



# Summary of the potential banking designation under the Customer and Product Data Bill

**The Ministry of Business, Innovation, and Employment is seeking feedback on the designation of the banking sector under the Customer and Product Data Bill.**

## Consultation and process

Public consultation will close at **5pm on Thursday 10 October 2024.**

## What is the Customer and Product Data Bill?



The Bill creates a framework for timely, secure, standardised data exchange in designated sectors that hold data about consumers. In essence, the Bill creates a 'consumer data right' (CDR) from which consumers can access data that is held about them and share it with trusted third parties.

### Why do we need a consumer data right?



Businesses today hold a lot of data about their customers. When businesses, such as banks, provide us with services, data is created. In the banking sector, this could be your spending habits. This is 'customer data'. This data could be used to improve the lives of customers, but customers are often prevented from unlocking its full value.



A customer's banking data holds enormous value and opportunity for consumers, but only if they can extract it. Currently, consumers generally have to use inefficient and insecure methods to access their banking data, unless there are previously established bilateral data-sharing agreements. A CDR will facilitate the ability for a customer to swiftly aggregate their financial data to a service which could provide budgeting or credit advice.

### How would the Customer and Product Data Bill enable a consumer data right?



The aim of the Customer and Product Data Bill is to give customers greater control over their data, by allowing them to choose to exchange it with trusted third parties. The Customer and Product Data Bill seeks to unlock the value of data for people and their businesses by:

- improving customers' access to and control over their own data
- allowing for customers to request that their data be exchanged in a standardised way, and
- ensuring those who access data using the legislation are accredited as trustworthy.



In practical terms, it will give customers the power to require a business share their customer data with another, trusted business in a safe and secure manner. This will allow for new, data-enabled products and services to be created. The Bill will also facilitate easy product comparison and switching, which will promote innovation and competition within the banking sector.

## This will improve outcomes for customers and create opportunities for new and exciting products and services

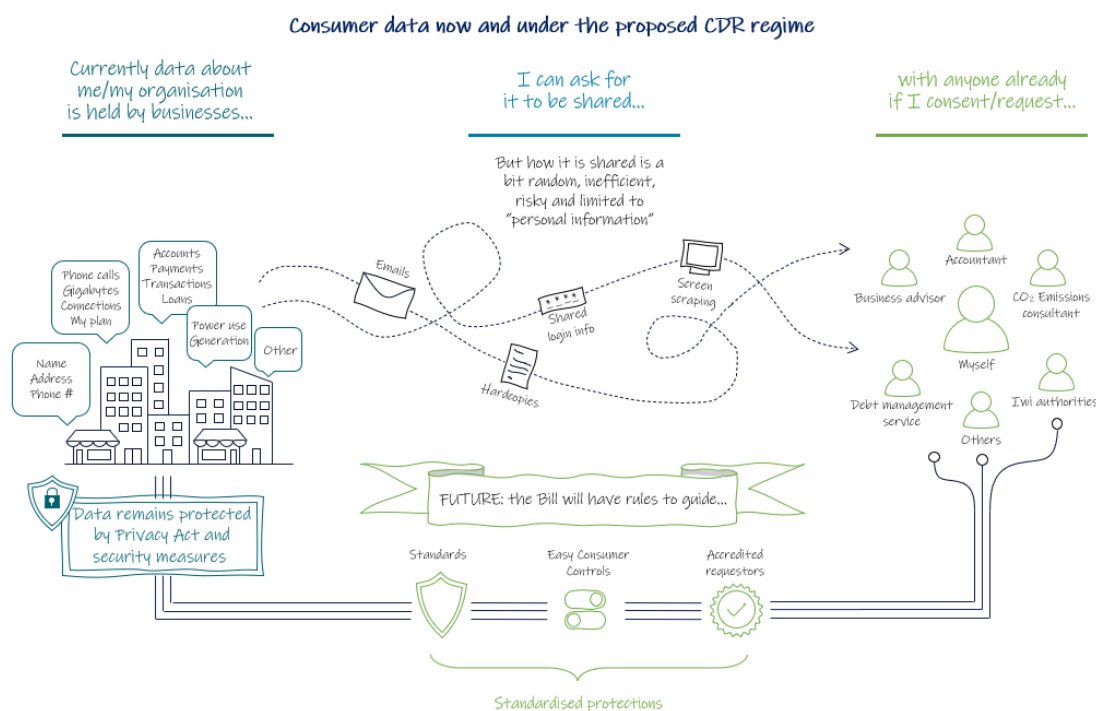


The Bill is intended to help innovators in our economy create new products and services and increase competition. This in turn will benefit customers by leading to reduced prices, improved product offerings, and greater productivity. The Bill also creates opportunity for business-to-business solutions, and improved accessibility and inclusion.

## How does this affect the banking sector



The Government is exploring applying the Customer and Product Data Bill to the banking sector to enable 'open banking'. In practice, the Government will create regulations and MBIE, as the Regulator will create the rules around which data must be shared (if requested). These regulations are intended to enable a secure process for data to be shared from the banking sector, enabling customers to reap more benefits from their data. This paper sets out our proposals for an open banking designation.



## MBIE is seeking feedback on the banking sector designation, including:

- The scope of open banking designation regulations, under the CDR regime.
- The requisite accreditation criteria required for accredited requestors to access data.
- The appropriate fees and relevant standards necessary for a functioning regime.
- The costs, benefits and risk associated with an open banking designation.

Read the discussion document [PDF 925KB]. Submissions close at 5pm on 8 October 2024