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Proactive release of Cabinet paper: Customer and Product Data Regulations: Banking Designation and General Requirements

Minister	Hon Scott Simpson	Portfolio	Commerce and Consumer Affairs
Cabinet paper	Customer and Product Data Regulations: Banking Designation and General Requirements	Date to be published	16 October 2025

List of documents that have been proactively released

Date	Title	Author
8 October 2025	Cabinet Paper: Customer and Product Data Regulations: Banking Designation and General Requirements	MBIE
8 October 2025	ECO-25-MIN-0154 Minute of Decision	Cabinet Office

Information redacted

NO

In Confidence

Office of the Minister of Commerce and Consumer Affairs

Chair, Cabinet Economic Policy Committee

Customer And Product Data Regulations: Banking Designation And General Requirements

Proposal

1. This paper seeks authorisation to submit two sets of regulations to Executive Council:
 - 1.1. Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations;
 - 1.2. Customer and Product Data (General Requirements) Regulations.

Executive Summary

2. This paper is part of the Government's response to the Commerce Commission's competition study into personal banking services; and supports the Competitive Business Settings pillar of *Going for Growth*.
3. In April, Cabinet agreed to policy settings that would enable regulated 'open banking' in New Zealand. This will enable customers of New Zealand banks, such as Kiwi families and businesses, to access a wider range of secure digital services, such as low-cost payment mechanisms and accounting software. Access to these services will drive competition and contribute to our objective of increasing productivity in the New Zealand economy.
4. Cabinet agreed that open banking will be enabled by designating the banking sector under the Customer and Product Data Act 2025 [ECO-25-MIN-0039 refers]. I now seek authorisation to submit two sets of regulations that give effect to these decisions to the Executive Council. The regulations will come into effect on 1 December 2025. The Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations set out which banks and types of data are designated, and the Customer and Product Data (General Requirements) Regulations set out additional requirements such as accreditation criteria.
5. I also seek Cabinet's agreement to prohibit banks from charging accredited requestors for data requests and payments, rather than only capping these charges. This is to enable valuable use cases which may not otherwise have been viable and is consistent with the approach taken in the United Kingdom and Australia.
6. I have made minor changes to ensure that banks are able to meet the technical requirements by 1 December 2025, without substantially reducing the range of services that New Zealanders can access via open banking. The designation includes temporary exceptions to banks in respect of some data, particularly for

business customers. These changes will reduce the risk of known non-compliance once the regime comes into force. I intend to take further policy decisions next year on the availability of open banking to banks' business customers, as open banking is less useful for large companies with bespoke banking arrangements.

7. Although this paper seeks authorisation to submit regulations to Executive Council, as it has policy decisions, I have made the decision to take it to the Cabinet Economic Policy Committee.
8. I will soon separately seek Cabinet's agreement to a further set of regulations relating to the fees and levies to recover costs of the regime, in line with Cabinet's recent policy decision on the level and attribution of these cost recovery mechanisms [ECO-25-MIN-0136 refers].

Policy

9. Open banking allows banks' customers to securely share their financial data with, and make payments through, trusted third parties, without revealing their login credentials and breaching their bank's terms of service. This enables the creation of innovative, data-driven products and services tailored to individual needs. For example, open banking can enable alternative payment methods that are cheaper for businesses and individuals, or budgeting services that use a customer's transaction data to provide real time insights to help them manage their finances. The net result should be that Kiwis benefit from greater competition and new and innovative products and services in the financial sector, boosting productivity and supporting growth.
10. Countries like the United Kingdom, Australia, Brazil and Singapore are already seeing the benefits of open banking. However, in New Zealand, financial technology companies (fintechs) face challenges negotiating access to banks' open banking systems. Implementation of open banking has also been inconsistent between banks. These difficulties limit fintechs' ability to build new services, and slow innovation. While there are alternative data-sharing methods, these are inefficient or insecure, making them unattractive and risky for customers.
11. To address these challenges, in April 2025, Cabinet agreed to designate the banking sector under the Customer and Product Data Act 2025 (the Act), which would enable a regulated form of open banking [ECO-25-MIN-0039 refers]. The Act sets out a framework for data portability, which, when applied to specific sectors through regulations, will allow customers in that sector to digitally share specific types of data with third parties, without those third parties needing to individually negotiate with each bank. Banking will be the first sector to be designated under the Act.
12. The regulations that will give effect to Cabinet's decision are in two parts. The Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations 2025 set out which banks and types of data are designated under the Act. These regulations:
 - 12.1. designate ASB, ANZ, BNZ, Westpac as 'data holders' on 1 December 2025;

- 12.2. designate Kiwibank as a data holder with respect to payments on 1 June 2026, and with respect to account information on 1 December 2026;
 - 12.3. allow other banks and deposit-takers to opt-in to being data holders by giving notice to MBIE;
 - 12.4. set out that 'relevant accounts' include all transaction, savings and loan accounts provided by the data holders that are denominated in New Zealand dollars, and for which customers' already have access through an electronic facility (e.g. online banking through the bank's website);
 - 12.5. set out that 'designated data' with respect to each relevant account includes the customers' name, contact details and whether they are a joint or sole customer; and the accounts' number, names, currency, type (e.g. transaction versus savings account), balance, transactions, and statements;
 - 12.6. designate payments that are made using the bulk electronic clearing system, in New Zealand currency, that only require authorisation of a single customer;
 - 12.7. allow banks to set payment limits on the dollar amount of open banking payments, provided the limit is not less than what the bank sets through online banking;
 - 12.8. set out classes of accreditation status that a fintech may apply for; and
 - 12.9. provide a range of exceptions for individual banks, discussed in more detail below.
13. The Customer and Product Data (General Requirements) Regulations 2025 set out general requirements under the Act. These regulations:
- 13.1. require data holders to give access to their open banking systems to accredited requestors (fintechs) within 20 working days of the requestor submitting written notice to the data holder and providing the necessary technical information;
 - 13.2. prohibit data holders from charging accredited requestors for providing open banking under the Act;
 - 13.3. require data holders to provide systems to enable customers to approve individuals to act on their behalf when approving data requests (e.g. a company approving a director or employee to authorise requests);
 - 13.4. set out accreditation criteria for fintechs in addition to those provided for in the Act, covering insurance, dispute resolution and, if the applicant is acting as an intermediary that makes requests on behalf of an unaccredited person, requiring adequate safeguards;

- 13.5. set out that accredited requestors must report significant changes to their business (e.g. changes to directors and senior managers) to MBIE;
- 13.6. set out that accredited requestors must notify customers about any active authorisations (permissions that the customer has provided to the fintech to access data) every 12 months and inform customers how to revoke authorisations; and
- 13.7. allow MBIE to share relevant information with the Financial Markets Authority and the Registrar of Financial Service Providers, in addition to the agencies specified in the Act (The Commerce Commission, the Department of Internal Affairs, the Ministry of Justice, the Privacy Commissioner, and the Trust Framework Authority).

Bank charges for requests under the Act

- 14. The proposed regulations prohibit banks from charging accredited requestors for requests under the Act. Cabinet had agreed that the regulated system would cap bank charges at 5 cents per payment request, and 1 cent per account information request, to a maximum of \$5 per month for near real-time access. However, since that decision, new information has come to light revealing that some desirable use cases would not be viable if their providers were charged up to the capped amount. In the UK and Australia, banks are prohibited from charging fees. Some banks here also said they would not charge for the first 12 months, and Kiwibank has said it does not intend to charge at all.
- 15. I have concluded that charges should be prohibited to ensure uptake is maximised and now seek Cabinet agreement to this change. I expect the impact of banks passing on costs to customers will be small, and that any costs will be significantly outweighed by the benefits to customers from greater banking competition and the provision of a wider range of services. I also do not consider that this decision will result in a barrier to entry for smaller banks, as only the five largest banks are designated under the Act.

Other changes to the regulations including exceptions for individual banks

- 16. When making policy decisions in April, Cabinet also agreed that the Minister of Commerce and Consumer Affairs could make additional policy decisions and minor or technical changes to the policy settings that it agreed, consistent with the general policy intent, on issues that arose in drafting.
- 17. The regulations provide temporary exceptions for ASB, ANZ, BNZ and Westpac:
 - 17.1. ASB, ANZ, BNZ and Westpac are unable to provide open banking services to some of their customers on their business platforms.
 - 17.2. ANZ is unable to provide statements before the end of March 2026, and Westpac is unable to provide statements created before 1 December 2025, due to technical complications.
 - 17.3. ASB is unable to provide transaction histories for some loan accounts on 1 December 2025.

18. I consider it is desirable to temporarily except these banks from these requirements, rather than introducing regulations that cannot be met, resulting in known non-compliance. With these exceptions, from 1 December, open banking will be made available to individual consumers, and small businesses with less complex banking needs.
19. The exception with respect to business platforms expires on 1 June 2026. I intend to make further policy decisions regarding these platforms over the next six months. This may include the potential for permanent exceptions for providing open banking to large corporate customers, as open banking is less useful for large companies with bespoke banking arrangements.
20. Other minor and technical changes to the detailed policy settings agreed by Cabinet relate to:
 - 20.1. slightly reducing the range of data that is designated to only cover data that is mandatory under existing Payments NZ API standards;
 - 20.2. giving banks 20 working days (rather than five) to onboard accredited requestors, noting it is my expectation that banks and accredited requestors work together in a timely manner.

Timing and 28-day rule

21. The Customer and Product Data (Designations for Banking and Other Deposit Taking) Regulations 2025 and Customer and Product Data (General Requirements) Regulations will come into force on 1 December 2025.

Compliance

22. These regulations comply with:
 - 22.1. the principles of the Treaty of Waitangi;
 - 22.2. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
 - 22.3. the principles and guidelines set out in the Privacy Act 2020;
 - 22.4. relevant international standards and obligations; and
 - 22.5. the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.
23. Sections 106 and 137 of the Act provide that the Minister may only recommend that designation and general regulations be made after consulting with:
 - 23.1. the person, or representatives of the persons, that the Minister considers will be substantially affected by the proposed regulations;
 - 23.2. the Privacy Commissioner;

- 23.3. one or more people who have expert knowledge of te ao Māori approaches to data (for example, approaches to data access, use or protection).
- 24. Sections 105 and 132 of the Act provide that, before recommending that designation or general regulations be made, the Minister must have regard to the following:
 - 24.1. the interests of customers, including Māori customers;
 - 24.2. any likely costs and benefits for data holders;
 - 24.3. whether the regulations facilitate secure, standardised and efficient regulated data services;
 - 24.4. the likely benefits and risks associated with the proposed designation regulations in relation to the security, privacy, confidentiality or other sensitivity of customer data and product data, and (with regard to the designation regulations only) any intellectual property rights that may exist in relation to customer data or product data.
- 25. I am satisfied that these statutory conditions have been met.

Regulations Review Committee

- 26. There are no grounds for the Regulations Review Committee to draw these regulations to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

- 27. The Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations and the Customer and Product Data (General Requirements) Regulations were certified by the Parliamentary Counsel Office (PCO) as being in order for submission to Cabinet.

Impact Analysis

- 28. A Regulatory Impact Statement was prepared in accordance with the necessary requirements, and was submitted at the time Cabinet approval was sought for the policy relating to the regulations [*ECO-25-MIN-0039* refers].

Consultation

- 29. Stakeholders have been consulted extensively in the development of this policy. MBIE conducted public consultation on policy options in November 2024, and public consultation on draft regulations in August 2025. The policy settings have been broadly supported by government agencies, banks, fintechs, consumer groups, open banking academic experts, and experts in Māori data governance.
- 30. The Ministry of Business, Innovation and Employment consulted the following agencies on this paper: Commerce Commission, Department of Internal Affairs, Department of the Prime Minister and Cabinet, Financial Markets Authority, Inland

Revenue, Ministry of Business, Innovation and Employment, Ministry of Justice, Ministry for Regulation, Office of the Privacy Commissioner, Reserve Bank of New Zealand, the Serious Fraud Office, Statistics New Zealand, and the Treasury.

Publicity

31. I will issue a press release once Cabinet has agreed to make the regulations.

Proactive Release

32. This paper will be published on MBIE's website, subject to withholdings as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Commerce and Consumer Affairs recommends that the Committee:

1. **note** that on 2 April 2025, the Cabinet Economic Policy Committee agreed to designate the banking sector under the Customer and Product Data Act, with the scope and regulatory settings detailed in Annex 2 to the paper under ECO-25-SUB-0039 [*ECO-25-MIN-0039*];
2. **note** that item 7 of Annex 2 of the paper under ECO-25-SUB-0039 provided for caps on banks' charges to accredited requestors for requests.
3. **agree** to recommend that Cabinet rescind the decision referred to in paragraph 2; and instead prohibit banks from charging accredited requestors for data and payment requests;
4. **note** that Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations and the Customer and Product Data (General Requirements) Regulations give effect to the decisions referred to in paragraphs 1 and 3 above;
5. **authorise** the submission to the Executive Council of the Customer and Product Data (Designations for Banking and other Deposit Taking) Regulations and the Customer and Product Data (General Requirements) Regulations;
6. **note** that sections 106 and 137 of the Customer and Product Data Act provide that the Minister may only recommend that regulations are made after the Minister has consulted with:
 - 6.1. the person, or representatives of the persons, that the Minister considers will be substantially affected by the proposed regulations;
 - 6.2. the Privacy Commissioner;
 - 6.3. one or more people who have expert knowledge of te ao Māori approaches to data (for example, approaches to data access, use or protection);

7. **note** that sections 105 and 132 of the Customer and Product Data Act provide that before recommending that regulations be made, the Minister must have regard to the following:
- 7.1. the interests of customers, including Māori customers;
 - 7.2. any likely costs and benefits for data holders;
 - 7.3. whether the regulations facilitate secure, standardised and efficient regulated data services;
 - 7.4. the likely benefits and risks associated with the proposed regulations in relation to:
 - 7.4.1. the security, privacy, confidentiality or other sensitivity of customer data and product data; and
 - 7.4.2. (with regard to the designation regulations only) any intellectual property rights that may exist in relation to customer data or product data;
8. **note** that the Minister of Commerce and Consumer Affairs advises that the statutory conditions referred to in paragraphs 6 and 7 have been met.

Authorised for lodgement

Hon Scott Simpson

Minister of Commerce and Consumer Affairs