



Managing Customer Financial Data For IPAG

25 June 2019

Presentation Overview

- About Payments NZ
- Payments Direction
- Open Banking and our 'API Centre'

Commonality: Banking and Electricity Sectors

Market composition

- Handful of players with dominant market share.

Economic

- Sector is fundamental to the economy.

Network and Infrastructure

- Depends on network efficiency
- Key infrastructures shared by industry players

Highly regulated

- Highly regulated industry
- High levels of public interest
- Pressures to enhance: resilience, competition, performance, service, and innovation.

Customer and systems data

- Systems & data intensive
- New data driven value propositions and efficiencies
- Aligning industry data practices

Changing market dynamics

- Increasingly complex and fragmented value chain
- Technology enabled change opportunities
- New market entrants & disruption

About Payments NZ



Payments NZ

Making sure
payments are
simple and
secure for kiwis.



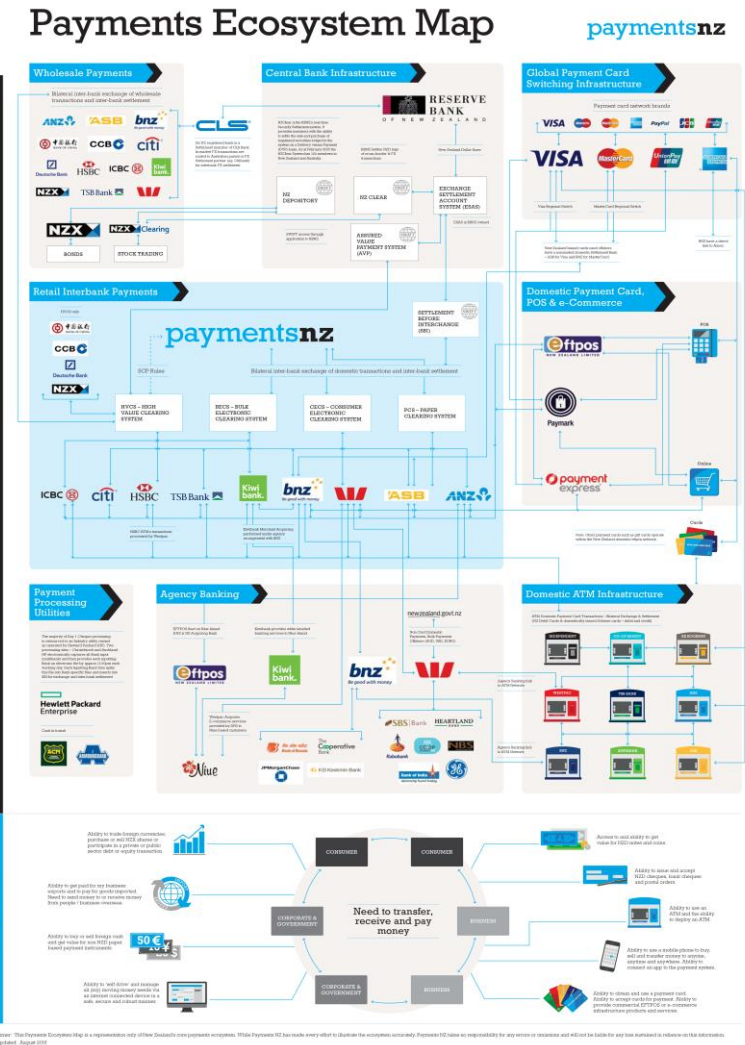
What we do

Payments System Mandate:

- Facilitate and encourage participation.
- Manage the rules and facilitate interoperability.
- Promote innovative, safe, open and efficient system.

Many roles and responsibilities:

- Authority on payments: leader, self-governing, facilitator
- Operate Settlement before Interchange system
- Govern and manage four clearing systems
- Develop and manage rules and standards, policies, best practice
- Foster innovation environment through industry activities including forums, research, data statistics/business intelligence, education activities, innovation hubs, conference and events.



Participants and Members

Participants



Members

Infrastructure



Standards



Industry



Payments Direction



Payments Direction

- Programme tasked with looking at the evolving future of payments and how, what and when the industry needs to respond to that.
- Underpinned by broad research and identifies strategic focus areas.
- More recently refined research down to practical opportunities for further investigation and activity.
- Now looking at six of these in more detail.

Industry-led initiative to understand the evolving future of payments and how we need to contribute and prepare for that future.

Five foundation strategic focus areas



Fast (as) payments



Simple payment systems



Informative transactions



Internationalisation of payments



Self-governing payments industry

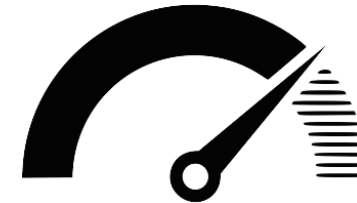
Current initiatives – self-reinforcing



SBI365



Proxy identifiers



Speeding up systems



Request to pay



Payments information



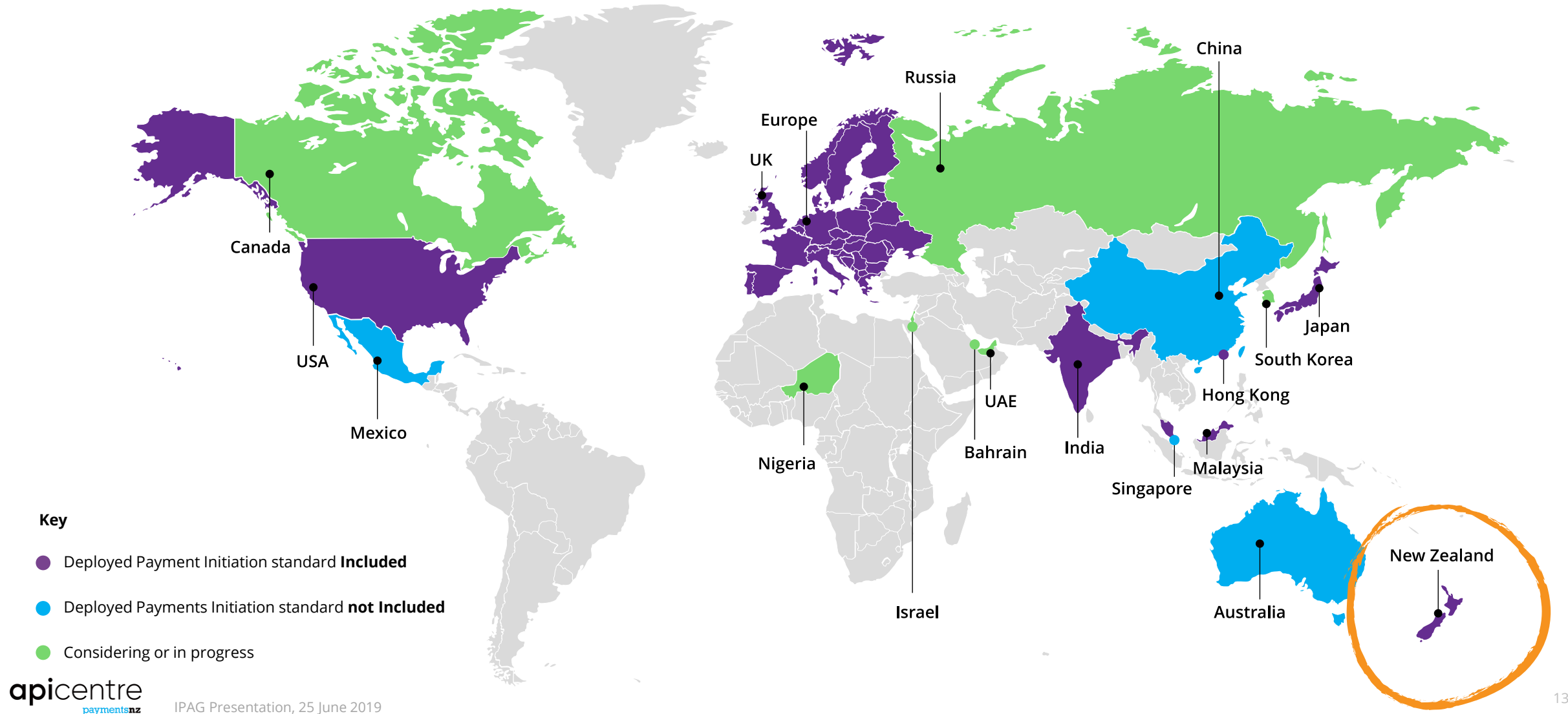
Shared API framework



Journey to open banking - Kiwi style

Open Banking – a global movement

Open Banking, open APIs, open data, API standardisation



Launched 23 May 2019



apicentre.paymentsnz.co.nz

Journey so far...



Industry pilot

Closed Feb 19

Six development partners to pilot the API standards:

- API Providers: BNZ, ASB & Westpac
- Third Parties: Datacom, Trade Me & Paymark

Applied learnings from this pilot and applied them to the design of the API Centre.



API standards

Pilot standards 2018.

V1 March 2019

Based on UK standards, we successfully developed two (Kiwi-ised) common APIs:

- Account Information API
- Payments Initiation API

Market demand has informed our v2 standards - under development. Includes enduring payment consent.



Framework Design

Finalised April 2019

Designed and developed the framework for the API Centre:

- Access
- Policies & Procedures
- Governance
- Technical capabilities, e.g. sandbox



API Centre

Launched May 2019

The 'API Centre' is open for business.

The API Centre – Five Foundations



Innovation first
Market driven
Industry led
Inclusive & open
Distributed delivery

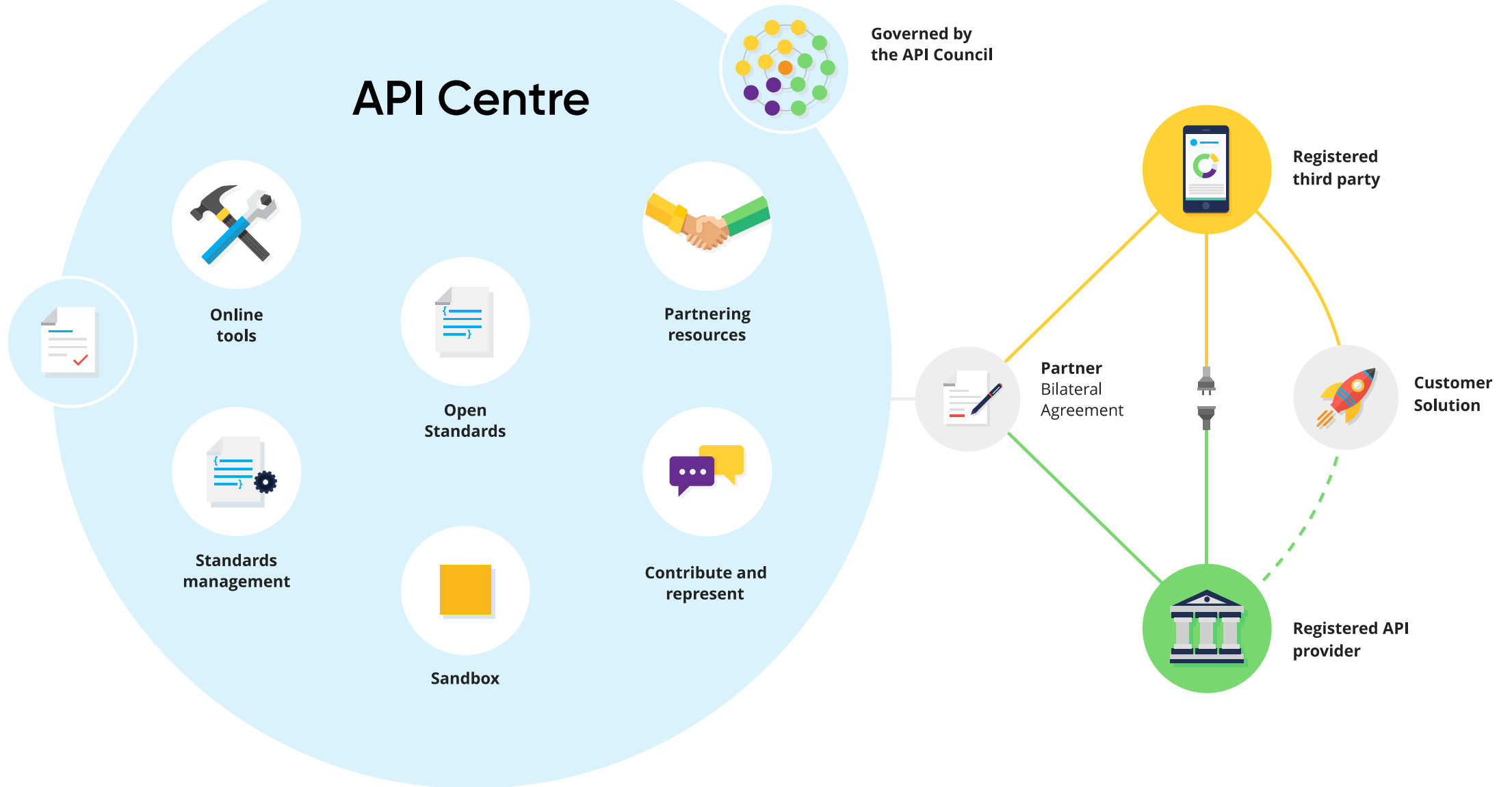
VS

Other models:

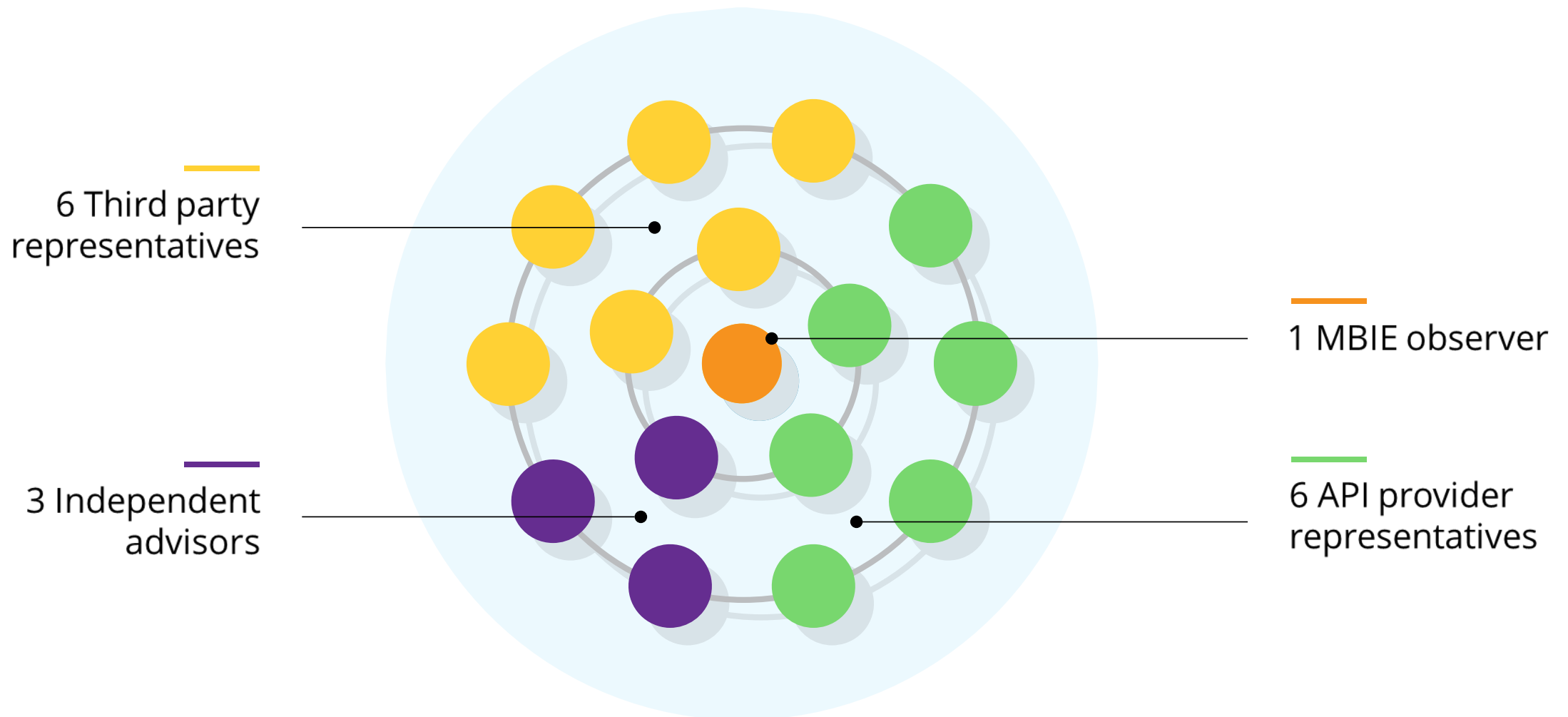
- Consumer first
- Competition first
- Regulatory policy driven
- Legislation / rights driven
- Open banking
- Open data
- Data rights
- Co-regulatory led
- Industry led
- Open access – regulatory accreditation
- Membership model
- Decentralised/bilateral delivery

All models are enabled by API standardisation

API Centre



API Council



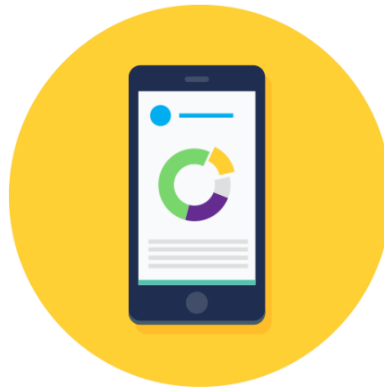
API Centre - Involvement

Standards Users



API provider

Banks, financial institutions etc that provide bank accounts



Third party

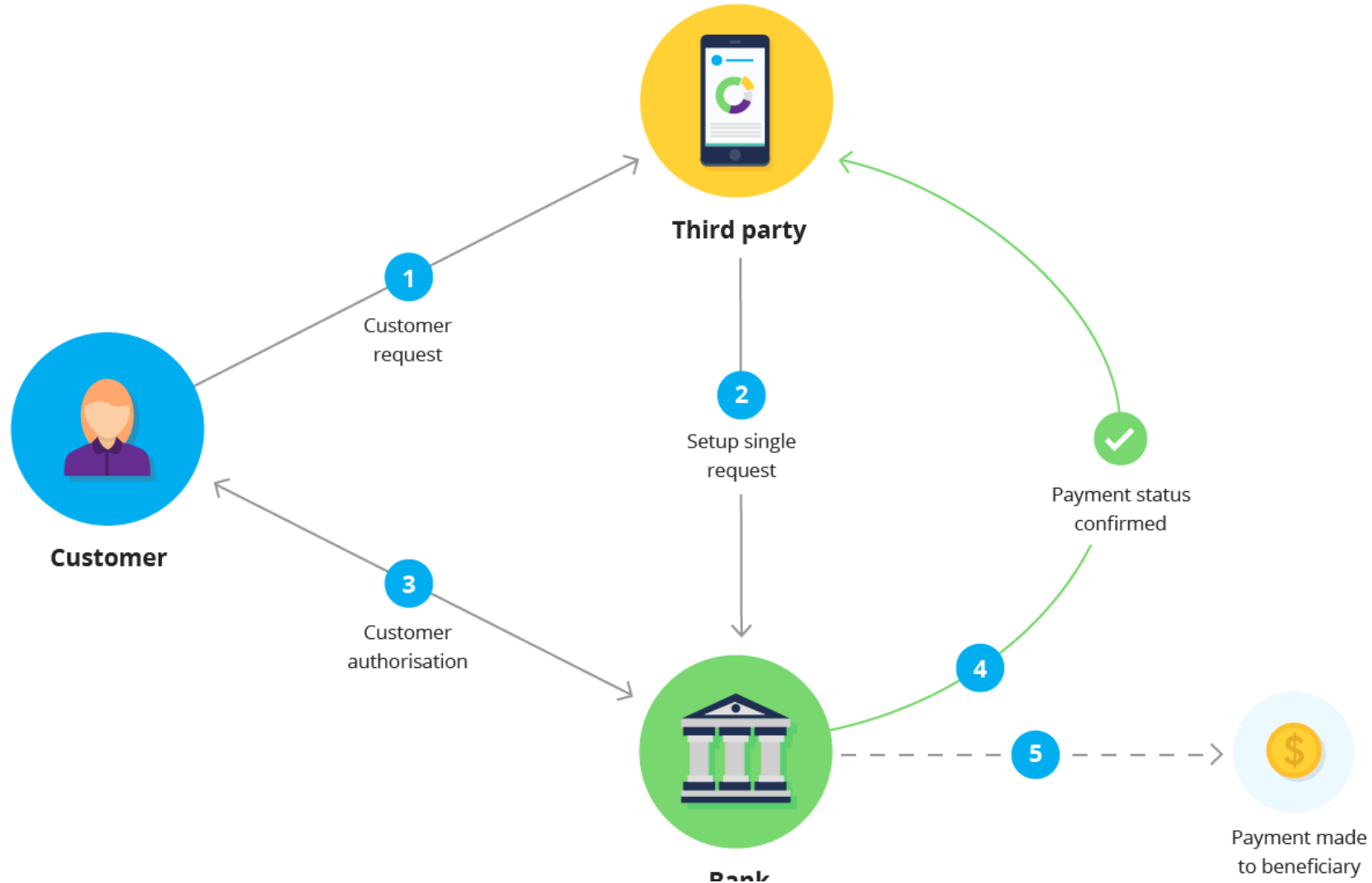
Any organisation wanting access to bank account data

Community Contributor



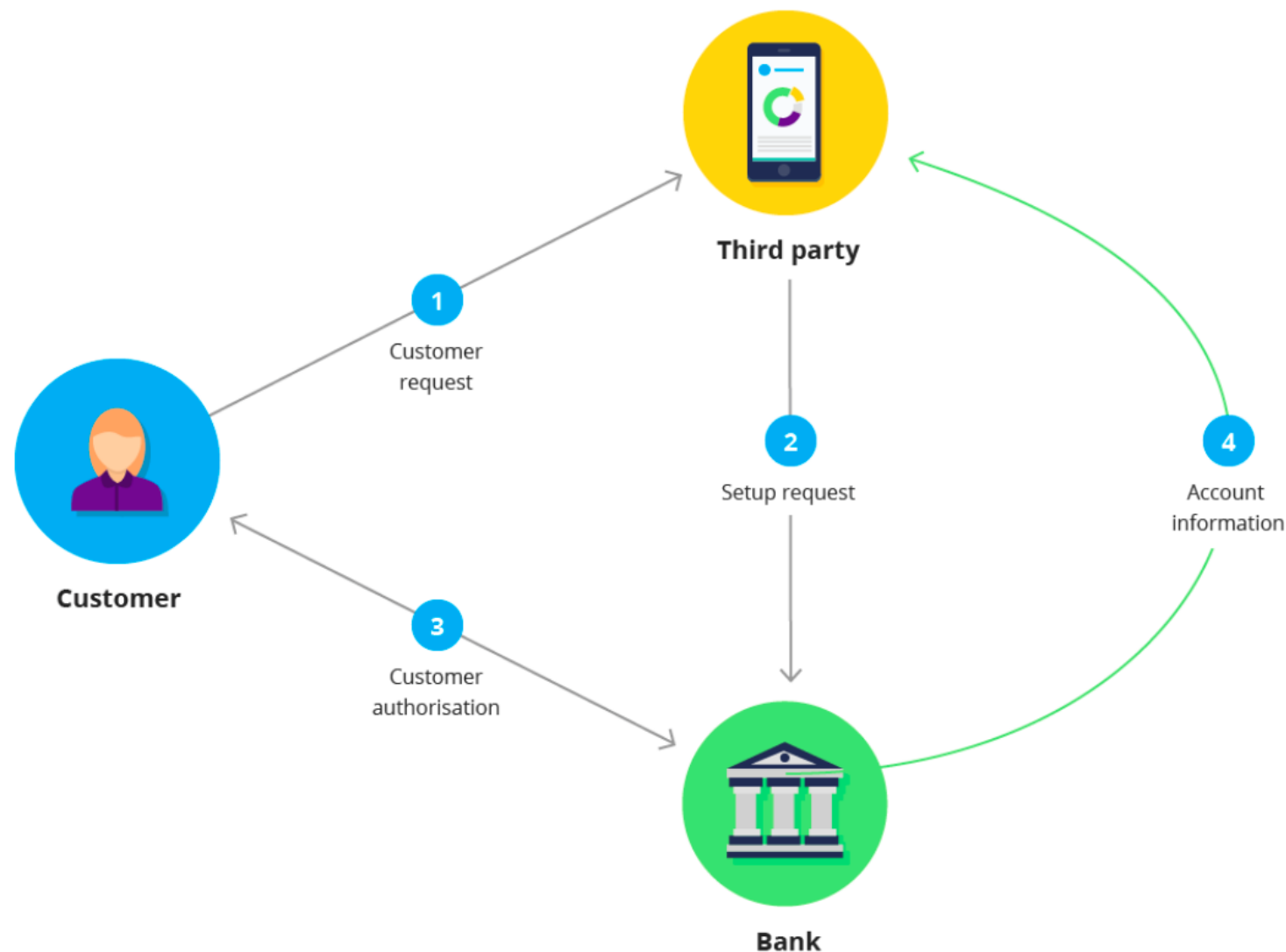
Any individual who wants to test in our industry sandbox and have input into standards development.

Standards v1: Payments Initiation

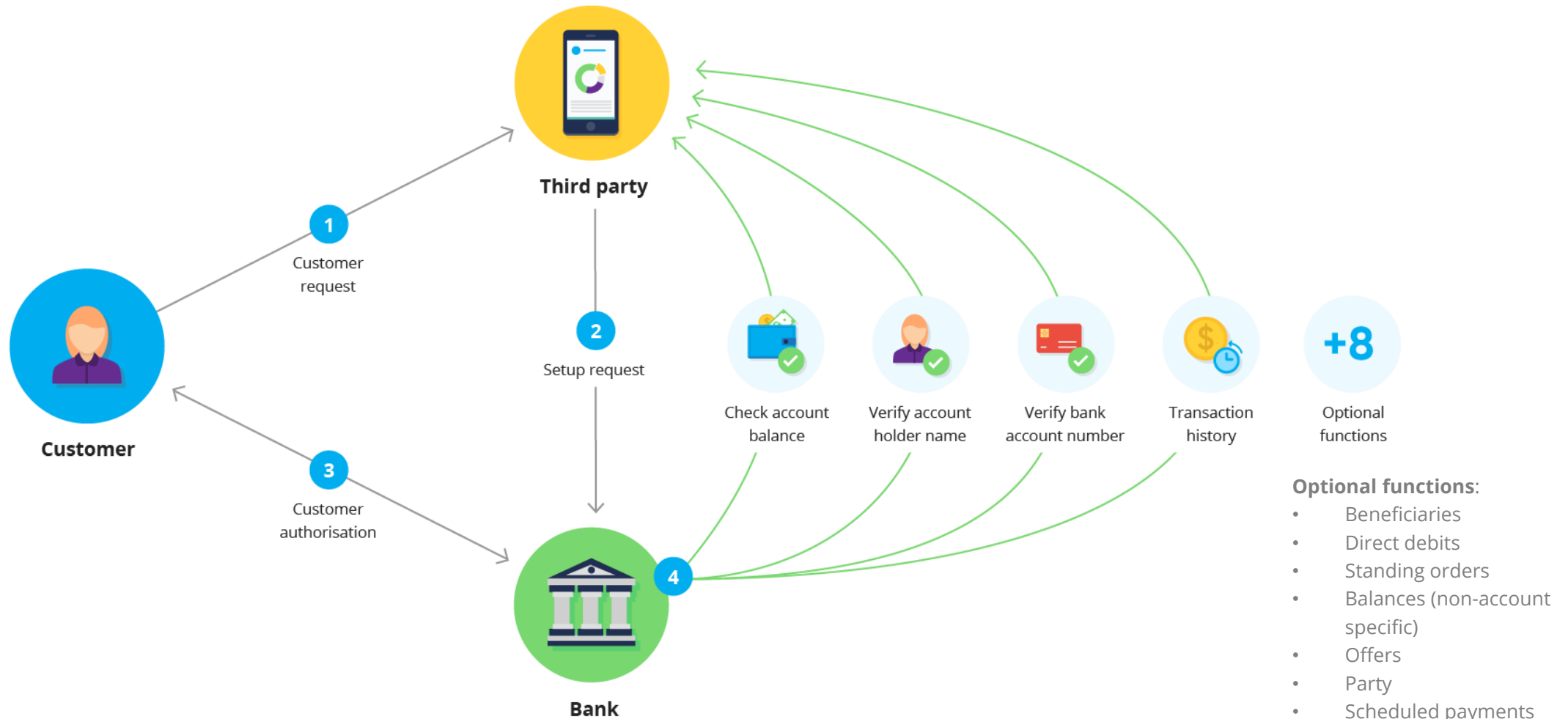


Account Information API Standard

1. **Customer request** - Customer agrees consent at Third Party
2. **Setup request** - Third party creates and submits the consent to the API Provider, i.e. bank
3. **Customer authorisation** - Customer at API Provider
4. **Access account information resources** - Third Party gets data from API Provider



Account Information – Data Resources



Account Information – Data Resources

The customer's consent authorisation is specific to one or more of the following data resources, and to a specific account(s). Once the consent is in place, the Third Party can:

Balances: retrieve the balance of a specified account(s)

Transaction history: retrieve a list of transactions posted to an account within a date range.

Beneficiaries: retrieve a list of trusted beneficiaries linked to a specific account.

Direct debits: retrieve the list of direct debits that have been set up on a specific account.

Standing orders: retrieve the list of 'automatic payments' that have been set up on a specific account.

Party: retrieve information about the customer / account holder. This can include name, email address, phone, mobile, address, etc.

Scheduled payments: see the list of scheduled payments set up (single one-off payment that has been scheduled for a future date).

Statements: Allows a third party to request statements associated with a specific account within a specified date range.

Etc...

Shared API framework

APIs as strategic enablers of the digital economy

There is strong demand for APIs – application programme interfaces.

APIs allow organisations – with customer consent - to interface with financial institutions and securely access customer data to enable delivery of a range of service offerings.

The aim of the API standards is to:

- Simplify delivery and enhance consistency
- Increase speed to market
- Reduce fragmentation and duplication of effort
- Preserve the safety of the system by ensuring APIs meet appropriate standards.



The API Centre

<https://www.apicentre.paymentsnz.co.nz>

Thank you

Questions?

