

Data Standards Body

Consumer Experience and Technical Working Groups

Decision Proposal 318 - Non-Bank Lending Standards

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Context

On 21 November 2022, the Non-Bank Lending (NBL) sector was designated as subject to the Consumer Data Right (CDR). Extending the CDR to this sector is expected to facilitate more informed consumer engagement with both banks and non-bank lenders, leading to improved financial outcomes for individuals and businesses. Expansion of the CDR to non-bank lenders will also increase the availability of data, encouraging innovation in financial technology and helping consumers to better understand and manage their finances.

This decision proposal relates to the introduction of the NBL sector to the CDR. It is intended to be a holistic consultation that is informed by the following:

- [DP278 – Design Paper: Rules and Standards for the Non-Bank Lending Sector](#)
- [NP292 – Approach to developing Data Standards for the Non-Bank Lending Sector](#)
- [DP316 – Non-Bank Lending sector alignment](#)
- [DP317 – ‘Buy Now, Pay Later’ Product and Account Detail](#)
- [DP320 – Non-Bank Lending Data Language Standards](#)
- [The Consumer Data Right \(Non-Bank Lenders\) Designation Instrument](#)
- [Expansion to the non-bank lending sector - Exposure draft rules](#)

This paper outlines all current proposals intended to apply to the NBL sector. If the proposals in this paper are supported, the DSB will recommend to the Chair that the draft standards be converted into candidate standards¹. Pending finalisation of the NBL rules, and further consultation based on any amended positions, the DSB will then propose to the Chair the candidate standards for NBL to be made binding.

Consumer Experience Data Language Standards

DP320 proposed that the NBL sector adopt the existing [Banking Data Language Standards](#). The feedback received indicated general support for the alignment.

¹ [Noting Paper 308 - Categories of Standards](#)

As outlined in DP317, a key change in the Exposure draft rules is the inclusion of 'Buy Now, Pay Later' (BNPL) products, which will apply to both banking and NBL. New objects and endpoints were proposed in DP317 to support BNPL related terminologies and operations. One of these objects is '**instalments**'. This addition was proposed to give BNPL data holders the flexibility to provide instalment details for a given account type. As instalments are related to account and account details, the DSB considers it sufficient to rely upon the existing '**Account terms**' permission language in the standards to describe this new information. '**Account terms**' is currently used as a generic description for fields such as credit card and loan account details.

For the holistic view of the existing banking data language and other proposed standards relating to the NBL sectors, see the [Draft Non-Bank Lending Standards](#) page. The DSB maintains the recommendation for the NBL sector to adopt the existing Banking data language standards to describe NBL data.

Technical Standards

As mentioned in the Context section of this Proposal, feedback on the Technical Standards has been sought through a Noting Paper and subsequent Decision Proposals. A summary of those is provided below.

[NP292 – Approach to developing Data Standards for the Non-Bank Lending Sector](#)

Based on detail from the [Non-Bank Lenders Designation](#) (Nov. 2022) and [Rules and Data Standards Design Paper](#) (Dec. 2022) for the NBL sector, Noting Paper 292 (NP292) provided an outline of the planned approach to develop the NBL Standards, including the development of Draft Standards.

As part of the approach, it was noted that a principle of the Standards is for APIs to be consistent across sectors and that NBL Standards would be developed with a bias towards existing patterns, types, and structures. Aligning to that principle, the paper presented the view that Information Security aspects would be sector-agnostic and that CX Standards would align to language applied to the Banking sector unless specific divergence was necessary.

The paper also noted the potential similarity of the data sharing requirements of the NBL and Banking sector and the likely expectation of consumers to compare products offered by participants, including credit cards, loans and BNPL.

Feedback on NP292 noted:

- A concern around the use of the word 'Bank' in some terminology relating to technical elements that may also be applicable to a 'non-Bank'²,
- A query related to consumer eligibility, and the availability and granularity of data that could support NBL use cases³,
- A concern that complications may arise from having multiple structures, where the use-cases for the data are similar or identical⁴, and

² [Issue 292 comment – perlboy](#)

³ [Issue 292 comment – joshuanicholson](#)

⁴ [Issue 292 comment – damircuca](#)

- Support for the NBL Standards to be aligned with the Banking Standards⁵.

DP316 – Non-Bank Lending sector alignment

Continuing from NP292, Decision Proposal 316 (DP316) aimed to provide a more detailed assessment of possible alignment and integration with the Banking-sector Standards.

The assessment included a proposal in response to feedback² on NP292 regarding the ‘bank’ terminology. The proposal was for a section titled ‘Sector definitions’ to be added to the Standards to clarify that for the purposes of the Standards, references to certain terms including ‘bank’ and ‘bank account’ be considered as including the NBL equivalent unless otherwise noted.

On that basis, and with the aim of exploring the potential for alignment, it was proposed that endpoints for the NBL sector use the ‘banking’ industry component in their Base Path and that error codes defined for the existing Banking-sector endpoints could continue to apply. This implies that NBL Data Holders would leverage the existing Standards defined for ‘Banking APIs’.

To differentiate Data Holders under different designations in the CDR ecosystem, it was proposed that Register APIs be changed to accommodate a new industry value of either ‘non-bank-lending’ or ‘nbl’⁶.

Further proposals and questions in DP316 included:

- Alignment to existing Banking ‘scopes’ to control access to the associated endpoints,
- Applicability of the Non-functional Requirements as they currently apply to the Banking sector endpoints,
- Suitability of the existing Banking endpoints to support the proposed addition of BNPL products,
- Applicability of the Common and Admin APIs, expected to apply to all sectors.

Feedback noted the following general points:

- That it was released prior to Draft Rules being released for the NBL sector⁶,
- That NBL Data Holders do not hold deposits, have transaction accounts, have balances that fluctuate daily, or otherwise hold types of data that banks typically hold⁶,
- That some NBL products are similar, or equivalent to products offered in Banking, but others are not⁶,
- NBL Data Holders may not have the technical systems suited to the requirements of the Banking sector⁶,
- That a distinction should remain to recognise that NBL products and the industry differ⁶,
- Support for a sector-agnostic authentication process⁷.

Feedback supporting endpoint alignment included:

⁵ [Issue 292 comment – CBA](#)

⁶ [Issue 316 comment – AFIA](#)

⁷ [Issue 316 comment PDF – CBA submission](#)

- An acknowledgement that changes may be required, but that new endpoints should not be developed specifically for NBL, and the ‘banking’ path should be used to reduce complexity for participants⁷,
- Existing banking scopes should be leveraged due to the similarity of data, provided they are supported by clear guidance⁷.

Feedback opposing endpoint alignment included:

- A suggestion that NBL Standards should be developed separately to banking, to avoid distinct changes affecting each other, and causing issues with version control⁶.

[DP317 – ‘Buy Now, Pay Later’ Product and Account Detail](#)

Decision Proposal 317 (DP317) continued consultation on the introduction of the NBL sector, focusing specifically on a key change affecting the Data Standards in the [Exposure draft rules](#), being the addition of the ‘Buy Now, Pay Later’ (BNPL) category of products, which was proposed to be applicable to both the Banking and NBL sectors.

Following previous feedback in relation to maintaining consistency with the Banking Standards, and the approach taken in the Exposure Draft Rules to combine the sectors in Schedule 3 to the CDR Rules ‘to maintain regulatory consistency’⁸, DP317 used the relevant Banking sector endpoints as a basis for proposing changes to accommodate BNPL.

DP317 outlined typical characteristics of BNPL products and considered how the Banking Standards may already support, or otherwise be impacted by any changes necessary to allow for the sharing of the associated data, as required by the Rules relating to disclosure of product data and account data.

Proposals and questions in DP317 included:

- Whether the characteristics of BNPL products that were provided were indicative or missing important detail,
- Whether BUY_NOW_PAY_LATER would be a suitable label for the product category, to be used as a query parameter and corresponding product value for multiple endpoints,
- The detail an ‘instalments’ object may contain, and whether it should be included in an existing endpoint or a new one,
- Further questions about features, fees, transaction details, constraints, and eligibility,
- Whether other aspects such as being ‘closed’ or ‘open loop’, or being designed for the purchase of specific products or services were important to be included in the requirements.

Feedback noted the following general points:

- That while the product characteristics provided in the proposal were indicative, and existing feature types including INSTALMENT_PLAN¹¹ support the scenarios typically applicable to BNPL products¹⁰, other detail could include; restrictions on the repayment method or source, and

⁸ [Exposure draft rules Explanatory materials](#)

whether partial or lump-sum repayments were allowed⁹; whether payment upfront, downpayment or copayment is required¹¹; and that the number of splits with which a BNPL payment could be made should be included, with options for a single value or a range¹⁰,

- ‘Short term financing’ could be an alternative to the proposed BUY_NOW_PAY_LATER product category⁹,
- A request to provide an indication as to whether a credit limit is temporarily reduced due to late payments or other factors⁹, or ‘capped’ by the customer for budgeting purposes¹⁰,
- That distinguishing between ‘open’ and ‘closed loop’ systems may be useful⁹, but fixed values rather than free text may be preferable¹⁰,
- Minimum order value, repayment methods and types, and purchase frequency may be relevant as constraints on the application for BNPL products⁹,
- The proposed feeType values may cover products currently available, but requirements may change over time¹⁰,
- A ‘frequency’ field in the Balance schema may provide insight into the operation of BNPL products¹⁰,
- There may be slightly complex scenarios where BNPL features are associated with other account types such as credit cards¹¹, but these may be supported through guidance⁹,
- Late fees may vary depending on the level of lateness¹¹,
- NBL Standards must not be finalised before the NBL sector Rules¹¹.

Feedback supporting endpoint alignment included:

- The ‘instalments’ object should be included in the Get Account Detail endpoint with the same scope, rather than creating a new one^{9,10},
- Changes to the existing transaction detail schema would not be required to support BNPL accounts^{9,10}.

Feedback opposing endpoint alignment included:

- That NBL-sector Standards should be separate to the Banking-sector Standards, as some sections may not be relevant to products such as BNPL¹¹,
- The ‘instalments’ detail should be provided in a separate endpoint with a more targeted scope and language, but also that by doing this, it may increase the number of API calls per session¹¹,
- Extensibility of the Standards would be important over time¹¹,
- Managing ‘special cases’ for NBL in the Banking Standards would increase complexity¹¹.

Draft Standards

The [Draft Standards for NBL](#) incorporate feedback from the consultations noted above and convey the proposed position outlined below:

⁹ [Issue 317 comment PDF – Basiq submission](#)

¹⁰ [Issue 317 comment PDF – CBA submission](#)

¹¹ [Issue 317 comment PDF – AFIA submission](#)

- A 'Sector definitions' section will be added to the Standards to clarify that technical statements including words such as 'bank'² and 'bank account' for context will also imply the NBL equivalent unless otherwise noted,
- The CX Standards for 'Banking Language' will be applicable to the NBL sector, and are considered appropriate to support the addition of BNPL,
- That NBL-sector Data Holders will be defined on the CDR Register by the 'industry' value 'non-bank-lending' to provide distinction⁶ between NBL and other sectors and their products,
- That the existing Banking Standards be leveraged to support NBL data sharing, on the following grounds:
 - The relevant Schedule to the CDR Rules contains both Banking and NBL obligations combined, with an identical product set,
 - Through ongoing maintenance in consultation with the CDR community, the existing Banking Standards have been reviewed, implemented, and enhanced since their introduction to meet the requirements of participants in the Banking sector in meeting essentially the same obligations, for the same products, that will apply to NBL participants,
 - There has been feedback in support of the use of the existing Standards from both Banking Data Holders and (cross-sector) Data Recipients,
 - The possibility that NBL and Banking sector Data Holders may transition from one sector to the other, requiring them to either migrate between separate sets of Standards, or support two versions,
 - There were suggestions that having two sets of Standards would avoid changes relevant to only one sector having an unintended impact on the other, but the possibility that this may occur with combined Rules and an identical product set would appear to be reduced. It could be more likely that changes would generally be required in both sectors for them to remain comparable, and having two versions may create additional maintenance overhead for all participants,
 - The opportunity for Data Holders to seek solution providers that offer capability already established and compliant to the Banking sector requirements,
 - Like other sections of the Standards, the Banking Standards support extensibility, which was noted¹¹ as an important factor in the ability to share complementary data in future,
 - Data Holders are required to convey details about the [Authorisation Scopes](#) they support through their OpenID Connect Discovery Document. The supported scopes align to the endpoints that will be supported by the Data Holder. (*Further details in [Appendix A – Scopes and endpoints](#)*),
 - Existing flexibility in the Standards for data structures to be optional, and endpoints not being implemented, which has been necessary to support different delivery phasing and exemptions held by Banking Data Holders. The '404 Resource Not Implemented' error response as described in the Standards may be appropriate for both Banking and NBL sector participants through all stages of delivery, and allow for varying obligations,
 - Existing Data Latency requirements regarding 'commensurate' service should alleviate concerns that NBL Data Holders may not have the equivalent technical systems and high-velocity transactions and balances⁶ that may typically be expected of Banking-sector participants,

- The view of the Data Standards Body that creating two separate, but very similar sets of data sharing structures would create more, rather than less complexity over time, in terms of maintenance of the different versions, different obligation dates, and importantly, the challenge of maintaining the standardisation required to support the comparison and utility of the data sourced from similar product offerings by Data Recipients.
- That the BUY_NOW_PAY_LATER product category value be added to reflect the name of these products provided in the Draft Rules⁹,
- To include an 'instalments' object in the Banking Product and Account endpoints, to support sharing information about:
 - The maximum number of plans that the customer may create,
 - The maximum limit (monetary value) of all instalments,
 - The minimum and maximum amounts required to initiate a plan,
 - The minimum and maximum number of splits a plan may be initiated with,
 - Any plans currently configured on a consumer's account, including details of; the plan name, creation date, plan amount, overall duration, repayment interval and scheduled repayment amounts and due dates.
- Apart from potential hardship reasons, there appeared to be little evidence in public product information that partial repayments may generally be acceptable against instalment plans as submitted in feedback to DP317⁹. The existing feature type EXTRA_REPAYMENTS may be applicable in cases where a lump-sum may be made to repay a complete instalment plan in full, and the presence of this feature may also indicate that repayments to a particular plan may be flexible in general. It is proposed that the OTHER feature type may be an option to provide details of partial instalment repayment capability where applicable,
- Granular details of any available payment and repayment options have not been included to be associated specifically with BNPL accounts⁹, as these options have not been provided for other account types such as loans and credit cards, which could have been expected to have similar values. The OTHER constraint or feature type may initially be used to specify any unusual options or limitations. Future consultation on the subject of inbound and outbound payment methods may expand on, and clarify these requirements for all account types, where it may be more relevant in the context of Action or Payment Initiation scenarios,
- It is expected that an 'open loop' BNPL product could be determined based on the presence of suitable card details in the product or account cardOption structure proposed in the [Candidate Standards](#) associated with [Decision Proposal 306](#), rather than a free-form¹⁰ list of eligible merchants or purchase categories which may be challenging to specify and maintain as part of the Standards,
- Based on submissions¹¹ and analysis of publicly available product data, the feature type EXTRA_DOWN_PAYMENT has been included to support the capability of making a larger than usual initial payment, to reduce the balance outstanding on a BNPL plan, or similar offering,
- In addition to the existing PERIODIC fee type, the PAYMENT_LATE and UPFRONT_PER_PLAN fee types were added to accommodate common BNPL fee scenarios, as noted in feedback¹¹.

Questions for consultation

1. Does the existing 'Account terms' permission language standard sufficiently describe the 'instalments' detail proposed for BNPL?
2. Are there any areas of the proposed Standards that do not appear to support the specific requirements of the NBL sector, in accordance with the [Draft Rules](#)?
3. Are there key differences in the structure or operation of like-products offered by the NBL and Banking sectors that are not currently supported in the Standards?
4. Feedback to DP317 requested detail relating to temporary changes, or caps^{9,10} on BNPL credit limits. That detail may already be supported through temporary adjustments to the fields available in the Balance endpoints, including creditLimit, currentBalance and availableBalance in conjunction with the proposed instalments detail; or an additional optional field in those endpoints, such as *"availableLimit: Object representing the current amount of credit that is available for this account. Assumed to be zero if absent"* could be added. This field may also be relevant in similar scenarios for other credit/lending products. If a new field is preferred, would *"availableLimit"* be sufficient and generally suitable for similar product types?
5. Responses to DP317 included suggestions^{9,10} for 'frequency' fields to be included, to provide insight into the operation of BNPL accounts. Further detail about the context of this requirement and suggestions for appropriate fields and endpoint placement would greatly help in developing a proposal for sharing this type of data.

Appendix A – Scopes and endpoints

| Data cluster language | Authorisation Scope | Endpoints |
|--|----------------------------|---|
| - Account name, type and balance | bank:accounts.basic:read | - Get Accounts - Get Bulk Balances - Get Balances For Specific Accounts - Get Account Balance |
| - Account numbers and features - Account balance and details‡ | bank:accounts.detail:read | - Get Account Detail |
| - Transaction details | bank:transactions:read | - Get Transactions For Account - Get Transaction Detail |
| - Saved payees | bank:payees:read | - Get Payees - Get Payee Detail |
| - Direct debits and scheduled payments | bank:regular_payments:read | - Get Direct Debits For Account - Get Bulk Direct Debits - Get Direct Debits For Specific Accounts - Get Scheduled Payments for Account - Get Scheduled Payments Bulk - Get Scheduled Payments For Specific Accounts |