



**Consumer Data Right
Treasury Consultation on rules amendments (version 3)**

Response to consultation paper

30 July 2021



Regional Australia Bank appreciates the opportunity to contribute to this important discussion. We applaud Treasury for acknowledging the need to review and evolve the CDR rules, and for adopting an open and consultative associated approach, particularly in respect of the operation of joint account data sharing.

<https://treasury.gov.au/consultation/c2021-187223>

As an accredited Data Recipient (ADR) and as a customer-owned Authorised Deposit-taking Institution (ADI) with Data Holder (DH) obligations, Regional Australia Bank is uniquely positioned to offer a balanced, practical, and consumer-centric perspective on these proposed changes.

Our feedback is founded on real world experience consuming CDR data as an ADR since 1 July 2020, and publishing consumer data as a DH since 23 November 2020.

While CDR will ultimately serve multiple sectors of the economy, it is today still restricted to the financial services sector. Effort has been made to consider the needs of other sectors within this submission, however it is primarily written from the perspective of a Financial Services organisation and specifically, as an ADI.

Rather than respond to the entire set of proposed Rule amendments, we have elected to comment only on high priority matters where we feel qualified to provide an opinion and which we believe will have a material impact on the CDR ecosystem.

1. Joint Accounts

Overall, we support the proposed adjustments to joint accounts. We approve of the statement that data sharing is a new authority, rather than one analogous to current transaction or payment authorities. This will help ensure JA data sharing operates consistently across all DHs.

We view a default data sharing setting of pre-approval as an essential adjustment necessary to address the issue of high consumer friction, something we raised through the design paper consultation process in May this year. We support the related move to repeal all rules associated with in-flow election.

We would prefer to see a simplified, two-state model of either pre-approval or non-disclosure for the sharing of joint account data. We question the need to offer DHs any additional, optional, or voluntary settings, such as co-approval, at this stage.

While we recognise the effort expended to construct the associated rules, the co-approval option (rules 4A.4(1)(b)) is a remnant from an earlier time. Rather than make this functionality optional, it should now be removed. No DH would choose to implement it, and the associated rules add unnecessary complexity. Removal will simplify and accelerate DH implementation, ongoing compliance assessment, and ensure a more consistent experience for all consumers.

We recognise the intent behind the move to notify other JAHs every time an authorisation is made, and it probably enhances the perceived privacy controls inherent within CDR. However, we do suspect that as CDR grows and is more broadly adopted, the volume of notifications could become an irritant to consumers to the point where they request mechanisms to disable them. How might consumers feel if everyone in a household was notified every time a transaction was conducted?

It is not clear if Rule 4A.16(3)(a) has been added to facilitate future standards that enable consumers to 'switch off' notifications. If so, then this is supported.

We support the proposed date of 1 April 2022 as the new compliance date for joint account data sharing in the banking sector. DHs should be incentivised to publish compliant services ahead of this time.

Recommendation:

- Adopt the proposed default data sharing setting of pre-approval for JAs
- Remove the co-approval option from the rules entirely
- Ensure consideration is given to enabling consumers to disable notifications
- Incentivise DHs to publish JA data ahead of the 1 April 2022 compliance date

2 Sponsored Accreditation

We support the proposed levels of sponsored accreditation which provide choice and flexibility while maintaining clear liability and overall ecosystem security.

Where an affiliate is seeking to access data, the proposed disclosure rules could become confusing for the consumer. Rules 4.3(2A) and 4.11(3)(i) outline significant additional information that must be provided. For example, a fintech consuming banking services from a DH will have the direct B2C relationship with the consumer, yet the consent process will require that fintech to disclose DH information that may be confusing in the context of the B2C action. Managing this potential confusion will add to the cognitive load during the data sharing process – something already recognised as complex and unfamiliar territory for consumers.

The obligations on a person with sponsored accreditation as defined in Schedule 1, 2.1(1) are appropriate for that level of accreditation, noting that a sponsor will inevitably impose terms consistent with Schedule 2 within a related sponsorship agreement.

The addition of a requirement for a sponsor to implement a third party management framework as outlined in Schedule 2, Part 2 is viewed as appropriate and entirely consistent with existing third party obligations under existing prudential standards.

Recommendation:

- Proceed with the Sponsor : Affiliate model as defined in the proposed rules
 - Carefully consider the CX impact of communicating complex affiliate arrangements
 - Recognise affiliate attestations as an appropriate component of DH due diligence
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Additional Observations Suggestions

CDR Policy adjustments

Rule 4A.6 describes consumer notification obligations for DHs upon opening of JAs. These are presumably intended to appear in the associated T&C. This makes sense and is achievable. Given that consumers are unlikely to fully understand that information amidst the plethora of other mandatory disclosures provided at that time, it is suggested that DHs should also update their CDR Policy. Updates should include an explanation of how JA data sharing operates and the mechanisms available to the consumer to manage any associated disclosures.

Accreditation Badge Adjustments

To assist with consumer awareness and understanding, the style of the ADR Accreditation ID and CDR logo could vary for different classes of accreditation. This may be particularly relevant to Sponsor and Trusted Advisor arrangements.

Compliance Date Enforcement to Enable Consumer Benefits

Given the poor DH compliance with 1 July 2021 and the negative associated impact on those ADRs who rely upon access to associated consumer data, Regional Australia Bank encourages prioritised implementation of new rules. The sharing of Joint Account data will provide a significant benefit, enabling Australian consumers to properly contrast and compare between competing financial service providers.

Rather than focus on enforcement, something that has been shown to be ineffective to date, we would like to see a range of incentives offered to DHs that are able to safely and securely conform with all technical standards and publish consumer JA data ahead of compliance dates.

Recommendation:

- Mandate CDR Policy inclusions to assist consumers understand JA data sharing
- Consider ADR Badge and CDR logo adjustments to reflect the class of accreditation
- Provide incentives to DHs as incentives to implement new rules ahead of time



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