



## Innovation Roundtable: Shaping Future Retail Payments Feedback

My feedback is based on my experience of approx. 20 years in the UK Financial Services industry therefore I believe that the NZ Government has no alternative but to regulate this change i.e Open Banking / CRD. Compliance should be mandatory with fixed deadlines including repercussions for non-compliance.

There are several compliance benefits for the big banks in NZ:

1. Improve on big banks public image and community-based sustainability investments.
2. Improve on big banks Sustainability ESG delivery and goals particularly contributing towards ESG Goal No9 – Industry Innovation & Infrastructure.
3. Banks could use and leverage this framework to also deliver on improved BCP plans (BS11 compliance), which will strengthen their own operations and improve productivity from lean process improvements.

The recently announced market study in June 2023 by The Commerce Commission into the sector will most likely find concentrated market powers by a small number of big banks and a lack of competitiveness. The inquiry has cross-party support from National, Greens, Labour (the current governing party) thus the need to regulate and progress given the resistance from the market to do this voluntarily.

Therefore, in order to improve the next phase of delivery for Open Banking Compliance, I would recommend that this regulation is also updated and strengthened i.e. released in direct response to the recently launched inquiry findings by the NZ government as mentioned above.

I would also recommend excluding other regulation from this piece of legislation and leave out Customer & Product Data Bill. I also recommend to leave Digital Identity separately; the focus in my view should only be on Open Banking and CRD regimes regulation to get it over the line.

Overall, the risks posed by the Financial Sector in terms of big banks' significant exposure to another market failure post the GFC still remains e.g. under-investment in their own infrastructure has been widely reported by the big consultancies a few years ago, and consumers have seen the results here in New Zealand in the last two years where all major banks have had significant retail customer system outages leaving people unable to pay for groceries.

These risks were further exacerbated with the recent Silicon Valley Bank and other US bank failure earlier in 2023.

The risk of our current deregulated financial services industry is a significant systemic shock to the whole economy, and this is also reported by the NZ Government in 2021 report



detailing these risks here: <https://www.nzinitiative.org.nz/reports-and-media/reports/walking-the/document/739>

It is therefore imperative that big banks in New Zealand are better protected via regulation and the latter will assist them in becoming more sustainable.

Regards  
Aylin Edhouse

#### About the author

My experience spans over 20 years in financial services, IT and other consulting industries in senior roles for some of the largest global and most complex organisations both overseas in the UK and here in NZ.

I have worked for two of the biggest banks in the world in London on tech and regulatory programs e.g. balance sheet and data quality programs, where we have complied with various regulations and obligations..