

# Submission

to the

Ministry of Business, Innovation and  
Employment

on the

Consultation: *Exposure draft of  
amendment Open Banking  
regulations relating to business  
banking digital channels*

24 April 2026



## About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
  
2. The following seventeen registered banks in New Zealand are members of NZBA and support this submission:
  - ANZ Bank New Zealand Limited
  - ASB Bank Limited
  - Bank of China (NZ) Limited
  - Bank of New Zealand
  - China Construction Bank (New Zealand) Limited
  - Citibank N.A.
  - The Co-operative Bank Limited
  - Heartland Bank Limited
  - The Hongkong and Shanghai Banking Corporation Limited
  - Industrial and Commercial Bank of China (New Zealand) Limited
  - JPMorgan Chase Bank N.A.
  - KB Kookmin Bank Auckland Branch
  - Kiwibank Limited
  - Rabobank New Zealand Limited
  - SBS Bank
  - TSB Bank Limited
  - Westpac New Zealand Limited

## Contact details

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## Introduction

4. NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on the exposure draft amendment Open Banking regulations relating to business banking digital channels (**Amendment Regulations**).
5. NZBA commends MBIE's work in drafting the Amendment Regulations and the feedback it has incorporated in developing the legislation for New Zealand's open banking regime. We provide suggestions within this submission to allow the Amendment Regulations to support the continued success of the regulated open banking regime in New Zealand.
6. We have identified specific areas where we consider that the Amendment Regulations should be amended to better support a successful open banking regime, and have provided recommendations to achieve alignment. As set out in more detail below, these areas include:
  - 6.1. NZBA welcomes the extension of timing within which banks must provide open banking access to customers using broader ranges of digital channels (paragraphs 8 to 9). However, we consider that banks will still face challenges in establishing the required systems within the extended deadline of 1 June 2027.
  - 6.2. With respect to the proposed definition of "large entity", NZBA considers that:
    - 6.2.1. a principles-based definition should be taken instead, guided by normal operating processes for identifying customers with more complex banking requirements that may be inconsistent with standardised open banking (paragraphs 10 to 14); and
    - 6.2.2. the proposed definition fails to capture how customer segmentation occurs within, and differs across, the industry, presents operational challenges and risks miscategorising customers due to the focus solely on financial factors (paragraphs 15 to 22).
  - 6.3. NZBA supports the focus on the impact of open banking on Māori customers and organisations, and considers that the Amendment Regulations will be beneficial to Māori customers and organisations (paragraphs 23 to 24).
  - 6.4. NZBA supports the proposal to extend the timing for banks to have systems in place for customers to approve individuals to act on their behalf to authorise data sharing and payments (paragraphs 25 to 27), although we submit that a longer extension beyond 1 June 2027 to 1 June 2028 should be applied (including to support greater consultation as discussed below). NZBA also



considers that regulation 6 of the Customer and Product Data (General Requirements) Regulations 2025 (**General Regulations**) lacks clarity. We note that the regulation was likely inserted in the final version of the General Regulations in response to industry submissions, but was not specifically consulted upon before its inclusion in the final version in October 2025. Accordingly, NZBA also proposes that regulation 6 is deleted from the General Regulations and consulted upon in more depth on a longer timeframe (paragraphs 28 to 31) with new changes implemented with an extended deadline beyond 1 June 2027.

7. We would be happy to continue to engage with MBIE as this work progresses.

### **Sufficiency of transition timing for digital channel access**

8. NZBA welcomes MBIE's proposal, set out in regulations 7 and 9 of the Amendment Regulations, to extend the deadline by which designated banks must provide open banking access to customers using broader ranges of digital channels, including those used primarily by businesses.
9. However, NZBA notes that open banking standards do not currently address all requirements necessary to support delivery, including individuals acting in multiple varying roles (e.g. as a customer and on behalf of an entity with multi-channel access). We consider that the proposed extended date for compliance of 1 June 2027 still presents significant challenges for banks to operationalise the required systems. Accordingly, a further extended deadline would allow banks to have confidence that they can make all required changes.

### **Principles-based approach to customer size is preferable**

10. NZBA notes that the MBIE workshops held in late 2025 explored a principles-based approach, which we consider to be more appropriate than the currently drafted and prescriptive definition of "large entity". In our view, a definition framed by reference to normal operating processes for identifying large customers, and to characteristics that make standardisation difficult, such as specialised bespoke data integrations, would better reflect industry practice and allow banks to retain existing customer segmentation processes. These tend not to be characteristics generally present in the "small and medium enterprise" (**SME**) customers that are the intended beneficiaries of Amendment Regulations.<sup>1</sup>

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<sup>1</sup> Our understanding is based on the [combined release of the Ministers of Commerce and Consumer Affairs and of Small Business and Manufacturing dated 1 April 2026](#), which notes the particular value of open banking to smaller businesses.



11. Banks across the industry already know who their “large” customers are, by using customer segment names such as “Corporate” or “Institutional”. These could be used as examples in a principles-based regulatory definition, which would assist to avoid confusion when “large” is defined by other laws. Using varied approaches, banks consider a variety of factors as indicators of complexity when making these assessments, including:
  - 11.1. Multi-entity groups
  - 11.2. Ranges and types of products used
  - 11.3. Cross-border activity
  - 11.4. Custom pricing / relationship management
  - 11.5. Customised data integration arrangements or accounts held under complex corporate, trust or partnership structures.
12. In our view, a principles-based approach to customer size should also provide for an exceptions process for SME customers with characteristics that make the provision of standardised data services difficult. This would also allow banks to use their existing systems and approaches to identify SME entities with more complex banking needs, assess their specific needs and then respond to those needs through bespoke arrangements. By contrast, the prescribed definition of “large entity” may mandate open banking enablement for some SME customers, at the expense of other bespoke arrangements that may provide more value from the SME customer’s perspective.
13. In addition, existing customer segmentation processes are designed to change and adapt to customer needs. Consistent with our comments at paragraph 21, the proposed prescriptive definition of “large entity” would restrict banks’ ability to respond to changes in customer and market needs, and reflect these in their assessments of customer segmentation and customer needs.
14. The diverse banking needs of business customers (including SME customers) are reflected in the wide range of approaches banks take to customer segmentation and support. NZBA supports an approach that allows banks flexibility in meeting customers’ needs while furthering the purpose of the Amendment Regulations to support SME banking customers.

### **The current definition of “large entity” is not fit for purpose**

15. NZBA is concerned that the current definition of “large entity” in proposed regulation 4(4) is not fit for purpose. In our view, the definition is overly prescriptive and:
  - 15.1. does not reflect industry approaches to customer segmentation;



15.2. would pose significant operational challenges; and

15.3. is not clearly designed to address the needs of SME business customers.

16. We address each of these concerns further below.

*The definition does not reflect industry practice*

17. The definition does not reflect how customer segmentation occurs in practice within the industry, which does not employ a standardised approach to the segmentation of business customers and large corporate entities. In practice, banks across the industry categorise their “large” customers based on a variety of factors when segmenting business and institutional / corporate customers, including the complexity of the relevant customer’s needs, systems, and integrations (further detail is included at paragraphs 10 and 11). In particular, layered business processes involving multiple levels of consent can necessitate complex banking support arrangements that are incompatible with the current open banking regulatory framework. While financial factors of the kind set out in the proposed definition may be considered, they are one of many relevant factors for consideration.

*The definition would pose significant operational challenges*

18. A definition which focuses entirely on financial thresholds would be difficult for members to implement in practice and would likely require onerous manual processes, running counter to the technology-centred and automation-focused regulated open banking regime. Data held by banks does not necessarily give them an accurate, holistic view of the total assets and revenue of their customers, and their customers’ subsidiaries. Information may be even less accurate where a customer is an overseas entity and/or is multi-banked. Furthermore, the definition appears to require an ongoing assessment of the relevant customer’s assets and revenue. This would introduce significant additional complexity and resource requirements to seek to manage, and would not be practically workable without access to data via the Companies Register sources.

19. As a general matter, the design of the definition reflects that it was originally designed for a different (financial reporting) purpose. For instance, proposed regulation 4(4)(d), relating to entities that have not yet completed two accounting periods, establishes a specific (and narrow) certification process for entities that are, or are likely to be, large. While we recognise that this inclusion is intended to reduce the regulatory burden on banks during an entity’s early years, in practice its design would enable “large entities” to force banks to allow them access to the open banking regime despite their exclusion from it, by refusing to provide a certificate. We further acknowledge the inclusion of proposed regulation 4(4)(e), which would allow a bank, during an entity’s first two accounting periods, to treat that entity as large where the bank reasonably believes



this is, or is likely to be, the case. However, where an entity has refused, or failed, to provide a certification, it may be more difficult for members to establish that any such belief has been reasonably formed.

20. NZBA notes that the proposed definition of “large entity” seeks to impose a prescribed “carve-out” for certain businesses, rather than focusing on the characteristics of those SME entities that are intended (by the Government in developing regulated open banking, and banks) to be included in, and served by, the regulated open banking regime. NZBA contends that it would be more productive to allow banks to adopt a more flexible approach focused on improving customer experiences for the entities that are in scope of the regime (generally, SME entities), rather than an administratively burdensome requirement to manage customers by reference to their exclusion from the regime.

#### *Potential for unintended exclusions*

21. In addition, there is a risk that the proposed definition works to limit other banking services that are able to be provided to SME entities that are intended to be subject to the open banking regime but have otherwise complex banking needs that are not open banking-capable. NZBA submits that mandating open banking for this segment of customers based on prescriptive thresholds would require disproportionate system and control changes, diverting delivery away from core functionality for SMEs. Noting the ministerial focus on smaller businesses, we also believe that the proposed definition is not fit for purpose as it does not effectively address the needs of the target SME business customer cohort. This may increase the risk of customer dissatisfaction generally and in respect of the regulated open banking regime.
22. NZBA is also concerned that the definition does not clearly address the requirements in respect of subsidiaries of entities that are “large” (including where those subsidiaries may themselves be treated as “large” under existing industry practices). It is common for large groups of entities to manage banking access across their groups on a centralised basis. Some group members may meet the definition of “large” and others may not, causing confusion and an inconsistent application of open banking, which may not meet all group members’ needs.

### **Impact of Amendment Regulations on Māori customers and organisations and incorporation of te ao Māori approaches to data**

23. NZBA supports MBIE’s focus on understanding the impact of open banking on Māori customers and the incorporation of te ao Māori approaches to data. NZBA also notes the [Māori data governance expert advice on open banking \(MDG Advice\)](#) prepared by Nicholson Consulting, which is available on MBIE’s website. NZBA considers that the Amendment Regulations will be beneficial to Māori customers and organisations. As



observed in the MDG Advice, the existing API Centre Standards address many of the te ao Māori approaches to data.

24. NZBA notes that Māori organisations and business customers often require multiple levels of consent and can require complex banking support arrangements. This can result in similar complexities to those posed by large entities (as set out at paragraph 17). NZBA considers that the complexities of Māori organisations clearly demonstrate the necessity for banks to retain the ability to assess and respond to the unique needs of different customers as supported by the principles-based approach outlined at paragraphs 10 to 14. Subject to our suggested changes to incorporate a principles-based approach outlined at paragraphs 10 to 14, NZBA does not consider that the Amendment Regulations require further changes to reflect, support, or better incorporate te ao Māori approaches to data.

## **Extension of deadline for provisions relating to management of authorisation delegations**

25. NZBA supports MBIE's proposal to extend the deadline in regulation 6 of the General Regulations for banks to put in place systems that allow customers to approve individuals to act on their behalf to authorise data sharing and payments. While noting that the proposal is to extend that deadline from 1 June 2026 to 1 June 2027, NZBA proposes that consideration is given to a further extension to 1 June 2028 to ensure that banks have adequate time to implement the necessary changes.
26. NZBA considers that this extension should also be made as a consequence of the extended timeframe proposed for business customer access, to 1 June 2027, as outlined in regulations 7 and 9 of the Amendment Regulations. Authorisation provisions and systems for business customer access are interdependent. Given the close links between these systems, the deadline for authorisation changes must be extended, to at least the same date as systems for business customer access but preferably a later date than the business customer access changes, so banks can develop and implement the necessary changes in a coordinated manner that responds to business customer access requirements.
27. NZBA is concerned that if the deadline were not extended, unnecessary gaps could be exposed, and risks could arise that would require the regulations to be re-examined.
28. NZBA notes that regulation 6 of the General Regulations was inserted into the final version of those regulations in October 2025 without seeking industry submissions on the specific language proposed. NZBA supports the policy intent of this provision that customers should be able to deliberately delegate open banking data sharing. However, in NZBA's view, regulation 6 lacks clarity, including as to whether the term "individual" (which is not clearly understood in context and is undefined in the General



Regulations, the Customer and Product Data Act (**Act**) or in other related regulations) applies to personal banking customers (consumers) or business customers only.

29. In our view, regulation 6 would benefit from industry consultation, including to understand its purpose, how it relates (or not) to the concept of “secondary user” used in the Act, possible use cases and any potential risks of abuse (including elder abuse, domestic violence and unauthorised access). There may also be negative operational consequences and customer experiences associated with creating a new role for undefined “individuals” specific to the General Regulations that diverges from existing roles in general banking.
30. Further industry consultation would also allow an assessment to be made as to whether the issues that regulation 6 aims to address are best dealt with through open banking standards, rather than the General Regulations.
31. On that basis, NZBA submits that regulation 6 of the General Regulations is deleted and consulted on appropriately, with an ultimate timeline for implementation that extends beyond the proposed timeline of 1 June 2027.