Retail Payment System

Payments Between Bank Accounts

Request for views on payments made over the interbank payment network

Submission Response Template



Purpose of this template

* + - * 1. This template provides details on how to make submissions on this paper and the confidentially considerations. It also provides the full list of submission questions in the template to assist with written submissions.

**Submissions**

* + - * 1. We are seeking your feedback on our views and questions raised in this paper, or on any other aspects of the payments between bank accounts landscape that you consider important. Your feedback will help inform whether we start the process of recommending the interbank payment network for designation.
				2. In addition to written submissions using the process set out in this attachment, we also welcome requests to meet to discuss any aspects of this paper and we are also open to conducting facilitated feedback sessions with stakeholder groups. Please contact us if you think either of these alternative engagement options would be beneficial.
				3. You do not need to respond to all the questions raised in this paper, you can instead just respond to the questions that relate to your business operations or experience.
				4. While we will accept range of formats our preference is for submitters to use this template.
				5. Responses can be emailed to RetailPaymentSystem@comcom.govt.nz with ‘Interbank payment network request for views paper’ in the subject line.
				6. To ensure your feedback can be considered, please provide these to us by 4pm, 25 September 2023.

Confidentiality

* + - * 1. While we intend to publish submissions on our website, we understand that it is important to parties that confidential, commercially sensitive or personal information (confidential information) is not disclosed as disclosure could cause harm to the provider of the information or a third party.
				2. Where your submission includes confidential information, we request that you provide us with a confidential and a public version of your submission. We propose publishing the public versions of submissions on our website. We note that responsibility for ensuring that confidential information is not included in a public version rests on the party providing the submission.
				3. Where confidential information is included in submissions:

the information should be clearly marked and highlighted in yellow; and

both confidential and public versions of submissions should be provided by the due date.

* + - * 1. All information we receive is subject to the principle of availability under the Official Information Act 1982 (OIA). There are several reasons that the Commission may withhold information requested under the OIA from disclosure. This includes, most relevantly, where:

release would unreasonably prejudice the commercial position of the supplier or subject of the information;

withholding the information is necessary to protect the privacy of natural persons; and

we received the information under an obligation of confidence, and if we were to make that information available it would prejudice the supply of similar information to us (by any person) where it is in the public interest that such information continues to be supplied to us.

* + - * 1. If we consider that any of these potential reasons for withholding apply, we must still consider the public interest in release. As the principle of availability applies, the information may only be withheld if the potential harm from releasing it is greater than the public interest in disclosure. This ‘balancing exercise’ means that in some cases information can be released where nonetheless there is some possible harmful effect that might appear to justify withholding it.
				2. We do not need to receive an OIA request for information for the principle of availability to apply. We can release information that in our assessment should be made publicly available. We will not disclose any confidential or commercially sensitive information in a media statement or public report, unless there is a countervailing public interest in doing so in a particular case. Such cases are likely to be rare.
				3. We will consider any request from a party who wishes to keep their identity and/or the content of their submission anonymous. However, this request must be discussed with us first before the submission is provided to us. Submitters must justify any request for anonymity by providing reasons.
				4. Table A1 provides the full list of our submission questions.

Full list of our submission questions

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| Questions on New Zealand’s payments between bank accounts landscape |
| **1** | Do you agree that Eftpos card use is likely to continue to decline? If not, why not? |
| **2** | Do you agree with our assessment of the factors contributing to the decline in Eftpos card use? If not, why not? |
| **3** | What do you see as the barriers to innovation and success for Eftpos? |
| **4** | Do you agree with our view that the decline in Eftpos card use is reducing the competitive pressure on the debit card networks for in-person payments and that this may have a detrimental impact on consumers and merchants over time? If not, why not? |
| **5** | Do you agree with our view that competitive pressure in the payments between bank accounts landscape could be increased by enabling an environment where payment providers develop innovative options to make bank transfers? If not, why not? |
| **Questions on the key features of traditional bank transfers**  |
| **6** | Do you agree that we have captured the existing benefits and problems with the traditional method of initiating bank transfers? If not, what other benefits or problems exist? |
| **Questions on methods to gain access to the interbank payment network** |
| **7** | Do you agree with how we have described and ranked the different methods for payment providers to access the interbank payment network to initiate payments? If not, why? |
| **8** | Are there other key features of the payment initiation network access methods you would like to draw to our attention? |
| **Questions on the environment required to support innovation in options to make bank transfers** |
| **9** | Do you agree that these API related requirements are sufficient to enable an environment where payment providers can develop innovative options to make bank transfers? If not, why? |
| **Questions on the benefits from a more competitive and efficient interbank payment network** |
| **10** | Do you agree with our view of the long-term benefits to merchants and consumers from the development of innovative options to make bank transfers? If not, why? |
| **Questions on industry open API standards** |
| **11** | Do you consider that the existing industry open API standards are a good starting point to enable innovative options to make bank transfers?  |
| **12** | Do you consider the future of industry open API standards will enable innovative options to make bank transfers? |
| **13** | What gaps are there in the open API standards for innovative options to make bank transfers? |
| **Questions on the key barriers preventing efficient access to the interbank payment network** |
| **14** | Do you agree that the key barrier preventing payment providers from gaining efficient access to the interbank payment network is that the banks have not universally built open APIs? If not, why? |
| **15** | Do you agree that the main reason the banks have not universally built open APIs is due to the uncertainty of commercial incentives for them to do so? If not, why? |
| **16** | Do you consider that the industry implementation plan creates sufficient certainty that the banks will build the open APIs? And do you consider that the minimum delivery dates are appropriate? If not, why? |
| **17** | Aside from the network access issues, are there other issues with the interbank payment network that reduce competition or efficiency? For example, the speed of payments or amount of information attached to payments? |
| **Questions on efficient partnering between banks and payment providers** |
| **18** | What do you consider are the main barriers to negotiating agreements between banks and payment providers for access to the interbank payment network (assuming open APIs are built)?  |
| **19** | Does the API Centre’s partnering project enable efficient partnering between banks and payment providers? If not, what would be required to enable efficient partnering? |
| **Questions on the interbank payment network** |
| **20** | Do you agree with how we have defined the interbank payment network? If not, how do you consider it should be defined? |
| **21** | Do you see any issues with how we have defined the interbank payment network? If so, what issues? |
| **22** | Do you agree we have captured the correct payment products in the interbank payment network? |
| **23** | Do you agree we have captured the correct network operators of the interbank payment network? |
| **24** | Do you agree we have captured the correct class of participants in the interbank payment network? |
| **25** | Do you agree we have identified the relevant interbank payment network rules? If not, what other network rules are relevant? |
| **26** | Do you consider there are any other regulatory requirements in other New Zealand laws that we should take into account in deciding whether to recommend that the interbank payment network is designated? |

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| **Questions on possible regulatory interventions** |
| **27** | Do you consider that a designation of the interbank payment network is a useful first step towards enabling an environment where payment providers can launch innovative new options to make bank transfers in New Zealand? If not, why? |
| **28** | How effective do you consider our regulatory powers would be at addressing the barriers set out in this paper? |
| **29** | Do you consider that a designation of the interbank payment network, and the subsequent use of our regulatory powers, would promote competition and efficiency in the retail payment system for the long-term benefit of merchants and consumers in New Zealand? If not, why? |