# New regulations set to transform open finance in banking by 2025



New regulations aimed at shaping the landscape of open finance within the banking sector are anticipated to be implemented by the end of 2025. Financial advisers are encouraged to prepare for these changes, which are likely to significantly transform business practices across the industry.

As reported by goodreturns.co.nz, four major banks reached a crucial milestone in late 2024 by conforming to Payments NZ’s Account Information API standard. An application programming interface (API) enables software systems to exchange information, thus allowing third-party services access to consumers' financial data. This development is a step towards greater transparency and data fluidity in the finance sector.

Josh Daniell, founder and chief operating officer of fintech firm Akahu, foresees swift advancements in regulated open finance in the upcoming years. However, he cautioned that it may take considerable time before seamless data exchange becomes a reality among all financial services providers.

Currently, the accessibility of data is constrained, as third-party participants must enter contracts with banks to utilise their APIs. Daniell explained that while forthcoming regulations aim to eradicate the need for these contracts, restrictions will persist for the foreseeable future. “This regulation will only apply initially at least, to the largest five banks,” he stated, emphasising that customers of other financial institutions will still need to rely on unregulated methods for data sharing.

The forthcoming Consumer and Product Data Bill is set to provide a legal framework for open finance. The Ministry of Business, Innovation, and Employment (MBIE) will oversee the drafting of the detailed regulations. These regulations will simplify the data sharing process, eliminating the requirement for consumers to disclose their login credentials to third-party applications. They are also expected to define liability terms, fees, permissible data types, and performance standards for APIs.

Many financial advisers are currently leveraging unregulated open banking procedures to enhance their services. Daniell noted that such practices lead to improved opportunities for discussions with clients. For instance, data analysis may suggest that changes in a client's income warrant a conversation about their insurance needs. He remarked, “That is the type of opportunity that would not be uncovered unless and until the client shared information at some review point with that adviser.”

Despite these advancements, Daniell highlighted the necessity for advisers to effectively utilise the raw data obtained from clients. “It needs to be assigned a homogenous set of types and categorised before it becomes useful for plugging into a UMI calculator if you're going to send that data to a bank, to understand whether you can meet the various thresholds of a particular lender,” he said. He further indicated that advisers in New Zealand are actively seeking better solutions to process this data, indicating a demand for improved tools and resources in the industry.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

* <https://www.blocshop.io/blog/major-open-banking-regulations-2025-psd3-retail-payment-activities-act-dodd-frank-and-more> - This article discusses major open banking regulations anticipated in 2025, including PSD3, the Retail Payment Activities Act, and the Dodd-Frank Section 1033 Rule, which are relevant to the global landscape of open finance and banking regulations.
* <https://ozoneapi.com/blog/the-open-banking-vision-unlocking-opportunities-for-2025-and-beyond/> - This blog post outlines the vision for open banking in 2025, including the importance of uniform standards, trust frameworks, and the potential for innovation and collaboration in the financial sector.
* <https://www.blocshop.io/blog/major-open-banking-regulations-2025-psd3-retail-payment-activities-act-dodd-frank-and-more> - This article explains the role of APIs in open banking, allowing third-party services access to consumers' financial data, which aligns with the development of Payments NZ’s Account Information API standard.
* <https://ozoneapi.com/blog/the-open-banking-vision-unlocking-opportunities-for-2025-and-beyond/> - This source highlights the future regulations aimed at simplifying data sharing, eliminating the need for consumers to disclose login credentials, and defining liability terms and performance standards for APIs.
* <https://www.blocshop.io/blog/major-open-banking-regulations-2025-psd3-retail-payment-activities-act-dodd-frank-and-more> - The article discusses the UK's Open Banking Future Entity Framework, which is relevant to the oversight and regulation of open banking practices, including the role of the Financial Conduct Authority (FCA).
* <https://ozoneapi.com/blog/the-open-banking-vision-unlocking-opportunities-for-2025-and-beyond/> - This blog post mentions the importance of consumer trust and innovation in open banking, which aligns with Josh Daniell's comments on the need for effective data utilization and improved tools in the industry.
* <https://www.blocshop.io/blog/major-open-banking-regulations-2025-psd3-retail-payment-activities-act-dodd-frank-and-more> - The article details the risks of non-compliance with open banking regulations, such as loss of API access, regulatory action, and consumer trust issues, which are relevant to the cautionary notes from Josh Daniell.
* <https://ozoneapi.com/blog/the-open-banking-vision-unlocking-opportunities-for-2025-and-beyond/> - This source emphasizes the need for harmonization in API standards and trust frameworks, which is crucial for the forthcoming Consumer and Product Data Bill and its impact on open finance.
* <https://www.blocshop.io/blog/major-open-banking-regulations-2025-psd3-retail-payment-activities-act-dodd-frank-and-more> - The article explains how open banking regulations will affect various stakeholders, including banks, third-party providers, regulators, and fintech firms, which is relevant to the impact on financial advisers and their services.
* <https://ozoneapi.com/blog/the-open-banking-vision-unlocking-opportunities-for-2025-and-beyond/> - This blog post highlights the potential for open banking to drive innovation in areas such as payments, digital identity, and beyond, aligning with the enhanced service opportunities mentioned by Josh Daniell.
* <https://news.google.com/rss/articles/CBMiqgFBVV95cUxNWlBNUUxzbHA2ODljRFFSN2VWbXdfMzAwQkRqYXdyMGxOZ0R0MTY1LTU2d1JCb3VBU1NnXzZUT3RpN01LcV9lYnduR1dUc2E1R2ozY2NZd1JqTGYwX185Wng4X0plenM2QUtGWWxMNUJSQWNPWVNYSHNtQ3o3QWZHbURJMXBxbHpfSGhpeFI0RGJGX2FXYk42MG1wM3A1c3hHYUFvWTEtdVdyQQ?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data