Fact sheet: Better banking competition one step closer for Kiwis

The Customer and Product Data Act 2025 requires businesses in designated sectors to share customer data, with the consent of the customer.

- The Customer and Product Data Act provides a legislative framework for the secure sharing of data. It is intended to facilitate competition and innovation.
- When businesses like banks and electricity companies provide us with services, data is created – for example, account histories, transaction records, or information on usage. This 'customer data' is held by the businesses that collect and create it. Customer data holds enormous value and opportunity, but only if customers can make full use of it by choosing to share it with applications and people they trust.
- The Act establishes an overarching framework to enable greater access to, and sharing of, customer and product data. This is commonly referred to as a "consumer data right". Parliament enacted the Act in March 2025.
- The Government will apply the Act to individual sectors (such as banking and electricity) through a designation process. Once a sector is designated, businesses in that sector that hold designated data are required to provide that data in a standardised, machine-readable format to authorised recipients, with the customer's authorisation.
- For example, when the Act is applied to the banking sector, bank customers might be able to view an analysis of their spending in a mobile app that helps them to budget.

The Government has agreed to apply the Act to the banking sector

- On Monday 7 April, Cabinet agreed to begin drafting regulations that will designate the banking sector under the Customer and Product Data Act.
- The regulations will apply to ASB, ANZ, BNZ and Westpac from 1 December 2025. The regulations will apply to Kiwibank in two phases: for payment initiation from 1 June 2026 and for customer account information from 1 December 2026. Other banks and deposit takers may opt in by giving notice to MBIE.
- Designated customer data will include information identifying the customer, such as the customer's name, information identifying the type of customer, such as whether the customer is an individual, trustee or company, and the customer's contact details.
- It will also include information about the customer's use of transactional accounts, savings accounts, credit card accounts and lending accounts. This includes information about account balances and transactions.
- The designation will only apply for customers who have digital access to designated account types, such as via bank websites or mobile banking applications.
- The designation will also include initiation of domestic payments.

- Only accredited requestors will be able to request customer data and payments initiation from banks, on behalf of customers.

The regulations will build on the industry-led work to develop open banking

- The five largest banks in New Zealand have begun implementing a voluntary standardised system for open banking. That system has been designed collaboratively between banks and digital technology companies under the auspices of the API Centre, which is part of Payments NZ.

- The regulations will build on the industry-led work by improving customers' access to their data and putting in place requirements for standardised methods of exchange and user accreditation. It will remove the need for bilateral contracts between banks and data requestors and will ensure that banks cannot limit accredited data requestors from initiation payments that customers could initiation through bank-owned channels.

- The regulations will ensure that open banking occurs in a secure and regulated fashion. The regulations will fulfil a recommendation from the Commerce Commission in its report on banking competition in 2024.

Data requestors will have to meet certain requirements to ensure data sharing is secure

- Organisations will only be able to request data from banks if they have received accreditation from MBIE.

- The Act sets out some accreditation criteria. Government has agreed to additional accreditation criteria specifically for requestors in the banking sector.

- Accredited requestors in the banking sector must hold adequate insurance to address the risk that they are unable to meet liabilities incurred in connection with data or payments requested under the Act, unless this risk is adequately addressed through other means (such as related company guarantees).

- Accredited requestors in the banking sector must also be registered as a financial service provider, if required by the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

- If accredited requestors are acting as an intermediary (e.g. providing data or requested actions for customers of another unaccredited business) the data requestor must have adequate processes to ensure that this does not pose undue risks to customers.

- Accredited requestors must notify MBIE of changes in circumstances affecting their accreditation, such as changes to directors or senior managers.

Open banking relies on the Privacy Act, but will include additional safeguards

- The Act sets out requirements that ensure that data can only be shared with customers' express and informed consent, and that customers must have access to digital dashboards that enable them to view and withdraw their authorisations.

- The regulations will set out an additional requirement for open banking, which is that accredited requestors with active customer authorisations will be required to notify customers at least every 12 months about those authorisations and inform customers of how to withdraw them.

The policy settings will enable uptake by data requestors and customers

- The regulations will set out requirements that restrict the fees that banks can impose on data requestors.
- The regulations will require banks to publish their pricing for regulated data services.
- Banks will be prohibited from charging customers for requests made by accredited requestors.
- Bank charges to accredited requestors for requests must not exceed 5 cents per payment request. For customer data requests, bank charges must not exceed 1 cent per successful API call, or a maximum of $5 per month per customer for near-real-time access to transaction records.
- The regulations also prevent banks from imposing overly restrictive payment limits on data requestors. Banking data holders will be prohibited from setting payment limits through open banking providers to less than the limit imposed on transactions the customer can initiate through internet or mobile banking, unless the customer requests a lower limit.
- Banking data holders will be required to provide the information necessary for an accredited requestor to establish connections with the bank's electronic system within five working days of receiving a notification in writing from an accredited requestor.

Next steps

- The Government will draft the regulations and enact them later this year.
- Once enacted, MBIE will begin accepting applications for data requestors to become accredited.
- Regulated open banking will be available for customers of the four largest banks by 1 December this year.
- Government is also exploring designating the electricity sector to enable 'open electricity.' This would enable New Zealanders to share information about their electricity consumption with trusted third parties, such as comparison websites. It could also require electricity companies to share information – such as pricing – about the goods and services that they sell. This would enable New Zealanders to make more informed decisions about their electricity use.