

Submission

to the

Economic Development, Science
and Innovation Committee

on the

Digital Identity Services Trust
Framework Bill

2 December 2021

About NZBA

1. The New Zealand Bankers' Association (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following seventeen registered banks in New Zealand are members of NZBA:
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 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

NZBA welcomes the opportunity to provide feedback to the Economic Development, Science and Innovation Committee on the Digital Identity Services Trust Framework Bill (**Bill**). NZBA commends the work that has gone into developing the Bill. The Bill signals a positive move towards a more trusted, coherent and sustainable digital identity ecosystem.

Customers and financial service providers are operating in an increasingly digital economy, particularly since the onset of the Covid-19 pandemic. It is therefore important that there is a regulatory framework in place to reduce the likelihood of security or privacy breaches occurring in respect of identity information. Bank customers are often frustrated by the requirement to produce identity documents to complete some transactions or access services. The Bill will address that pain point by enabling customers to utilise a verified digital identity instead.

A coherent digital identity ecosystem has economic benefits and social benefits. It promotes trust and confidence for consumers through the adoption of a transparent regulatory framework, it will likely reduce instances of fraud, and it creates efficiencies for entities which must undertake identity verification. Additionally, the Bill creates an important foundation for the introduction of a consumer data right. We also support a framework which incorporates te ao Māori approaches to identity.

We note that much of the detail of the regime will be contained in the Trust Framework Rules and Regulations (**TF Rules/Regulations**) that will eventually sit alongside the Bill. The TF Rules/Regulations will need to contain sufficient detail so that participants can confidently engage with the trust framework. We are keen to avoid any confusion resulting from differing interpretations of the TF Rules/Regulations. To avoid this, public and private sector collaboration is crucial to develop the TF Rules/Regulations.

Our comments on the Bill are set out below.

NZBA Comments

The Bill's objectives should be widened

We support the purposes of the Bill as set out in section 3, to establish a legal framework for the provision of secure and trusted digital identity services for individuals and organisations, and to establish governance and accreditation functions that are transparent and incorporate te ao Māori approaches to identity.

We recommend widening these purposes to include reference to the need for the framework to be inclusive of individuals and organisations. Inclusion is an important aspect of digital identity, and will support the “trust” aspect of digital identity services.

Cancellation of accreditation

Clauses 90 to 92 of the Bill set out requirements for suspending or cancelling accreditation following the finding of a breach by a Trust Framework Provider (**TF Provider**). We would like to understand how personal information held by the former TF provider will be treated in those circumstances. In particular, how consumers can be assured that their personal

information will be protected, and whether other entities can continue to rely on personal information which was verified by that TF Provider.

Simplicity for users

In our view the framework should be as simple as possible so that users understand their rights and are able to give informed consent. In that respect, we query the following:

- Accredited vs non-accredited services: Clause 13 provides that TF Providers may provide both accredited and non-accredited services. We are keen to understand how the difference between accredited vs non-accredited services will be presented to users to ensure that it is clear to them what services are outside of the protections of the Bill.
- Trust marks: Similarly, we support the use of few trust marks that are clearly understood. Use of a variety of different trust marks in relation to different services may become confusing and undermine user confidence in the trust mark system, despite the prohibition against misuse of a trust mark.

Identification management

Clause 19 requires that the TF Rules contain minimum requirements for identification management, including “binding that information to the correct individual”. We are keen to understand what information will be required to bind the information to the individual, and recommend that the TF Rules are aligned with the Amended Identity Verification Code of Practice to the greatest extent possible.

Need for adaptive legislation

Given the Bill’s focus on digital technologies, it is important that it can be adaptive as these technologies develop. There are instances in other jurisdictions of overarching legislative frameworks becoming obsolete as technology changes, and we should work at the outset to avoid this happening in New Zealand. At this stage it is difficult to assess whether the Bill is sufficiently flexible given its high-level nature, and we would welcome continuing engagement with policy makers to assist in ensuring the Bill is sufficiently adaptive.