



Daniel McAuliffe
Structural Reform Group
The Treasury
Langton Crescent
PARKES ACT 2600

Via email to: data@treasury.gov.au

5 September 2018

Dear Mr McAuliffe,

Thank you for the opportunity for us to provide our views on the draft Treasury Laws Amendment (Consumer Data Right) Bill 2018.

We are pleased that the Australian Government has committed to designating the banking sector as the first sector to which the CDR will apply, thereby enabling Open Banking in Australia. Open Banking is a growing industry force fostered by competition and regulators around the world. We believe the PSD2/ Open Banking framework already implemented in Europe provides a key case study that will foster change in many countries to adopt a very similar regulatory framework.

In providing this response we hope we can assist the Treasury based on our experience of Open Banking in the UK and that our insights will prove useful in any further drafting and implementation of this bill.

About TrueLayer

At TrueLayer, we build universal APIs that allow entities to securely and efficiently access their customers' bank accounts to share financial data, make payments and validate their identity.

We are UK based, and were founded in 2016; we have received ~\$12M across multiple rounds of investments from top-tier VC firms in Europe including Northzone, Anthemis Group, and Connect Ventures. We are looking to expand our operations in Australia next year depending on the status of open banking there.

TrueLayer was one of the first companies to be regulated as an Authorised Payment Institution with permissions to provide AIS (Account Information Services) and PIS (Payment Initiation Services) by the UK's Financial Conduct Authority. We offer two products - Data API (for AIS) and Payments API (for PIS).



TrueLayer and Open Banking

Within the UK we provide financial APIs for companies such that 'TrueLayer-rails' become the default alternative to debit and credit card scheme payment rails.

Within the UK, Europe and to some degree, the rest of the world, we're building a single unified interface and payment gateway for Third Party Providers (TPPs) to connect to banking infrastructure. We believe this will enable merchants, applications and platforms to easily scale across different geographies, through one single API rail.

We do this by abstracting complexity and solving along the following lines of connectivity, value-added services and consumer trust/regulation. We have positioned ourselves in the market such that we are seen as an intermediary that makes sure bank payments occur in a safe and secure way for consumers irrespective of whether we act as a TSP or as an Authorised Payment Institution offering AIS/PIS.

We engage with regulators / legislators and industry bodies on multiple fronts including with HMT, the Open Banking Implementation Entity and the FCA in the UK, and with the Berlin group and other agencies in Europe. We are also members of FData - the industry body for PSD2 / Open Banking, and the eMA - the Electronic Money Association, the industry body for EMIs and Authorised Payment Institutions.

TrueLayer's comments on the draft legislation and accompanying explanatory material

Whilst the draft legislation covers many areas and amendments to current legislation we would like to provide you with our comments in the following specific areas;

Data

The privacy safeguards that the CDR will implement are something that we at TrueLayer perceive as going hand in hand with Open Banking. Without the extra level of security, we believe that Open Banking will have more resistance than acceptance, and as we have seen in the UK in recent and more up to date fraud cases, it is essential that a consumer is aware that their data is safe.

We feel that the current proposals in the CDR to update Privacy safeguards and additional privacy protections strongly mirror the European PSD2 legislation which contains critical references to the General Data Protection Rules (GDPR) which were implemented across Europe in May this year. We see the benefit of the CDR reflecting similar requirements to the GDPR. We also see the appointment of a National Data Commissioner under CDR as positive.

Consumer Data Rules and Data Standards



In Clause 1.20 we note that there is reference to data being provided in a format “which complies with standards.” We agree that there must be a consistency of standards within each sector to which the CDR system will apply, which will help to serve competition and innovation.

In the UK, the Open Banking standards and industry adoption is driven by the CMA and the OBIE. They are aiming to build standardised Bank API capabilities in response to the CMA order and to PSD2. The initial work they have done since January 2018 is very encouraging, even if the level of capabilities and user experience are still in their early stages. Banks are now entering a more mature phase of incremental improvement of their basic capabilities and user flows in compliance with the Regulatory Technical Standards (RTS).

It is our view currently that Open Banking in the UK does not fully meet the desire of TPPs to use unified and standardised interfaces, as Banks are interpreting Open Banking standards in different ways, fostering fragmentation and increasing the implementation time.

In Europe, standardisation of the APIs will remain a huge pain point for any TPP and merchant looking at integrating directly, as API standards are not mandatory. They appear to be extremely broad and non prescriptive in the way they are conceived (Berlin group is the main example). Different API standards will also compete within the same country or across multiple geographies.

Will the Data Standards Body referred to in 1.13 perform a similar function as that which we have seen in the UK of the Open Banking Implementation Entity? Is it intended that the function of this body will be to ensure standardisation across all sectors in Australian Open Banking?

When it comes to the Data Standards referred to at 1.110 and in 1.139 through to 1.150, we hope that the feedback we have provided above is useful and we would invite clear interpretation of the role and responsibility of the Data Standards Chair and the ACCC in the implementation of these standards and designation instruments.. We would recommend regular steering meetings involving the DSC, the ACCC, Data Holders and Accredited Data Recipients within the sector to ensure that standards within the banking sector work effectively across all functions, thereby providing the consumer with the best user experience.

We also welcome the Dispute Resolution in 1.151 through to 1.156 and the Compliance and Enforcement elements of the Bill contained in 1.162 through to 1.167. Currently there is no dispute resolution or enforcement for compliance with the RTS for Open Banking in the UK, which we feel may hinder the common goal of providing a safe, secure and streamlined consumer experience.

Overall, we are very supportive of the way the legislation has been drafted, and hope that you have found our comments valuable.



If you would like to know more about TrueLayer's position on Open Banking we would be happy to hear from you and provide context, learning lessons and suggestions of how we can work with the Australian government to bring Open Banking to Australia such that it benefits the Australian consumer.

Yours sincerely,

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