

Consumer Data Right Rules

Non-Bank Lending and Bank Data Rules

Submission by ProductCloud Pty. Ltd.

About ProductCloud

ProductCloud, established in 2020, is a cloud-based SaaS platform that streamlines product information management for financial institutions. Developed by a team that was instrumental in the creation of Consumer Data Right (CDR) data standards, it assists product teams in managing their portfolios while ensuring compliance with CDR, Design and Distribution Obligations (DDO), and the Financial Accountability Regime (FAR).

We appreciate the Australian Treasury's initiative to extend the CDR framework to non-bank lenders and simplify its application across the broader financial services industry.

The proposed Draft Rules are pivotal in enhancing data accessibility and promoting transparency. While we support these changes, we see opportunities for further refinements to enhance the framework's effectiveness and align it with the Federal Government's vision.

ProductCloud highly supports the CDR as a national infrastructure with far reaching societal benefits. We are therefore enthusiastic about collaborating with the Treasury and other stakeholders to refine these rules and ensure they deliver tangible benefits for Australian consumers and businesses. Our feedback focuses on product data sharing, complementing broader contributions in other submissions, including those from Fintech Australia.

Our key considerations include:

- **De Minimis Thresholds:** Balancing compliance costs to encourage participation from smaller entities.
- **Implementation Timelines:** Streamlining schedules to reduce delays and enable faster adoption.
- **Scope of Products:** Addressing the exclusion of certain financial products to maximise the CDR ecosystem's value.
- **Standards Compliance for Voluntary Data:** Removing the obligation for voluntary data shared using the CDR from complying with the data standards.

Feedback

1. De Minimis Thresholds for Non-Bank Lenders

○ Monetary Threshold:

- Applying the same de minimis threshold of \$1 billion to both product and customer data sharing may not be appropriate. Evidence from the CDR rollout to banks highlighted that while

customer data solutions can be complex and costly, product data sharing was quick to deploy, technologically simpler and more affordable. Some smaller banks deployed product reference data solutions in less than a month with ongoing operational costs of less than \$25,000 annually.

- The proposed \$1 billion threshold might exclude entities that could significantly benefit from or contribute to the CDR ecosystem. A lower threshold, such as the originally proposed \$500 million, would better balance reducing compliance burdens with fostering broader engagement.
 - Notably, some banks currently complying with CDR fall below the proposed \$1 billion threshold. If these banks were allowed to opt-out, it would weaken the existing regulatory framework.
 - The value of product reference data comes from price discoverability and transparency. This helps consumers directly and supports the Minister's stated goals. This value is not derived at the individual product level but at the industry level. Value increases come as industry coverage increases. The more financial services firms provide pricing in a consistent form, the greater the value for all participants, especially consumers.
 - The precedent set for the Energy sector was that the de minimis threshold was applied only to consumer data requests. Product reference data was designated for all energy retailers. There is clear evidence that this is already positively impacting consumers.
 - **Recommendation:** Establish a lower de minimis threshold (or no threshold) for product reference data to customer data. Setting a low threshold for product reference data and a higher threshold for consumer data recognises the varying complexities and consumer benefits of data sharing while minimising compliance costs.
- **Customer Number Threshold:** Setting the threshold at 1,000 customers is a positive step we support.

2. Implementation Timelines

- The proposed delayed implementation timelines are concerning. A 12-month timeline for product reference data, followed by consumer data within six months, would better align with industry capabilities and ensure the timely rollout of CDR benefits.
- While deploying authenticated data holder solutions for customer data can be complex and justify extended timelines, product reference data solutions are simpler. For instance, ProductCloud has deployed product reference data solutions with associated APIs for banks in less than a month.
- **Recommendation:** Accelerate the implementation timeline for product reference data to enhance consumer choice.

3. Product Scope

- Excluding products like foreign currency accounts and asset finance could diminish the CDR's value proposition. These exclusions may limit

the comprehensive financial insights that businesses and consumers require, potentially reducing adoption rates and encouraging less secure data-sharing methods such as screen scraping.

- **Recommendation:** Maintain a broader range of financial products to maximise the CDR ecosystem's value.

4. Standards Compliance for Voluntary Data

- The purpose of data standards is to allow for the three parties involved in data exchange (the data holder, the data recipient and the relevant consumer) to all interact consistently without the need for custom implementation. ProductCloud does not believe that binding data standards have innate value. We support the use of obligatory data standards only where consistency is needed for successful, low cost, interaction.
- This is analogous to other situations where standards are applied. This includes long-term standards such as driving on the left-hand side of the road and the shape and structure of electrical power points. The former prevents horrific accidents, and the latter allows for an open market of electrical appliance independent of the provider of electrical power. In the technical world other analogies would be Bluetooth, Wifi, and USB adaptors.
- For the CDR the need for data standards is critical for the ecosystem to function. ProductCloud both exposes and consumes CDR APIs. Our cost, and the cost to our customers, is not driven by standards compliance, which is planned and infrequent. It is driven by data holders providing non-compliant data which happens regularly and without any notice.
- Allowing voluntary data to be exposed in a manner that is non-compliant will make the CDR less useful, will increase costs, and will not promote the sharing of voluntary data. Any non-standard voluntary data will be useless to a client as it can't be interpreted but it will cause errors and exceptions that can be costly to handle.
- Removing the obligation to abide by the data standards is also unnecessary as the standards already contain a safe and explicit mechanism for sharing non-standard data (see [CDR Extensibility Standards](#)).
- **Recommendation:** Do not adopt this change. As a provider of compliance solutions, ProductCloud attests that this change will provide zero value but will inevitably create negative unintended consequences. It will likely increase rather than decrease costs.

Conclusion

ProductCloud welcomes the opportunity to contribute to this consultation process. We urge the Treasury to consider these recommendations to ensure:

- The CDR framework achieves its objectives of promoting innovation, enhancing consumer choice, and driving economic growth.

- The introduction of CDR changes to the non-bank lending sector enhances the overall CDR ecosystem and does not unintentionally dilute banks' existing regulatory participation.
- The timelines are set with an informed view of the consumer benefits of implementing these changes earlier against mitigating the risk to participants of an overly aggressive timeframe.
- The significant differences of deploying and operating product data and customer data solutions are acknowledged when considering the de minimus thresholds and implementation timelines.

As active participants since the CDR's inception, ProductCloud remains committed to supporting its evolution and collaborating with stakeholders to shape a robust and inclusive digital economy.

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