritisation, which includes the voice of Aotearoa businesses and entities, to achieve workable outcomes.
16. From an ecosystem perspective, a key risk of Regulation 6 and the proposed changes is that they move beyond enabling access and into prescribing how banks design internal authority and entitlement models. This extends open banking into internal permission architecture, which is typically managed through existing customer authority arrangements and part of the unique business customer experience offering within each bank. While standardisation of data is a desired outcome for open data, a more prescriptive approach to permissions could increase complexity for customers and banks and slow delivery momentum. It would also be less aligned with international practice, where access is generally enabled without redefining underlying bank controls.
17. The proposals relating to delegation systems and identity validation also do not yet appear to sufficiently reflect the outcomes sought by business customers and entities or the impact on existing open banking consent flows. Any approach that requires a customer to validate identity before an open banking consent flow will add a layer of friction to the customer experience and will likely result in reduced adoption and uptake.
18. Lifecycle management of active consents when delegation entitlements change will also be critical to understand for long-lived data-sharing consents. More broadly, permissions are likely to be relevant across open data sectors, particularly where use cases span multiple sectors, so common consent patterns should be considered carefully before system solutions are determined.

19. From a consumer perspective, the proposals will cause a significant time lag in innovation powered by open banking at a time when momentum is growing; potentially creating confusion when delegation is handled differently for open banking services than for standard banking services, and an additional validation step is likely to introduce friction into current open banking customer journeys, which has reduced uptake in other jurisdictions.

Key questions: Confirmation and delegation system

Problem definition

a. How does the problem definition align with your experience in practice? Are there aspects of the problem that have been underemphasised or overlooked?

20. The problem definition partially aligns with our experience in practice, and while the issues have been raised by various fintechs in 2025, we would like to understand how MBIE is prioritising issues relative to other capability gaps to enable business customers.
21. Currently the problem definition underemphasises the risk of unintended consequences if regulation moves beyond enabling access and begins prescribing how authority and entitlement models inside banks must operate.
22. If the decision is made that the best solution is to go down the prescription route (where the government prescribes how authority and entitlement models inside banks must operate), then the government is extending regulated open banking into an area of internal permission design that is typically managed through banks' existing customer authority arrangements and architecture, rather than through regulation.
23. Payments NZ submits that not only could this lead to open banking permission structures that sit apart from ordinary banking channels and therefore increase complexity, slow delivery, and add customer friction, but it will create unnecessary duplication that would ultimately require separate investment and management over time. Progressing this approach would also place Aotearoa out of step with international practice and into untested territory.
24. While requiring a more formal identification verification response may represent an ideal-state design, it risks being disproportionate to the problem it is trying to address. It would likely involve significant implementation complexity and delivery time to address what appears to be a relatively narrow or edge-case issue.
25. It is Payments NZ's view that regulatory effort should remain focused on the areas most likely to deliver broad value to the open banking ecosystem and enable

industry effort to scale as efficiently as possible. For example, the API Centre's multi-authorisation work to date has recognised business digital identity standards as a better long-term way to identify business entities and individuals in open banking.

26. If reform is needed, Payments NZ considers that standards-based work on business identity would provide a more coherent solution than introducing a bespoke verification requirement for this issue alone. This approach would better align with Companies Office work on NZBN digital credentials, the Digital Identity Services Trust Framework, and global standardisation efforts such as the Verifiable Legal Entity Identifier ("vLEI").³

b. What additional issues or edge cases should be considered to fully understand this problem? Are there distinct sub-problems affecting different user groups?

27. Payments NZ notes the consultation does not appear to consider the customer experience of having to validate identity before the existing open banking consent flow can occur. Adding any additional steps ahead of current open banking journeys is likely to introduce friction and reduce uptake, as seen in other jurisdictions.
28. In Australia for example, particularly in the area of joint account and nominated representative flows, originally added to the consent process. Low uptake of the Consumer Data Right has been linked in part to complex pre-consent and authentication requirements, resulting in policy efforts to simplify consent flows to improve conversion.
29. While customers may be given the capability to manage an individual permission, this consultation does not appear to address lifecycle management when permissions or bank account details change during an active data sharing consent. Lifecycle management is a critical feature of long-lived consents (data and payments).
30. Further, the consultation does not appear to elevate the customer (business and entities) voice in relation to how Aotearoa entities seek to manage data sharing, delegation, and lifecycle management.
31. This is an emerging area that is relevant across open data more broadly, and one that may require a shift in how businesses think about permissions and data sharing. It is Payments NZ's view that the consultation would benefit from more direct consideration of the desired business customer experience and that of their

³ vLEI standards issue credential is explicitly used for delegated authority to employees, and also for binding specific individuals to official executive or board-level roles, so they can perform delegated functions (which could potentially include authorising data sharing. vLEI standards are published by the Global Legal Identifier Foundation.

employees overseeing business banking interactions, rather than focusing on individual issues in isolation.

32. It is also important to note that accounts using logins in the name of the business rather than an individual create a separate practical issue. While it is true that this may create inconvenience in some open banking journeys that have been implemented, Payments NZ does not consider it sufficient on its own to justify a broad identity-verification solution. Similar to re-designing a house in order to fix a sticking door, the solution and potential consequences are disproportionate to the underlying problem. In many cases, account logins can be addressed through existing customer internal authority settings and access controls.

View-only entitlements

33. Issue 2 asks whether individuals with view-only access to an account should be able to authorise data-sharing requests. An individual with view-only access can already choose to share banking information within their employee-employer context in an environment outside of their banking relationship. Open banking will not change this underlying reality.
34. Open banking can also provide a more secure and controlled mechanism for sharing. However, there is a material difference between an individual choosing to share information themselves and authorising a bank to provide direct and ongoing data access to another party in real time. Payments NZ submits that distinction does matter because view-only access does not align well with the expectation of clear and conspicuous consent for ongoing data sharing.
35. More fundamentally, in an API context the concept of view-only access is difficult to apply. API-based information requests are designed to enable data to be consumed by another organisation, which is inherently a form of sharing. For that reason, a view-only permission does not readily translate into open banking services, which are based on API-enabled data access.

Proposed approach

c. Do the factors outlined at Part 2 – and in particular, the third factor relating to the complexity of the customer’s banking arrangements – provide the right level of flexibility?

36. Payments NZ supports recognition that customer banking arrangements differ in complexity, and that any framework needs enough flexibility to accommodate this. However, we do not consider that the long-term flexibility the government seeks will be delivered by prescribing specific entitlement structures or default authority models within regulation.

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37. The government has admitted that there are real questions over “the quality of the scrutiny that new regulatory proposals receive, and very few resources allocated to reviewing the existing body of regulation to cull unnecessary or ineffective regulation”.⁴ Payments NZ considers this risk is directly relevant to these proposals. The issues being addressed are important, but we are not convinced they will be solved through a highly prescriptive regulatory approach. Without sufficient regard to operating realities, existing industry capability and wider system impacts, there is a material risk that the proposals create more complexity, duplication and unintended consequences rather than delivering better outcomes for customers.
38. Consistent with approaches such as those in the United Kingdom, Payments NZ considers these matters are more effectively managed through organisations’ own policies, authority settings, and banking arrangements, rather than through open banking rules. Government levers are best directed toward enabling interoperability and setting clear baseline outcomes, rather than prescribing how authority and entitlement models operate within individual institutions.
39. Over time, businesses and entities could be supported by broader education under any open data regime on how data-sharing permissions and delegated authority should be managed.

d. Should Part 3 specify that banks should offer the option of a specific entitlement role whereby an individual would be permitted to authorise open banking data-sharing on behalf of a customer, but not to authorise payments?

40. Payments NZ agrees there is an important distinction between authorising account information sharing and authorising payments. Industry engagement over the past four years within API Centre working groups suggests that even where payments require multiple signatories, there is not necessarily a case for blanket multi-authorisation of account information consents. It will depend on the individual use-case of the business customer.
41. It is not advisable to set this as a regulatory requirement because requiring banks to offer a specific entitlement role would move regulation into bank authority and permissions design, rather than enabling open access to banking services and letting banks design their own competitive offerings to these customers.
42. At face value it is reasonable to consider that a mandated role may appear to solve a narrow issue, but Payments NZ’s concern is that it would likely require bespoke system changes, create a separate open banking permissions layer, and slow delivery of open banking progress. If banks choose to offer this role as part of

⁴ Cabinet Paper: Office of the Minister for Regulation - [Policy Approvals for progressing a Regulatory Standards Bill](#)

their business banking competitive proposition, they are free to do so, however we do not submit it should be a universal regulatory obligation at the expense of more valuable open banking outcomes.

e. Does the proposed approach provide enough clarity for banks, fintechs and customers? If not, how could more clarity be provided?

43. Payments NZ does not consider the proposed approach will answer the problem that MBIE seeks to solve because the problem definition does not survey the issue in enough depth. The current emphasis appears to be on detailed implementation and behavioural requirements, without sufficient directional or strategic clarity about the desired end state for business customers and entities, open banking or open data generally, or how these measures are intended to support that outcome.
44. Payments NZ recommends that more clarity could be provided by:
- clarifying the direction of the regime
 - signalling a directional roadmap, that could include multi-authorisation of payments and other future business open banking capabilities.
 - stating clearly that there is no default regulatory expectation that data sharing requires multiple authorisers merely because payments do.
45. If the intention is to support a common open data approach for business customers and entities, particularly within open banking, a structured roadmap outlining capability uplift over time would provide important context and clarity for regulatory decisions. Introducing bespoke solutions at an early stage of the regulatory regime, particularly where these require significant technical investment, risks creating outcomes that may prove unnecessary or be misaligned as the ecosystem evolves.

f. Are additional safeguards needed to prevent inappropriate delegation within organisations (e.g. junior staff overreach and fraud risks) or can this be managed by the customers' in-house policies? If additional safeguards are required, what should these be?

46. Safeguards instil trust in the ecosystem and are critical to system integrity, as they manage risks such as fraud and misuse, however the most effective safeguards protect the system while remaining proportionate so they reinforce trust without creating unnecessary friction.
47. In general, Payments NZ considers that the proposed safeguards should primarily be managed through customers' existing authority arrangements, internal

controls, and banks' existing business banking processes, rather than through prescriptive additional safeguards in regulation. Many organisations already manage delegation, approval thresholds (such as two to sign), and access rights internally, and those arrangements should continue to apply in the open banking context.

48. Where additional safeguards are needed, they should be proportionate and capable of being implemented through existing bank and customer controls rather than requiring an entirely new entitlement framework.
49. Payments NZ would impress caution when it comes to introducing detailed regulatory safeguards aimed at isolated misuse scenarios if doing so creates disproportionate implementation cost, adds complexity, and slows delivery of value across the wider ecosystem.

g. How will the proposals affect small vs large businesses, and Māori organisations?

50. Payments NZ submits that this consultation process would be enhanced by further consultation with small businesses, large businesses and Māori organisations. As outlined in the executive summary, the proposals would benefit from clearer articulation of the longer-term strategic end state for business customers in relation to open data and delegation, and from ensuring that any regulatory requirements remain focused on outcomes most likely to improve business customer value and uptake of open banking, rather than detailed implementation design.
51. With respect to each group, while we cannot make comment on their behalf we make the following observations:
 - Smaller businesses with relatively simple authority structures may be better placed to work within existing banking and open banking arrangements, and may gain limited benefit from a more prescriptive entitlement model. For them, added complexity in how account authority is structured may create friction without corresponding value.
 - Large businesses and organisations with more complex governance or delegated authority arrangements such as corporates, trusts and charities, are more likely to need tailored controls, which is another reason to be wary of a more prescriptive or standardised entitlement model.
 - Noting that MBIE has not defined 'Māori organisation' meaning it is difficult to find a balanced way to provide meaningful comment, Payments NZ observes that governance and authorisation arrangements can be exercised with collectivity rather than typical individual delegations or defaults. Any

regulatory framework should be sufficiently flexible to accommodate a multitude of operating delegation models or authority.⁵

52. We refer MBIE to the API Centre's Ngā Tohu Ārahi, API Centre data handling guidelines, which help organisations to be aware of ethical data handling, especially concerning the protection and safeguarding of customer data. Our data guidelines were developed alongside key industry stakeholders and our API Centre working groups, guided by Māori data scientists and data experts and grounded in Māori data governance principles. We propose MBIE takes these guidelines into account when formulating policy in relation to Māori organisations.
53. Smaller banks are more likely to be adversely affected by bespoke solutions caused by these proposals. The likely impact will vary materially by organisational size and complexity.

h. Are there international models or best practices that could inform New Zealand's approach?

54. Payments NZ considers the United Kingdom to be the most relevant international reference point, and recognises it as being at the forefront of open banking practice.
55. In the United Kingdom, corporate authority and entitlement arrangements are generally left to each bank to manage within its own business banking journeys, rather than being prescribed through regulation. This includes customers with more complex structures or requirements, where access management remains part of each bank's competitive offering and an area of ongoing differentiation and innovation. This approach has been developed over time through iterative codesign with industry, under the stewardship of the Open Banking Implementation Entity (OBIE) and subsequent regulatory oversight bodies, reflecting a model that has evolved alongside industry capabilities and use cases.
56. More broadly, the United Kingdom model reflects a principle that open banking should enable access through existing customer authority arrangements and bank capabilities, rather than require a separate permissions framework designed specifically for open banking. We submit this is a useful model for Aotearoa.
57. Closer to home, Australia's Consumer Data Right (Competition and Consumer Rules 2020) ("CDR") provides a useful adjacent lesson. While joint accounts are not the subject of this consultation, the joint account provisions in the CDR Rules, including the optional co-approval model, illustrate the complexity that can arise when bespoke authority and permission settings are introduced specifically for open banking. These arrangements proved complex and costly in practice,

⁵ Payments NZ: Ngā Tohu Ārahi – [API Centre data handling guidelines](#)

contributed to customer friction, and slowed progress, and were subsequently simplified through a move toward a default pre-approval (single consent) model. This experience is relevant in this context, as it demonstrates the risks of regulating customer authority arrangements within a bank's domain in ways that diverge from ordinary banking channels.

Implementation, standards and guidance

i. Do you foresee implementation challenges for banks, fintechs, and/or customers (including business customers, and customers that are Māori organisations)? If so, what transitional arrangements or guidance would help ensure a smooth rollout?

58. Notwithstanding the observations Payments NZ has provided, we see material implementation challenges if the proposals taken forward introduce bespoke open banking-specific authority or entitlement arrangements, rather than enabling access through existing customer authority frameworks. As outlined, separate regulatory requirements of this kind build complexity, result in longer delivery timelines and add cost. It is also likely they could create uncertainty for existing and emerging fintechs.
59. Finally, it is important to not underestimate the likely inconsistent experiences for customers between open banking and ordinary banking channels. Payments NZ submits that this is an emerging risk that needs to be carefully managed to reduce slowing of rollout and uptake, while reducing the quality and coherence of open banking outcomes.

j. Should MBIE provide more standardisation of open banking entitlement options (e.g. baseline rules or model policies) or leave flexibility to banks?

60. Payments NZ submits that MBIE should leave entitlement flexibility to banks rather than prescribe standardised options in regulation.
61. These settings are closely tied to each bank's existing authority models, operating processes, and business banking journeys. Prescribing baseline rules or model policies now risks creating bespoke open banking permission structures and undermining innovation and competition.
62. However before decisions are made greater policy clarity would still be helpful. MBIE could make clear that regulation is intended to enable open access to banking services and desired outcomes, not standardise banks' internal authority and entitlement arrangements.
63. This flexible approach is more consistent with international practice, particularly in the United Kingdom, better reflects the diversity of business customer

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arrangements, and reduces unnecessary complexity and cost. It also allows focus to remain on higher-impact priorities, such as multi-authorisation for payments.

64. If greater consistency is needed over time, it could be addressed through future standards or guidance once foundational capabilities are in place.

Summary: Professional trust accounts

65. Payments NZ believes that professional trust accounts raise a prioritisation issue as much as a regulatory scope issue. We support regulated open banking ultimately encompassing most professional trust accounts. However, including these more complex accounts before 1 June 2027 would carry significant delivery risk, given the need to address inherent privacy risks, technical design challenges, and implementation complexity within a relatively short timeframe.
66. We therefore propose that professional trust accounts are introduced into regulated open banking via a phased approach after 1 June 2027. This reflects the relatively narrow set of business customers who would benefit from its inclusion; the limited current evidence of high demand use cases; the absence of any technical standards needed to support implementation; and the importance of ensuring what is implemented is appropriately scoped and does not introduce any privacy risk.
67. From a strategic value standpoint, it is important to weigh the opportunity cost to the wider open banking ecosystem. Higher-impact opportunities, particularly those that would more effectively support small-to-medium enterprises (SME) enablement and broader business customer uptake, should be prioritised first.
68. Payments NZ submits that including professional trust accounts in regulated open banking would deliver a lower level of benefit and impact for SME customers compared to introducing multi-authorisation of payments. We recommend a phased approach under which multi-authorisation for payments is prioritised after 1 June 2027, followed by professional trust accounts.
69. Payments NZ supports the position that client accounts are out of scope because the underlying owners of the data and funds in those sub-accounts will not have authorised that data to be shared.

Key questions: Professional trust accounts

Problem definition

a. How well does our description of professional trust accounts (both the umbrella accounts and the client accounts within them) reflect how they operate in practice? Please highlight any inaccuracies, gaps, or areas that require clarification.

70. No feedback.

b. Do you agree with our understanding that while the umbrella accounts are call debt securities, the client accounts are not?

71. Payments NZ recommends MBIE obtain further advice regarding the legal distinction in the consultation between umbrella accounts (which are described as call debt securities) and the client accounts which sit under an umbrella account (which the consultation states are not call debt securities). For example, if a legal distinction is to be used as the rationale for scope decisions, then there should be a robust and clearly articulated basis for this.

72. Our understanding is that the 'client accounts' referred to in the consultation are likely to be virtual sub-accounts recorded on a ledger and it does not necessarily follow that they are legally distinct from the umbrella account.

73. More broadly, there may also be variation in the form and legal nature of umbrella accounts, meaning the scope analysis may not lend itself to a single, uniform determination in all cases.

74. We note that client accounts can hold funds ultimately owned by beneficiaries who will likely not have access to the funds on call and as such client accounts may not be a relevant account in a CPD context.

75. In any event, from an outcomes perspective, we agree that client accounts should be out of regulated open banking's scope. The client owners of the data and funds in the sub-accounts will not necessarily have given authorisation for their data to be shared or their funds acted on and as such client accounts should be out of scope. Therefore, we consider the right outcome has been reached, but for a different reason from that described in the consultation paper.

c. What are the potential benefits and use cases for enabling open banking for: (i) the umbrella accounts (payments and/or data-sharing)?; (ii) the client accounts (payments and/or data-sharing)?

76. To satisfactorily answer this question it is important to understand the reasons that

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underpin decision making. For Payments NZ, when we undertook to create our standards development roadmap⁶, we canvassed almost 100 organisations with an interest in open banking, and received input from 46 organisations to understand their highest priority and most impactful open banking use cases and functionality. Enabling open banking for umbrella accounts or client accounts did not emerge as an industry priority through that process.

77. It is important to acknowledge that there may be benefits for a relatively concentrated group of customers, particularly those managing high volumes of transactions through umbrella accounts, who could derive efficiency and operational value from payments and data-sharing functionality. However, we consider the likely benefits to be narrower and lower impact than other opportunities to unlock open banking for business customers more broadly. To understand this more, it would be prudent for MBIE to provide the rationale in weighting.
78. At this stage, Payments NZ submits the greater priority should be enabling open banking for a wider range of consumers such as small-to-medium enterprises (SMEs) as this is more likely to support broader business uptake and ecosystem value.

d. What are the potential costs and risks of enabling open banking for: (i) The umbrella accounts (payments and/or data-sharing)?; (ii) The client accounts (payments and/or data-sharing)?

79. Notwithstanding the comments provided, Payments NZ makes the following broad observations.

Standards

80. Payments NZ and in turn the API Centre has not conducted any scoping assessment of what technical standards may be required to support umbrella accounts becoming a regulated standard. For example, we have not assessed what data structures or account identification approaches might be needed to support implementation. Any such scoping would require time and engagement with industry to identify and define the technical standards required.

Privacy

81. Payments NZ also considers there to be potential privacy issues that need further assessment before any final regulatory determination is made. For example, clients of a professional trust account (the beneficiaries) typically do not hold a direct customer relationship with the bank in relation to the umbrella account,

⁶ Payments NZ: [API Centre Roadmap](#)

and as such they cannot practically authorise a consent to share data.

82. However, separating the two account structures for regulated open banking purposes could potentially create practical and privacy challenges. An umbrella account can contain commingled money and transaction histories of many unrelated clients, such as individuals or distinct businesses. There is a privacy risk that transactional data (i.e. data in transaction reference fields) in the umbrella account could inadvertently reveal the identities and transactional activity of the beneficiaries who have not authorised that information to be shared.
83. Payments NZ recommends that it would be prudent for MBIE to confirm that there is no potential privacy risk of inadvertently exposing client data when sharing umbrella account transactional data. If there are privacy risks that need to be managed, complex technical solutions to filter and protect the data may be required.

Proposed approach

e. To what extent does our proposed approach strike the right balance between our intended objectives outlined at the beginning of this proposal document?

84. The consultation itself suggests there is limited utility for professional trust accounts. Based on this lack of industry utility and demand, we submit that requiring activity in this area risks inefficient investment (objective 1) and is unlikely to generate meaningful uptake relative to that investment (objective 2).

f. Would excluding professional trust accounts in their entirety enable us to better achieve these objectives? What are the trade-offs?

85. It is important that there is an assessment and understanding of the trade-offs in relation to bringing professional trust accounts in scope. Rather than excluding them permanently or requiring their inclusion by 1 June 2027, a prioritisation approach should be taken which would preserve the long-term policy intent while allowing current effort to stay focused on higher-value priorities such as broader SME enablement.
86. In summary we note that:
- there is not a clear view on the level of use case and business demand from accredited requestors to provide services to professional trust accounts;
 - excluding professional trust accounts for 1 June 2027 could better support efficient investment and prioritise the focus on wider uptake of SMEs;
 - these account structures are more complex and could require more

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significant design, privacy analysis and technical build. By the time any regulation is finalised, less than 1 year will be available to implement which is an unrealistic timeframe (particularly combined with new delegation systems also);

- there is a high degree of uncertainty around what technical standards are required to support implementation.

87. Ultimately including professional trust accounts in scope could provide a level of regulatory completeness and would make the benefits of open banking available to a set of business customers who use professional trust accounts.

88. It is our view that as a part of this phased delivery, that the enablement of multi-authorisation for payments would deliver a significantly greater impact and benefit to business customers (including, ultimately, for professional trust account customers). On this basis, we recommend a phased approach that preserves the long-term policy intent while avoiding disproportionate investment in a complex and relatively narrow use case.

g. Are there international models or best practices that could inform New Zealand's approach?

89. Payments NZ notes that due to the complexity of trust accounts, Australia's CDR introduced a tightly scoped framework for complex corporate and trust accounts as a phase 3 delivery.

Summary of recommendations

90. Payments NZ makes the following recommendations:

- Define regulation around access outcomes and principles, rather than prescribing banks' internal delegation, entitlement, or identity-validation models.
- Develop a joined up regulatory open banking and data strategy for Aotearoa that clarifies the desired long-term outcomes for all customers, including business customers, the strategy should support adoption and innovation, and a clear roadmap for sequencing future reform
- Enable open banking through existing bank authority frameworks and customer controls, rather than creating separate open banking operating models within banks.
- Avoid additional user identity-verification or consent steps that add customer friction, unless they possess clear proportionate value and consider lifecycle

impacts on active consents.

- Defer inclusion of professional trust accounts until after 1 June 2027 through a phased approach.
- Prioritise broader SME-focused enablement before lower-demand and more complex use cases such as professional trust accounts.
- Prioritise multi-authorisation for payments as the highest-impact next step for business open banking.
- Undertake further work on privacy risks, legal basis, business demand, and technical standards before bringing umbrella trust accounts into scope.

91. We would welcome the opportunity to speak further to our submission, should MBIE wish to canvass the matters raised.

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