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Consumer Data Right Policy and Engagement Branch  
Market Conduct and Digital Division  
The Treasury  
[Data@treasury.gov.au](mailto:Data@treasury.gov.au)

SUBMISSION PAPER:

# Screen scraping - policy and regulatory implications

*This Submission Paper was prepared by Prospa Advance Pty Ltd (ABN 47 154 775 667). [www.prospa.com](http://www.prospa.com)*

Prospa Advance Pty Ltd (**Prospa**) welcomes the opportunity to provide feedback on The Treasury's Discussion paper – Screen scraping – Policy and regulatory implications – August 2023 (**Discussion Paper**).

# A little about us – Prospa

Prospa is currently Australia's #1 Online Small Business Lender<sup>1</sup>, operating out of Sydney and listed on the Australian Stock Exchange. Since inception in 2012, Prospa has proudly supported small businesses with funding of more than \$4 billion and currently employs over 300 people in Australia. Prospa's purpose is to unleash the potential of every small business by providing funding options to customers fairly, safely and with adequate levels of skill and good will.

Prospa offers Small Business Loans between \$5,000 to \$500,000 and a Line of Credit for up to \$150,000. All customers of Prospa are small businesses. Access to Prospa funding of up to \$150,000 does not require upfront security. All applications are processed using Prospa's bespoke secure online and phone application process and dynamic credit decision engine. Specifics are verified of every small business applicant using data from sources including bank transaction data from bankstatements.com.

Australian small business owners are increasingly turning to non-bank online small business lenders, such as Prospa, due to our ability to provide an online application process, timely credit decisions and funding, repayment flexibility and an excellent customer experience. As awareness of alternative lenders increases, we expect small business owners will increasingly consider online small business lenders as an alternative to traditional lenders, and banks.

An independent study conducted by RFi Group and the Centre for International Economics on behalf of Prospa, revealed the positive economic impact Prospa's lending has on small business in Australia. The research showed that for every \$1 million lent by Prospa contributed approximately \$4 million to Australian nominal GDP (Gross Domestic Product), and creates 57 jobs. These findings demonstrate that by providing small business owners with fast, simple access to finance, Prospa is directly contributing to its customers' revenue and jobs, as well as the wider Australian economy.

## General feedback on the Discussion Paper

Prospa welcomes the opportunity to provide feedback and comments on the Discussion Paper. We are also appreciative of the opportunity to meet with The Treasury representatives on 18 October 2023 to discuss our initial feedback and better understand The Treasury's intentions for developing the Discussion Paper. From that meeting, we understand that the current consultation is to enable The Treasury to better understand the use cases of screen scraping technology and associated risks. This consultation will enable Treasury to develop its policy and further consultation will be sought at that stage.

At a high level, Prospa supports the expansion of Consumer Data Right (**CDR**) to provide a safer way of consumers to digitally share their data. However, technology such as screen scraping plays a significant role in the current technology landscape as CDR does not offer functionality that is fit for non-bank lenders such as Prospa. Prospa uses screen scraping technology to obtain bank statement data. This is gathered

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<sup>1</sup> In the Non-Bank Financial Services category, Prospa is the most trusted small business lending specialist on independent review site TrustPilot, with over 7,300 reviews and a TrustScore of 4.9 in Australia, and over 1,000 reviews and a TrustScore of 4.9 in New Zealand as at 8 August 2023.

at the time of the credit application for credit assessment purposes and during the lifecycle of the small business customer. Prospa requires customer's express consent to use the screen scraping technology and the customer can withdraw this consent at any time during their lifecycle with Prospa.

Prospa uses a third-party service provider to gain read only access to the bank statement data. It is important to note that Prospa does not collect a customer's banking username or password. This information is entered by the customer in a safe portal provided by the third party. Banking credentials are stored by the third-party service provider in a secure environment using tokenised methodologies.

Prospa is not aware of any data breach relating to screen scraping services where a customer's banking credentials have been compromised. Prospa has not received complaints about this service – to the contrary, Prospa has gained positive feedback and reviews about the application and decision speed made possible through the utilisation of screen scraping technology.

For Prospa, a customer refers to a small business – this can be a sole trader, corporate, partnership or a trust. Prospa requires the customer's bank statement information collected using screen scraping for two primary purposes; identity verification and credit assessments.

- a. **Identity verification** – Prospa is an online lender without a branch network. We rely on digital identity verification tools to complete our know-your-customer (KYC) obligations. The current KYC solutions enable satisfactory completion of anti-money laundering obligations, but they do not provide a sufficient mitigant for identity fraud. Recent data breaches have made it easier for threat actors to assume someone else's identity once they gain access to a victim's driver licence details. Screen scraping technology provide an important identity verification tool as the name of the account holder gathered from the bank statement data cannot be amended. This enables Prospa to ensure that the person who we are dealing with is who they claim to be.
- b. **Credit assessments** – Prospa as a non-bank small business lender needs to understand its customer's financial position before a lending decision can be made. This requires a thorough understanding of the customer's business including key income sources, expenses, seasonality cash flow cycles, and any other business-related liabilities. This assessment needs to be completed accurately and more importantly efficiently. To this effect, Prospa has developed a bespoke credit decision engine which assesses over 500 data points including turnover, profit and loss, business tenure, size, location, and industry sector. Electronic bank statement data is critical to this assessment as it enables us to classify each transaction and incorporate that into our credit decision engine. Gathering this information via an automated channel enables a customer to complete a loan application within minutes, obtain an approval within hours and funding within a day.

Electronic bank statement data is a key fraud control for Prospa. Prospa has observed higher rates of fraud in applications that are accompanied by manual bank statements when compared to applications submitted with electronic bank statements via screen scraping technology.

With these scenarios in mind, it is our view that the CDR framework currently does not deliver on the above needs. To help articulate why, we have outlined reasons below.

- a. **Non-bank lenders** – Prospa as a non-bank lender is not subject to the CDR regime. The Treasury has shared draft rules for non-bank lender sector advocating for a CDR regime commencing in November 2025 at the latest. Prospa recognises that the industry is advocating for a longer period for implementation. Until non-bank lenders are identified as accredited data recipients, CDR framework is simply not suitable for this sector.
- b. **CDR focus on individuals** – current rollout and adoption of CDR has focused on consumers as an individual. Small business customers can involve sole traders, partnerships, trusts, and corporates.

CDR framework does not provide an easy mechanism to enable all these entity types to share their information with data recipients. Complications increase even more when you consider multiple directors associated with the one small business seeking funding.

- c. **Data sharing** – a small business loan application can involve multiple parties such as the borrower, a broker, an accountant, guarantors, multiple directors, and ultimately the lender such as Prospa. It is important that all these participants can share information to achieve the appropriate outcome for the borrower / data owner. CDR framework does not enable sharing of information within these parties as not all parties will be recognised as an accredited data recipient.
- d. **Data glossary** – the data made available under the CDR framework is limited.
- e. **Other items** – data obligations under the CDR framework can be contradictory to other regulatory obligations which limit the use case for CDR data. For example, a data recipient is required to delete CDR data upon request. However, if that data is used for identity verification or credit assessment, then the lender is required to keep that data under AML (Anti Money Laundering) laws. Lender is also required to keep that data for dispute resolution purposes and may be required to share that data with dispute resolution scheme such as AFCA (Australian Financial Complaints Authority) or a court.

As Treasury considers the appropriate policy framework for screen scraping and CDR, we encourage that the reforms drive innovation, productivity and enable competition. Many small business owners often work over 50 hours across seven days a week. They are time poor and require simplicity with administrative tasks such as applying for a loan.

The policy for CDR must enable financial firms to service these businesses by providing innovative financing solutions which do not have high-cost barriers. This applies to the application, credit assessment, decision-making processes, and customer lifecycle management. This approach will drive innovation, productivity and competition within the finance and small business sectors and reflect in reduced cost of capital for the end customer.

## Closing comments

Thank you for providing Prospa the opportunity to respond to this consultation. Prospa welcomes the opportunity to discuss our comments and suggestions further at any time and looks forward to continued engagement with Treasury in a pro-active fashion.

Should you wish to discuss our submission or require additional information, please contact Abhishek Bansal, Head of Operational Risk & Compliance on [abhishek.bansal@prospa.com](mailto:abhishek.bansal@prospa.com).