



COVERSHEET

Minister	Hon Cameron Brewer	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Addressing the Expiry of Regulated Open Banking Transitional Provisions	Date to be published	28 May 2026

List of documents that have been proactively released

Date	Title	Author
21 May 2026	Addressing the Expiry of Regulated Open Banking Transitional Provisions	Office of the Minister of Commerce and Consumer Affairs
21 May 2026	Addressing the Expiry of Regulated Open Banking Transitional Provisions LEG-26-MIN-0103 Minute	Cabinet Office

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

In Confidence

Office of the Minister of Commerce and Consumer Affairs

Chair, Cabinet Legislation Committee

Addressing the expiry of Regulated Open Banking transitional provisions

Proposal

1. This paper seeks authorisation to submit to Executive Council the:
 - 1.1. *Customer and Product Data (Designations for Banking and Other Deposit Taking) Amendment Regulations 2026*; and
 - 1.2. *Customer and Product Data (General Requirements) Amendment Regulations 2026*.

Relation to government priorities

2. The Government is committed to promoting competition, because it benefits New Zealanders through greater choice, lower costs, higher quality and more innovation. The development of open banking regulations featured in the Government's quarterly action plans in 2025. The development of a regulated open banking system is also part of the Competitive Business Settings pillar of *Going for Growth*, and part of the Government's response to the Finance and Expenditure Committee's inquiry into banking competition.

Executive Summary

3. In March, Cabinet agreed to the next phase of Regulated Open Banking, which focuses on the benefits for business customers [ECO-26-MIN-0024 refers].
4. Regulated Open Banking enables banks' customers to access secure, convenient services such as online payments and accounting tools. The first phase of Regulated Open Banking, which came into force in December 2025, focused on consumers. It required designated banks (ANZ, ASB, BNZ and Westpac) to provide open banking to consumers that access their online banking via one of the banks' main consumer-facing electronic facilities, namely: ANZ's goMoney app, ASB's Mobile Banking app, BNZ's Internet Banking – Personal app, and Westpac's Westpac One app. Kiwibank is required to provide open banking in phases from 1 June 2026.
5. Each bank also operates additional electronic facilities such as those targeted towards business and institutional customers. Cabinet agreed that from 1 June 2027, designated banks must provide Regulated Open Banking to all customers, regardless of the electronic facility that they use, unless they are large entities. The exclusion for large entities was because these customers are less likely to use Regulated Open Banking, and so the costs to banks to provide it to these customers would outweigh the benefits.

6. I have consulted on draft amendment regulations that give effect to this decision, and have made three changes to ensure that the regulations achieve the desired intent:
 - 6.1. Exempting banks from providing open banking to accounts on electronic facilities primarily used by large entities, rather than exempting banks from providing open banking to large entities directly, to more closely reflect the reality of how open banking technology is built and accessed;
 - 6.2. excluding cash management accounts only accessible from ASB's 'Online Share Trading' electronic facility from the requirements because the benefits of providing open banking for this facility are low relative to likely implementation costs; and
 - 6.3. aligning the commencement date for a provision relating to the way that customers delegate open banking authority to the new commencement date for business banking electronic facilities, to provide a more cohesive timeline.

Background

7. The *Customer and Product Data Act (the Act)*, the *Customer and Product Data (Designations for Banking and Other Deposit Taking) Regulations 2025* and the *Customer and Product Data (General Requirements) Regulations 2025 (the current regulations)* require designated banks to provide customer data and payments in a standardised way (via application programming interfaces, abbreviated as APIs) to accredited requestors, if customers authorise them to do so. Kiwibank is also required to provide open banking from 1 June 2026 for payments, and 1 December 2026 for data-sharing.
8. For the first six months from 1 December 2025 to 1 June 2026, transitional provisions in the current regulations allow the four banks to only provide open banking to accounts that customers access via each of the banks' main digital electronic facilities. These electronic facilities are provided primarily to personal and small and medium-sized enterprise (SME) customers.
9. Each bank operates additional electronic facilities which are primarily used by business and institutional customers. Many customers, particularly SMEs, will have access to both the main facility and the business facility. ANZ and ASB also operate additional electronic facilities for personal and SME customers that are only accessible by web browser.
10. In 2025, Cabinet initially agreed that the banks would be required to provide open banking to all customers [ECO-25-MIN-0039 refers]. However, it later emerged that the banks had not yet built open banking for some of these business electronic facilities, due to differing understandings of what had been agreed to be implemented prior to the introduction of the regime. To ensure the banks would not be non-compliant by the implementation date of 1 December 2025, and to understand the extent of the exemption needed, Cabinet provided an initial extension of six months to develop a policy position on banks' obligations to build open banking for their remaining electronic facilities [ECO-25-MIN-0154 refers]. Kiwibank has stated it will provide regulated open banking on all its electronic facilities, and so did not request an exception.

11. In March, Cabinet agreed that from 1 June 2027, designated banks must provide open banking to all customers, regardless of the electronic facility that they use, unless they are large entities. The exclusion for large entities was because these customers are less likely to use Regulated Open Banking, and so the cost to banks to provide it to these customers would outweigh the benefits [ECO-26-MIN-0024 refers].
12. This work is time sensitive, as the current regulations include transitional provisions that expire on 1 June 2026. If the regulations are not amended by the end of May, the banks will be non-compliant, which could create legal problems.

Policy changes

13. I publicly consulted on draft amendment regulations that give effect to the changes agreed by Cabinet. I received feedback from banks, financial technology companies (fintechs), industry associations, Māori data experts, government departments, and a consulting firm. In general, submitters supported the intent of the regulatory amendments, but made suggestions for how the approach could be refined to better achieve our objectives.
14. Feedback generally focused on three areas:
 - 14.1. the approach to exempting banks from providing open banking to large entities;
 - 14.2. requests for additional exclusions; and
 - 14.3. the system for businesses to delegate authority to give consent to open banking.
15. Most submitters supported the intent of excluding large entities, but had concerns about potential unintended consequences from the way that the exclusion is implemented. Banks build open banking technology on the basis of each electronic facility. As additional electronic facilities fall within scope, the cost to banks increases. The policy intent of the exclusion for large entities is to avoid imposing disproportionate costs on banks to enable open banking for customers that will not use it. Therefore, I consider it appropriate that the exclusion applies to electronic facilities that are primarily used by large entities, rather than to large entities in general.
16. ASB requested an additional exclusion for the electronic facility Online Share Trading, which enables customers to buy and sell shares. I am not aware of any other bank operating a similar facility. Customers using Online Share Trading have an associated cash management account that holds funds. Using the facility, customers can only view their cash management account balance and buy and sell shares; they cannot make other transactions or view their transaction history. Because of this limited functionality, customers only using Online Share Trading are unlikely to be undertaking normal banking activities on their cash management account, and will therefore see limited benefit from the ability to share data using open banking. I propose that this facility is excluded from the requirements.

17. The current regulations include a requirement relating to the way that business customers notify their bank that individuals associated with the business (such as its staff or accountants) have the authority to give consent to open banking. The requirement is set to commence on 1 June 2026, alongside the original expiry of transitional provisions relating to business electronic facilities. Most submitters supported changing the commencement date for this requirement to 1 June 2027, to align with the date at which the business banking electronic facilities will now be brought into the regulated system. I consider this change appropriate as it provides a more cohesive timeline, and because this system will primarily benefit the customers that use business electronic facilities.

Timing and 28-day rule

18. The *Customer and Product Data (Designations for Banking and Other Deposit Taking) Amendment Regulations 2026* and the *Customer and Product Data (General Requirements) Amendment Regulations 2026* will take effect on 29 May 2026.
19. I am seeking a waiver of the 28-day rule to avoid banks being non-compliant with the Act for a period. As discussed above, the current exceptions for banks' business electronic facilities expire on 1 June 2026. Cabinet agreed to extend this date until 1 June 2027, to give banks time to build open banking for their business electronic facilities. However, if the amendment regulations do not come into effect before 1 June 2026, banks will be non-compliant with the Act from that date until the amendment regulations come into effect.

Compliance

20. These regulations comply with:
 - 20.1. the principles of Te Tiriti o Waitangi | The Treaty of Waitangi;
 - 20.2. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
 - 20.3. the principles and guidelines set out in the Privacy Act 2020;
 - 20.4. relevant international standards and obligations; and
 - 20.5. the Legislation Guidelines (2021 edition) which are maintained by the Legislation Design and Advisory Committee.
21. Sections 106 and 137 of the *Customer and Product Data Act 2025* require that I may only recommend that regulations be made after consulting with:
 - 21.1. the person, or representatives of the persons, that I consider will be substantially affected by the proposed regulations;
 - 21.2. the Privacy Commissioner; and
 - 21.3. one or more people who have expert knowledge of te ao Māori approaches to data (for example, approaches to data access, use or protection).

22. Sections 105 and 132 of the Act provide that, before recommending that regulations be made, I must have regard to the following:
- 22.1. the interests of customers, including Māori customers;
 - 22.2. any likely costs and benefits for data holders;
 - 22.3. whether the regulations facilitate secure, standardised and efficient regulated data services; and
 - 22.4. 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 any intellectual property rights that may exist in relation to customer data or product data.
23. I can confirm that these statutory prerequisites have been met.

Regulations Review Committee

24. 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

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

Impact Analysis

26. The Ministry for Regulation determined that this proposal is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that it has no or only minor economic, social, or environmental impacts.

Consultation

27. The Ministry of Business, Innovation and Employment consulted the following agencies on this paper and the proposed amendment regulations: the Commerce Commission, Department of Internal Affairs, Department of the Prime Minister and Cabinet, Financial Markets Authority, Government Digital Delivery Agency, Inland Revenue, Ministry of Justice, Ministry for Regulation, Office of the Privacy Commissioner, Reserve Bank of New Zealand, the Serious Fraud Office, Statistics New Zealand, Te Puni Kōkiri, and the Treasury.
28. When developing this policy proposal, my officials conducted targeted consultation with the five designated banks, seven fintechs, Payments New Zealand, the Chair of the Small Business Advisory Group, several large institutions, the Commerce Commission and the Financial Markets Authority.

29. The draft amendment regulations were consulted on publicly and received feedback from 18 submitters, including banks, fintechs, industry associations, agencies, Māori data experts and a consulting firm.

Publicity and Proactive Release

30. My officials will notify interested parties once the Executive Council has agreed to the regulatory amendments. 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 11 March 2026 the Cabinet Economic Policy Committee (**ECO**) agreed:
 - 1.1. to extend the transitional provisions in the Regulations that allow banks to only provide open banking to customers using specified customer electronic facilities for a further 12 months, until 1 June 2027, and that there will be no further extensions [ECO-26-MIN-0024 refers];
 - 1.2. that the scope of 'relevant accounts' in the Regulations will exclude accounts held by large corporations and large institutions; and
 - 1.3. that banks will not be required to provide regulated open banking via digital electronic facilities that will be decommissioned before 1 June 2028.
2. **note** that ECO authorised the Minister of Commerce and Consumer Affairs to:
 - 2.1. make additional exceptions for the accounts of small groups of customers with complex banking needs, if required;
 - 2.2. release an exposure draft of the amendment regulations for consultation purposes; and
 - 2.3. make additional policy decisions and minor or technical changes to the policy decisions in the paper under ECO-26-SUB-0024, consistent with the general policy intent, on issues that arose in drafting and consultation.
3. **note** that the regulations include the following additions and changes agreed by the Minister of Commerce and Consumer Affairs:
 - 3.1. instead of excluding accounts held by large entities, excluding electronic facilities that are primarily used by large entities;
 - 3.2. excluding ASB's electronic facility 'Online Share Trading' from the requirements in the *Customer and Product Data (Designations for Banking and Other Deposit Taking) Regulations 2025*; and
 - 3.3. deferring the commencement date for the requirement that banks provide a system for customers to delegate authority to give consent to regulated open banking from 1 June 2026 to 1 June 2027 in the *Customer and Product Data (General Requirements) Regulations 2025*.

4. **note** that a waiver of the 28-day rule is sought so that the amendment regulations can come into force before 1 June 2026 to avoid expiry of transitional provisions.
5. **agree** to waive the 28-day rule so that the amendments to the regulations can come into force before 1 June 2026.
6. **note** that sections 106 and 137 of the *Customer and Product Data Act 2025* require that the Minister may only recommend that regulations be made after consulting with:
 - 6.1. the person, or representatives of the persons, that I consider will be substantially affected by the proposed regulations;
 - 6.2. the Privacy Commissioner; and
 - 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 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; and
 - 7.4. 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 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 prerequisites referred to in paragraphs 6 and 7 have been met.
9. **note** the *Customer and Product Data (Designations for Banking and Other Deposit Taking) Amendment Regulations 2026* and the *Customer and Product Data (General Requirements) Amendment Regulations 2026* give effect to these decisions.
10. **authorise** the submission to the Executive Council of the *Customer and Product Data (Designations for Banking and Other Deposit Taking) Amendment Regulations 2026* and the *Customer and Product Data (General Requirements) Amendment Regulations 2026*.

Authorised for lodgement

Hon Cameron Brewer

Minister of Commerce and Consumer Affairs