



Consumer Data Right Policy and Engagement Branch
Market Conduct and Digital Division
The Treasury
Langdon Crescent
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25 October 2023

Dear Treasury

Screen scraping – policy – critical fintech infrastructure

1. Plenti relevance to screen scraping policy

I write on behalf of Plenti Group Limited (**Plenti**). Plenti is a leading fintech provider of automotive, renewable energy and personal loans. We have funded over \$4 billion in loans to over 160,000 borrowers (predominantly consumers, but also some small businesses) since our launch in 2014, and now service a loan portfolio in excess of \$2 billion. Plenti listed on the ASX in 2020.

From founding, Plenti's ambition has been to provide customers with better experiences and value in highly concentrated prime personal lending markets. Through our technology capabilities we have continually brought new innovations to market, and we believe we have contributed meaningfully to the development of more competitive loan markets in which consumers benefit from increased choice and value.

Fundamental to our ability to compete with large incumbents in concentrated lending markets has been our ability to remove friction from our loan application and assessment processes – including through the use of “screen scraping” services. Importantly, we operate at a disadvantage to most banks; when a customer applies for a loan with their existing bank, the bank ordinarily makes use of the customer's account data to:

- Present a streamlined application experience, with application fields including income, expenses and other liabilities pre-populated or removed from the application form, and
- Provide a rapid credit assessment while remaining compliant with responsible lending and other regulatory obligations.

By contrast, to satisfy our credit criteria and regulatory obligations we are typically required to make onerous data requests of loan applicants, including requiring the applicant to supply

bank statements evidencing income, expenses, and payments and conduct on other liabilities.

The most important tool available to Plenti to reduce this experience disadvantage has been the ability to offer our loan applicants the option of sharing their bank data simply and securely via a credible third-party screen scraping vendor. Over 100,000 of Plenti's loan applicants have elected to share their bank data with us via screen scraping, and this service has operated without any fault and without any customer data or privacy issues since 2014.

2. Plenti summary perspectives on CDR as an alternative to screen scraping

From our launch in 2014, Plenti (along with many other credit providers) strongly advocated for the development of the Open Banking in Australia to supplant screen scraping. Open Banking was originally promoted in Australia by many non-major bank lenders to address competition concerns, and we understand most lenders would be pleased to replace screen scraping and become enthusiastic adopters of a mature CDR regime that could overcome the issues set out below in this submission.

However, at present the CDR only meets some of the reasonable criteria that need to be met before it can be expected to be an effective screen scraping replacement for lenders.

Consistent with the above, we believe the abolition of screen scraping before the CDR is able to provide a like-for-like alternative will result in:

- Lenders such as Plenti being unable to compete effectively for customers, as we would operate at a material experience and speed disadvantage to large incumbents;
- Lenders such as Plenti experiencing higher levels of credit losses and fraud, as we would have reduced loan applicant data available to perform fraud detection activities; additionally, fraudulent paper/PDF bank statements are easily produced and often received by us; and
- Likely, with impaired economics due to lower customer conversion and increased credit losses, a reduction in the number of lenders and a commensurate lessening of competition.

It must be remembered that the key policy motivation for the introduction of the CDR was to promote competition. We consider it would a perverse outcome if a significant lessening of competition were to occur due to screen scraping being abolished before a mature, workable CDR is available for use by lenders.

3. Screen scraping perspectives

Screen scraping has been a key technology allowing non-bank lenders and smaller ADIs (including credit unions and mutual banks) to compete with large lenders whilst remaining compliant with responsible lending obligations. Accordingly, it has contributed significantly to the growth in the number of consumer and business lenders in Australia in recent years, to the benefit of Australian consumers and businesses.

Given the issues set out below, we believe it will be some time before screen scraping can be replaced by the CDR. In the interim transition period, we believe screen scraping will need to be retained to sustain industry competition in lending markets. Importantly in the context of this transition period, we believe the potential harms associated with screen scraping may have been overstated. Notably, screen scraping has been the predominant form of bank data capture and aggregation globally for over 15 years, yet despite continuing pessimistic advocacy by large industry incumbents we are not aware of any reported instances of credential leaks or data loss from reputable, scale providers of screen scraping services.

Treasury's discussion paper highlights some of the inconsistencies between screen scraping and good information security practices. We would note, however, that screen scraping is highly effective at reducing fraud associated with identity takeovers – to date Plenti has experienced minimal fraudulent applications where the applicant has elected to use screen scraping, however we regularly receive fraudulent bank statements, pay slips and ATO notices.

Additionally, to lessen information security risks associated with screen scraping in the CDR transition period, higher-risk activities undertaken by some screen scraping vendors such as the storing of bank login credentials (whether encrypted or not) could be prohibited.

4. Key issues with the CDR as an alternative to screen scraping

We set out below some of the key shortfalls of the CDR as compared to screen scraping.

- 1) **Not yet consumer friendly:** CDR consumer uptake remains low, and in our view will remain low, until substantial changes are made to simplify the Open Banking consent experience. Most notably, in our view the regulated CDR consent flow is unnecessarily long, complicated and intimidating for consumers
- 2) **Restraints on loan broker access:** only mortgage brokers and not other types of brokers (including asset finance and business finance brokers) are able to access CDR data as a "trusted advisor". Brokers are a key distribution channel for many lenders; abolishing screen scraping would (as with lenders) make it challenging for brokers to complete responsible lending obligations, and would likely result in their preferencing

the referral of loan applicants to large incumbents that already hold a given customer's transaction data

- 3) **Loan broker data sharing constraints:** those brokers who are able to access CDR data as a trusted advisor may not be able to share this data with a lender in a loan application. This would add significant friction to the largest origination channel for most lenders, resulting in consumers having to complete the consent process numerous times to allow their bank data to be shared again with a lender – an unwieldy, complex and time-consuming process
- 4) **Loan securitisation incompatibility:** the CDR poses difficulties for entities (whether banks or non-bank lenders) who securitise their loans (ie structure and sell loans to debt investors such as banks, superannuation funds and other fixed income investors), as sharing of CDR-derived data such as verified income and serviceability results – which are required by investors in securitisation programs to assess risk – would not be possible. Lenders using CDR rather than screen scraping are therefore at risk of losing their ability to fund loans on an on-going basis
- 5) **Data regulation inconsistency:** in our view, the current CDR data deletion obligations may be inconsistent with regulatory requirements requiring lenders to retain data that has formed the basis of a credit decision for a period of up to 7 years following the closure of the loan account
- 6) **Data quality issues:** as highlighted by the ACCC in April 2023, data quality issues with CDR data persist despite significant investment by data providers and recipients. These data issues are unacceptable for lenders, given the potential for associated regulatory action and credit losses
- 7) **Onerous CDR accreditation:** the operational and financial burden associated with CDR accreditation, ongoing administration and compliance is prohibitive to most smaller lenders and loan brokers. The extent of the obligations are incongruous with the reality that lenders and brokers already regularly obtain and store consumer bank and other sensitive data as part of their ordinary business activities

Overcoming these issues should be set and communicated by Treasury as the minimum criteria for the abolition of screen scraping, allowing stakeholders across Government and industry to work towards overcoming them in a constructive and disciplined manner.

5. Final remarks

We support Treasury's review of policy in relation to screen scraping. We hope, in particular, that the following outcomes are achieved at this early stage:

- It is recognised that the supplanting of screen scraping needs to be handled with care, as it is critical that competition is not reduced in already concentrated lending

markets (especially as the original policy rationale for the CDR was to improve competition);

- A minimum set of criteria for the CDR to meet before screen scraping can be abolished must be clearly set out; and
- The enhancement of CDR will be accelerated through the increased understanding of the criteria that it must meet to be effective for lenders.

Plenti would be pleased to meet with Treasury to discuss the perspectives set out in this submission. I am available at daniel.foggo@plenti.com.au.

Yours truly

A handwritten signature in black ink that reads "Daniel Foggo". The signature is written in a cursive, flowing style.

Daniel Foggo

Chief Executive Officer
Plenti