



# Options for establishing a consumer data right in New Zealand

The Ministry of Business, Innovation and Employment is seeking feedback on a discussion document titled *Options for establishing a consumer data right in New Zealand*. Feedback will help determine if New Zealand needs a consumer data right and how any such consumer data right should be designed. This document provides a summary of the Discussion Document

## WHAT IS A CONSUMER DATA RIGHT?

- › It gives individuals and businesses greater choice and control over their data.
- › It allows individuals and businesses to securely share data held about them by businesses such as a bank or utility with trusted third parties. For example, a third party could be an app that makes it easier for consumers to manage their finances across multiple providers, save or invest, compare products and seamlessly switch between different suppliers.

## WHY DOES NEW ZEALAND NEED A CONSUMER DATA RIGHT?

- › There are generally no requirements for data to be shared in a consistent format.
- › Industry-led initiatives have been slow to progress and are not yet fully delivering benefits to consumers.
- › A consumer data right will provide real consumer welfare and economic benefits for New Zealand.

### Consumer welfare

- ✓ Consumers will have access to a wider range of products and services that better meet their needs
- ✓ Reduces search and switch costs
- ✓ Facilitates competition by encouraging innovation and the development of new products and services
- ✓ Strengthens existing privacy protections by providing for secure data portability

### Economic development

- ✓ Will build the digital economy by allowing burgeoning sectors such as fintech to thrive
- ✓ Increased productivity by increasing use of data in the economy, reducing search costs and allowing for greater connectivity between products and services

## HOW SHOULD A CONSUMER DATA RIGHT BE DESIGNED?

› We have identified four options for the high-level design of a consumer data right.

<b>Option 1</b> <i>Continue to rely on existing protections and industry-led solutions</i>	<b>Option 2</b> <i>A legislative framework that can 'turn on' a consumer data right in sectors</i>	<b>Option 3</b> <i>Establish an economy-wide consumer data right</i>	<b>Option 4</b> <i>Sector-specific approach</i>
<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lower implementation costs as would not involve intervention</li> <li><input checked="" type="checkbox"/> Unlikely to significantly progress consumer data portability</li> <li><input checked="" type="checkbox"/> Does not address barriers to entry and will prevent innovation</li> <li><input checked="" type="checkbox"/> Consumer welfare will not be improved</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Allows for a consumer data right to be applied to sectors where there will be the greatest benefit</li> <li><input checked="" type="checkbox"/> Likely to lead to thriving 'open' sectors across the economy</li> <li><input checked="" type="checkbox"/> Addresses problems that have been identified</li> <li><input checked="" type="checkbox"/> Significant implementation costs</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Will improve consumers' control and choice over their data across the economy</li> <li><input checked="" type="checkbox"/> Will strengthen existing privacy protections</li> <li><input checked="" type="checkbox"/> May not extend to 'product data' or apply to data about businesses</li> <li><input checked="" type="checkbox"/> May need additional regulation to work in practice</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> May improve efficiency of industry-led initiatives</li> <li><input checked="" type="checkbox"/> Could act as a regulatory backstop</li> <li><input checked="" type="checkbox"/> Likely to lead to inconsistencies across sectors</li> <li><input checked="" type="checkbox"/> Might not address privacy and security concerns</li> </ul>

## COMPONENTS OF A CONSUMER DATA RIGHT

› A consumer data right could incorporate a number of key components.

<b>Detailed rules</b> To effectively set out how the consumer data right would function, taking into account the risks of a particular sector.	<b>Shared data standards</b> To provide the technical detail of how consumer data can be shared to ensure consistency within a sector.	<b>Accreditation of third parties</b> To ensure that only third parties who can hold data safely and securely can access consumer data.
<b>Privacy safeguards</b> To provide additional detail of how privacy can be maintained while allowing secure data portability.	<b>Liability and enforcement</b> To provide penalties and mechanisms for enforcement.	<b>Redress</b> To provide consumers with access to redress in the event of a dispute.

Please visit [www.mbie.govt.nz/cdr](http://www.mbie.govt.nz/cdr) to read the Discussion Document and make a submission. Submissions close at 10am on Monday 5 October 2020.

If you have any questions please contact [consumerdataright@mbie.govt.nz](mailto:consumerdataright@mbie.govt.nz)