

Consumer Data Right

CDR rules amendments (version 3)

Salestrekker response
30 July 2021

Background

Salestrekker is Australia's leading mortgage and finance broker origination platform and Customer Relation Management software (CRM). We provide SAAS origination technology and a CRM to over 8,500 users in Australia and New Zealand, including 15 broker groups (aggregators).

Using Salestrekker technology, brokers originate over 13,000 residential mortgage, asset and personal loan transactions each month. Salestrekker is used for the initial consumer engagement & data collection, loan research & comparison, preparation of compliance documents, application lodgement to lenders and overall customer relationship management and communication.

Salestrekker holds over 200,000 of product variants for over 100 home loan, asset finance and personal loan lenders. We electronically transfer consumer data and documents to the lender and facilitate lender and broker communication with the consumer.

Salestrekker fully supports implementation of Consumer Data Right (CDR) regime and intends to become a participant in the CDR regime by becoming an Accredited Data Recipient (ADR).

We have read Consumer Data Right rules amendments (version 3) and welcome changes introduced that enable wider participation in Consumer Data Right regime.

Our submission is focused primarily on the potential issues related to the participation of mortgage and finance brokers and their related parties in the CDR regime.

Additional Participants

Consumer Data Right rules amendments (version 3) lists mortgage brokers as Trusted Advisers. In this document, mortgage brokers are defined as “mortgage brokers within the meaning of the *National Consumer Credit Protection Act 2009*” (NCCP act).

NCCP acts defines mortgage broker as a licensee or a credit representative who:

“... carries on a business of providing credit assistance in relation to credit contracts secured by mortgages over residential property...”

This definition excludes **finance brokers** who provide asset finance and personal loans to consumers (i.e. not mortgages over residential property). We are aware that the omission of finance brokers was raised by a number of parties in the previous consultation period (October 2020) and was not rectified in version 3. We strongly believe that consumers would benefit from sharing their CDR data with finance brokers. Not allowing finance brokers to participate in CDR will result in the reduced competition and adverse consumer outcomes.

- Salestrekker strongly supports allowing finance brokers to participate in CDR regime by adding finance brokers to the list of Trusted Advisers.

Mortgage and finance brokers are members of **broker groups (aggregators)** who provide them with software, training, lender agreements and often credit licencing. By law, broker group representatives require access to broker data in order to manage their compliance with the NCCP act, Best Interest Duty and various terms of lender agreements.

- Salestrekker believes that broker group (aggregator) status needs to be explicitly defined in CDR rules and their access to CDR data clarified.

Mortgage and finance brokers often operate with the assistance of other parties, such as **loan processors, administrative assistants, mentors and Australian Credit Licence holders**. In order for brokers to originate loans, these parties require access to the consumer data available to brokers and are included in existing privacy disclosures and consents presented to the loan applicants.

- In order for brokers to participate in CDR, there needs to be a clarification of the role of loan processors, administrative assistants, mentors and Australian Credit Licence holders in the CDR regime and the condition under which they can access consumer data.

Data Held by Trusted Advisers

Mortgage and finance brokers collect extensive consumer data in order to provide credit assistance. Data collection is a key requirement by regulators and lenders.

Data is held in broker platforms (such as Salestrekker), external storage and email solutions (such as Dropbox, Outlook, etc) and in various digital and paper forms.

NCCP act requires mortgage and finance brokers/licenseses to **retain consumer data for a longer period** than allowed under CDR rules:

“A licensee that is required by this Division to make a financial record must retain it for 7 years after the transactions covered by the record are completed.”

CDR rules (version 3) are not clear about the retention status of data shared with Trusted Advisers; data changing its form (e.g. from digital CDR data to a paper document); and data stored or transferred via third party platforms that are regularly used by Trusted Advisers (e.g. Dropbox, Outlook, etc).

- Salestrekker seeks a clarification on the use of other data storage solutions by Trusted Advisers and their requirements to purge CDR data when the retention of this data is required by the NCCP act.

Trusted Adviser Nomination Process

Actual loan origination process commences when a mortgage or finance broker is engaged by an existing or new client to assist them in obtaining credit. Brokers then use a technology platform such as Salestrekker to collect data from the consumer or collects data manually (using paper forms).

CDR rules (version 3) provide an option for Accredited Data Recipient (ADR) to invite CDR consumer to nominate their Trusted Adviser.

- While we can envisage how this process can be engineered, Salestrekker seeks a clarification or explanatory materials on how exactly this process will work in such cases.

Thank you for the opportunity to provide the submission and feel free to contact me should you require any further clarification.

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