

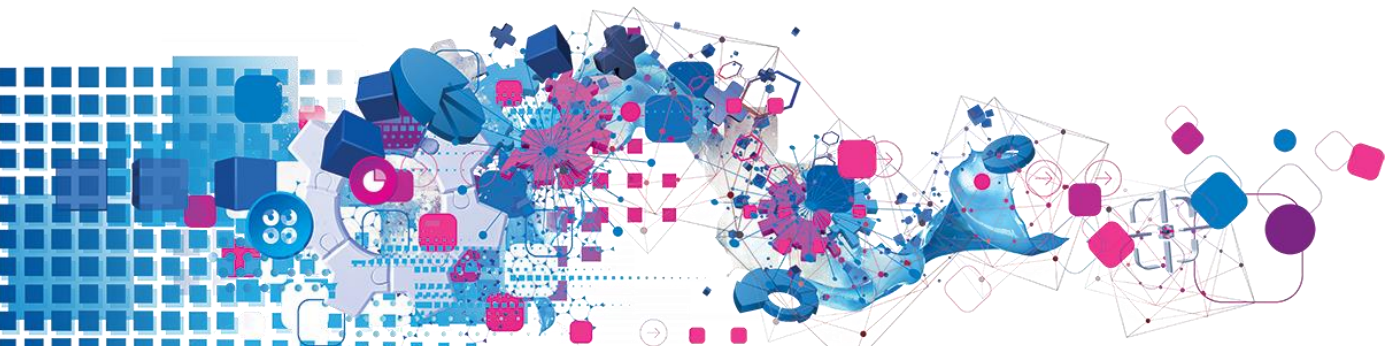


# Experian Australia Submission

## Open Banking Review

22 September 2017

---



## 1. Executive Summary

Experian welcomes the opportunity to be able to share feedback with the Australian Treasury (Treasury) relating to the issues raised in the Review into Open Banking in Australia issues paper of August 2017.

We agree with the overall approach of Treasury, and particularly with Treasury's identification of the substantial consumer, business and market benefits of Open Banking. Banks, as the custodians of consumer's transaction data, are set to become data disclosers to a plethora of new data-consumers in a new Open Banking sharing ecosystem.

Seventeen of the nineteen credit bureaus that Experian manages across the world operate in either Open Data or Comprehensive Credit Reporting environments. We have seen that open data sharing is often construed as open access to new market entrants, but the reality is far more nuanced – a framework must ensure data sharing controls for security and privacy are in place for it to succeed: what data can be shared; permitted use for that data; appropriate oversight, governance, reporting and monitoring; security protocols, including a robust dispute resolution process (including corrections); and liability limits, particularly around misrepresentation and misuse of information. All of these matters have a legal nuance.

Experian has actively engaged with credit providers over a two-year period to gather input into specific local requirements, leveraging our relationship with the global leader and the only operational version of a bank to bank exchange to meet open data sharing requirements. Data standards and technical specifications have been developed through this consultation, and mature versions of the terms of engagement and operability principles for the Australian market have been drafted to support the technology changes required to operationalize the Application Programming Interfaces (APIs).

Key parliamentary and productivity investigations and findings, such as those of the Productivity Commission and the movement to Open Data, are set to transform the way credit provider data is shared. The regulatory changes being proposed will affect traditional credit provider practices and processes. The enablement of open access to banks' data at this point in time is timely as Australia is well positioned to take advantage of overseas experience and continued development in this area, including in the European Union, South Africa and more recently India, Singapore and Japan. We set out below some thoughts relating to individual aspects of the remedies.

## 2. What data should be shared?

One of the key challenges of opening access to data is for established credit providers to implement data sharing best practices in support of digital transformation and enhanced customer experience. Experian believes broad customer data sharing is likely the default expectation in the future, in particular in relation to a customer's transaction and account activity.

While the Parliamentary Inquiry has recommended sharing consumer transaction data via APIs by July 2018, the industry is facing a broader scope of recommendations under the Productivity Commission Inquiry on Data Availability and Use.

It is essential that data sharing under the proposed remedies moves as quickly as possible from the sharing of information about product characteristics and account terms to full transactional data to maximise the potential for positive consumer outcomes when comparing products and the promotion of product invention. The availability of such data will also help promote enhanced data availability for consideration when making lending decisions.



### 3. How should data be shared?

Experian believes Open Banking between institutions using APIs isn't just a technical program of work. It requires industry engagement and established operability principles as to permitted use, data security, consent, consumer support, liability and other critical matters. Experian believes when considering how data should be shared both the technology requirements as well as the above matters should be considered.

From our experience, for such a data sharing to operate in a manner which is orientated towards the consumer's best interest (both in terms of ease and security of operation) there should also be consideration as to the practical implementation approach and whether all solution providers are able to deliver this. These standards should encompass complaints, remediation and redress for consumers when the sharing process does not go to plan. Any infrastructure or solution provider should have the capability to deliver full customer support in these instances.

As Treasury have set out an approach to mandate the use of the new open API by the banking community, we feel there should be more clarity that the proposed remedy does not preclude the establishment of a variety of technology solutions operating outside the established banking community to support the needs of Open Banking.

In considering how data should be shared we would highlight an observation from the UK. In its favouring of customers who have on-line bank accounts over those who do not (with some 8m customers in the UK falling into this latter category), the UK experience flags the importance of a final solution not inadvertently excluding particular customer groups.

### 4. Role of Credit Reporting Bodies/Experian

We would like to highlight that the Australian credit reporting bodies have extensive (and arguably unique) expertise in the large-scale sharing, and in the development of innovative data and software solutions. We would also like to highlight that Experian is already developing new technology solutions for the distribution and use of data between entities and consumers taking into consideration the security, operability, and technology requirements we have outlined in our response.

We believe that credit reporting bureaus in general, and Experian in particular, are well placed to make an important contribution to the outcomes envisaged by Treasury's proposals, and should be fully involved in the process (both the design of the Open Banking API infrastructure and any proposed Open Banking working group activity) .

Experian notes the UK Financial Conduct Authority Open Banking registration and accreditation process starts at the end of this month. Experian UK is submitting an application to be a registered authority in the Open Banking ecosystem.

### 5. How to ensure shared data is kept secure and privacy is respected?

The change in banking data access poses challenges, not the least of which is the need for participants (financial institutions and customers) to establish scalable and trustworthy connections. The security and safe passage of this data is paramount hence the importance that industry take the lead on this initiative. Rigorous, agreed industry security standards should be applied.

We believe strongly that many consumers will regard transactional data as having a high degree of sensitivity and vulnerability. For this reason we agree that specifications and rules (legal and



potentially technical frameworks) will need to give equal consideration to technical efficacy and security of data transfer processes. If there is no confidence or a high risk of data breach and consequent loss of confidence then there is a serious risk that the potential benefits of open data access and data sharing and more particularly consumer confidence in supporting and participating in the data sharing process will be lost.

## 6. Legislative framework

Industry set and wide standards are particularly important to define given that some service providers (outside the government) using transactional data are likely to build up significant databases of 'sensitive information' as defined by the Privacy Act. Experian believes expertise and experience residing in current industry participants may produce a better and more timely and flexible outcome than the certification arrangement or an industry external supervisory body overseeing data sharing through the API. Whilst we acknowledge that some protection is afforded by general data protection law, we feel the sharing mechanism requires a more focused whole of industry participation and supervision. This role could be discharged by a range of bodies, from a certification industry body to an appropriate regulator.

While legislation is under consideration, Australian credit providers have the opportunity to collaborate with each other on influencing an industry standard that covers data sharing controls for security and privacy, including the appropriate oversight, governance, consumer dispute resolution processes, and technical standards to support Open Banking.

## 7. Conclusion

Experian supports an industry lead approach to creating the appropriate technical, operational, and governance controls supporting the implementation of Open Banking in Australia. Experian can offer through global experience and local market expertise, a consultative approach with all stakeholders to help bring Open Banking to the Australian market. We look forward to supporting industry and the Government with this body of work.

For further information on this submission, please contact [Poli.Konstantinidis@experian.com](mailto:Poli.Konstantinidis@experian.com)

## About Experian

Experian Australia Pty Ltd is part of Experian®, the world's leading global information services company. World-wide, we empower our clients and their customers to manage their data with confidence. We help individuals to take financial control and access financial services, and businesses to make smarter decisions and thrive, lenders to lend more responsibly with the flexibility to respond to a changing regulatory landscape, and organisations to explore the latest technological measures to prevent identity fraud and crime.

We have more than 16,000 people operating across 37 countries and every day we're investing in new technologies, talented people and innovation to help all our clients maximise every opportunity. We are listed on the London Stock Exchange (EXPN) and are a constituent of the FTSE 100 Index.

