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**WeMoney Pty Ltd
Exposure Draft Submission
The Treasury (Australian Government)**

WeMoney Pty Ltd (WeMoney) is an Australian-designed and operated smart money management app for smartphones.

It seeks to empower Australians to take control of personal finances. It represents one of the nation's fastest growing financial communities.

WeMoney connects all of the user's financial accounts in one place and tracks their overall financial health.

To help the end user manage her or his finances through WeMoney, they are asked through express consent to disclose their online banking credentials to the app.

WeMoney captures financial information through an aggregation partner via screen-scraping technology (and in the future hopes to be accredited under the CDR). Currently this enables the consumer to login to their banking account, fetch the relevant financial information and relay it to the third-party app.

This is the method used by WeMoney for a range of services that may involve transactions on personal accounts, credit cards, buy now pay later, mortgages, personal loans, share trading accounts and superannuation accounts.

WeMoney understands that Consumer Data Right (CDR) is aimed at providing consumers greater control over their own data. This may include the ability to share their data securely with trusted third parties.

WeMoney respects the fact that CDR rules are designed to protect the privacy and integrity of the consumer and her or his sensitive details.

Legislative changes concerning CDR that took effect from 1st July 2020 onwards enabled Australian bank consumers to give express consent to accredited third parties to access their savings and debit or credit card data.

Bank consumers are able to ask that their data be sent to accredited businesses which may otherwise be authorised banks or financial institutions.

Consumers have ultimate control over how the data should be used and to whom it is passed on. This protection is provided by the Treasury.

From 1st November 2020 onwards, consumers have been able to provide express consent to accredited third parties to access mortgage, personal loan and joint bank account data.

No doubt, these changes have enabled many Australians to search for a better deal on banking products as well as to keep track of their miscellaneous banking needs in one place.

The data that consumers are able to share via open banking presently involves information such as phone number, email address, account balances, product info such as rates or fees or various features of associated banking products and general transaction details.

With the proposed changes taking effect, the application process would be even easier than before for new credit or debit cards and personal loans.

The budgeting tool would also enable the consumer to track and plan their spending in a structured and orderly way.

It would also enable consumers to be able to switch from one bank to another with ease.

WeMoney hopes to see the scope of the proposed Consumer Data Right (CDR) rules amendments (version 3) broadened to boost the app's ability to use consumer information to the fullest capacity required for streamlining a range of financial services for the consumer with their express consent.

To put this into perspective, approximately two thirds of applicants who apply for loans from financial institutions are almost immediately declined.

To a large extent, this is due to the financial institution's inability to have immediate access to all the relevant details in a raw format which is broadly in line with CDR

data that a consumer could provide with the explicit consent to streamline the eligibility assessment process.

A key area of focus for WeMoney is on assisting Australians save more money on their personal lending products that are inefficiently priced.

Recent analysis performed by WeMoney indicates that up to 85% of our members who have a connected mortgage account are not paying the lowest possible rate.

This research also extends into personal loans, where 75% of WeMoney members are paying a higher rate of interest relative to their individual credit risk.

It is also worth noting that this amendment to the rules would curb borrowers making excess credit enquiries against their credit files which can lead to permanent records of seeking credit.

This can harm their chances of approval if they have not been approved with their first lender and lead to products with lower credit conditions and higher rates of interest.

The team at WeMoney believes that if we could legitimately acquire and then relay the relevant data to the third party lending institution, that would not only be of immense benefit for the borrower, but also for the Australian economy in a more broader sense.

Once embraced, the proposed change would make the entire process of borrowing much less time-consuming for the applicant.

It would also place the relevant lending institution in a far better position to be able to make sound decisions.

When a prospective borrower is unable to take out loans, it essentially puts that consumer's personal circumstances into a self-perpetuating cycle of financial strife.

In that, the consumer wishes to borrow because she or he lacks the capacity to be able to pay for goods and services up front.

When the application to borrow is automatically declined by the processing algorithm on the lending institution's website or app for lack of availability of proper and relevant details, this then continues to retain the consumer in that limited financial capacity for indefinite periods of time.

With large numbers of individuals and families ending up in the sort of circumstance described, the long term impact spells a major blow to the Australian economy.

Our goal should be to lift citizens out of financial strife, not inadvertently end up keeping them there. This sense of financial exclusion is neither good for the individual nor for the country.

The higher the number of Australians able to achieve their financial goals, the greater the forces of propulsion keeping the flow of goods and services stimulated in the Australian consumer market.

In reference to the Consumer Data Rights Amendments - Exposure Draft (Mark-up version available online at:

https://treasury.gov.au/sites/default/files/2021-06/187223-cdr_rules_amendments_mark-up.pdf

A crucial part of what is being proposed in this submission can be achieved by tweaking the following line on Page 13:

“Schedule 3 - Amendments relating to trusted advisers, lending institutions and insights”.

And on Page 24, through the addition of a proposed clause 4 (d) to read “Individual transactions including raw data.”

To sum up, WeMoney believes that Accredited Data Holders should be able to use CDR data to pass on to third parties such as those who hold an Australian Credit Licence with the express consent from the end user.

This data should be used in the process of determining their eligibility for being provided the financial services sought as part of the application process.