

Consumer Data Right Policy and Engagement Branch
Market Conduct and Digital Division
The Treasury
Langton Crescent
PARKES ACT 2600

Re: Submission on the Proposed Ban on Screen Scraping

To whom it may concern,

As the founders of Wagetap and Wagepay, two Wage Advance service providers based in Australia, we wish to convey our strong commitment to the ideals of Open Banking and the Consumer Data Right (CDR). We believe that these initiatives hold immense potential for enhancing the financial well-being of Australian consumers and fostering competition in the financial services sector. However, it is with an understanding of the current limitations that we write to express our opposition to the proposal to ban screen scraping.

Our stance reflects the perspective that while Open Banking and the CDR represent a promising future, their present state remains immature and unprepared for adoption by the lending industry. We acknowledge that these initiatives have the capacity to address critical challenges in the financial services ecosystem, yet their effectiveness is hampered by several unresolved issues. Once these problems are adequately addressed and the framework matures, Wagetap is fully committed to integrating Open Banking and the CDR into our operations. Until that time, we urge the reconsideration of the proposed ban on screen scraping, which, in its current state, serves as a necessary requirement to foster competition in the lending industry.

Thank you for considering our submission. We are available for any further information or discussions regarding this matter.

About us

This submission is made jointly by two separate and unaffiliated wage advance providers, [Wagetap](#) and [Wagepay](#). Our products offer eligible consumers a cheaper and fairer alternative to payday (SACC) loans by offering an advance of up to \$2,000 on their wage for a low fee. During the application process, we require users to allow us access to their banking data using screen scraping.

Submission

The argument for banning screen scraping is built upon three key assumptions, each of which warrants reconsideration:

Assumption 1: The CDR is mature and could substitute for screen scraping in most use cases.

Regrettably, the current state of the Consumer Data Right (CDR) suggests that it remains in an immature stage, rendering it unsuitable as a direct substitute for screen scraping, particularly in cases relevant to lenders. Several reasons support this assertion:

- The CDR faces significant challenges concerning consumer adoption, data quality, and regulatory burdens. These challenges make it practically infeasible for many lenders to transition seamlessly to the CDR.
- The complex and daunting consent process within the CDR framework has proven intimidating for consumers, hindering its widespread acceptance.
- Persistent data quality issues are of particular concern, especially for lenders, given the potential impact on credit decisions and the potential for consumer harm if inappropriate lending decisions are made based on incorrect or insufficient data. There are many reports of poor data quality, including inaccurate transaction descriptions containing special random characters, and miscategorisation of fund transfers.
- The information accessible under the CDR regime is insufficient for most lenders to use. Using screen scraping, entire bank statements are collected and additional fields such as category information are automatically collected. This information is critical for lenders to meet their responsible lending obligations. However, these fields are optional under the CDR regime.
- The substantial operational and financial burden associated with CDR accreditation, as well as the ongoing administrative and compliance requirements, presents a significant obstacle, particularly for smaller lenders. CDR may only be a viable option for large lenders, forcing smaller lenders to exit the market and lessen competition, a poor outcome for consumers.

It is essential to underscore that credit providers have advocated for the establishment of a more streamlined and effective Open Banking regime to address these concerns. A well-implemented Open Banking framework would garner the support of most lenders and enable them to transition from screen scraping to more modern and secure practices, provided that the aforementioned issues are effectively addressed.

Assumption 2: CDR uptake by lenders and customers has been impeded by the continued availability of screen scraping

Contrary to the assertion that the availability of screen scraping significantly hinders CDR adoption, we contend that the impediments to CDR implementation extend beyond the continued presence of screen scraping. These challenges are diverse and require nuanced solutions that do not necessitate the prohibition of screen scraping.

Assumption 3: There are substantial security risks associated with screen scraping, most notably the risk that customer internet banking login details are leaked

While the potential security risks associated with screen scraping have been raised, it is important to note that these concerns may have been overstated. Screen scraping, as a method of bank data capture and aggregation, has been a trusted and predominant practice globally for over 15 years. Importantly, no instances of credential leaks have been reported by reputable, large-scale providers of screen scraping services.

To address specific security concerns, it is conceivable to regulate and prohibit higher-risk activities undertaken by some screen scraping vendors, such as the unauthorized storage of bank login credentials, whether encrypted or not.

In addition to the addressing the three key assumptions above, we would also submit that forcing lenders to migrate the CDR would lessen competition.

Compelling lenders to use the current iteration of the CDR would lessen competition in lending markets

Screen scraping has played a pivotal role in enabling non-bank lenders and smaller Authorised Deposit-Taking Institutions (ADIs) to compete with major banks while adhering to responsible lending obligations. Mandating a transition to the current iteration of the CDR would have adverse consequences:

- Lenders would be compelled to impose onerous additional data requests on loan applicants, including the submission of electronic or paper bank statements to validate income, expenses, and other financial liabilities. Major banks do not face a similar necessity as they already possess access to this data.
- Increased fraudulent activities would be encountered due to the proliferation of fraudulent electronic and paper bank statements, thus elevating fraud losses.

This proposed transition would fundamentally impair the ability of most non-major bank lenders to compete with major banks, who have a substantial advantage in terms of access to existing customer data, offering a more streamlined and expedited service. This would directly contradict the key policy motivation for introducing the CDR, which was to promote competition and innovation in the Australian financial services sector.

In conclusion, it is our hope that this submission offers a more comprehensive perspective on the proposal to ban screen scraping. We emphasise our commitment to the principles of Open Banking and the Consumer Data Right but acknowledge the current immaturity of these initiatives. Until such time as the inherent issues are resolved and a more robust framework is in place, we strongly urge a reconsideration of the proposed ban on screen scraping. This approach would ensure that the lending industry maintains its competitiveness, while also fostering the development of a truly innovative and consumer-focused financial ecosystem.

Thank you for considering our submission. We remain at your disposal for any further information or discussions pertaining to this matter.

Sincerely,

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