Frollo thanks Treasury for producing a consultation paper with meaningful purpose and agree with the direction of assessing and designating the Open Finance sector for inclusion.

Frollo believes this will further the public interest, the interests of consumers and promote competition and innovation.

Non-bank lending products are an increasingly important source of credit for individual consumers and businesses. If Open Banking is successful in providing better product avenues to consumers, then an increase in take up of non-bank lender products is to be expected.

The CDR rules should be updated to disclose the following non bank products:

* Home Loans
* Credit Cards
* Personal Loans
* Business products

As a second priority:

* Consumer leases
* Margin Loans

Frollo agrees with the description of personal loans provided in the consultation paper and wants to impress upon rule makers the importance of specifying the types of loans possible under the banner of personal loans.

This category must include payday lenders and Buy Now Pay Later (BNPL) products.

Cash advance providers (who are above a defined size) should also be considered since the probability of high levels of fees attached can make them more expensive than conventional personal loans.

BNPL are short term loans that are increasingly used by a large number of consumers in Australia. The process for assessing and designating sectors and datasets includes evaluation of the interests of consumers, promoting data-driven innovation and the public interest. With the significant take up of these products, it is in the public interest to allow consumers to see and understand the fees incurred due to late payments and be able to compare these against using other loan type products that may suit their needs better. Not including these products will limit the potential for ADR services that can compare and tailor the needs of the consumer.

BNPL products are personal loans that are beginning to be blended into longer term loans through instalment methods rather than interest. The inclusion of these products would provide better transparency to consumers.

For the purpose of CDR, the rules should define personal loans to include short term loans under BNPL plans. This should be no different for non-banks and banks, the rules should be adapted for both since both sectors now have these types of products.

Providing access to these types of loans is essential for CDR success. Both from providing access to these products to allow bi-directional switching and to provide consumers with a holistic view. Without including these products, screen scraping methods will still be required by ADRs to provide inclusive services.

In Open Banking lending products require a complete picture of income and expenses, assets and liabilities. The potential to fulfil lending uses cases through only Open Banking is limited without access to Open Finance datasets. Providing credit requires a complete picture of the consumers finances. This applies to loan products of both segments.

Frollo agrees with the with complexity consumers face as outlined in 2.2. For this reason, providing access to open finance data is essential for innovation to occur. Competition for/across types of products may become more apparent and worthwhile for consumers.

Frollo has previously expressed it support for an initial “Super Light” approach to making available key superannuation account data. Prioritising this would also help remove the need for screen scraping by allowing ADR’s to provide more consumers with a single customer view.

Since the number of entities are varied and large, consideration should be given to the number of consumers and types of entities to be covered in this sector. A useful level may be by revenue of the entity.