



Xero Submission

CDR Rules: Non-Bank Lending and
Banking Data Scope

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To the Director

XERO SUBMISSION REGARDING CDR RULES: NON-BANK LENDING AND BANKING DATA SCOPE

Xero welcomes the opportunity to provide feedback on Treasury's proposed amendments to the Consumer Data Right (CDR) rules. As a global small business platform with 4.19 million subscribers, including 1.86 million in Australia, we are committed to supporting small businesses by improving access to data, enabling real-time insights, and streamlining financial management.

We appreciate Treasury's efforts to simplify the CDR framework and align it with practical business needs. In our submission, we:

- **Raise concerns about making foreign currency (FX) accounts voluntary**, as this undermines the CDR's high-priority small business use case by excluding critical data.
- **Strongly encourage the Treasury to maintain a comprehensive scope of mandatory products**, avoiding further voluntary exclusions to ensure small businesses can access the data they rely on for financial reporting and decision-making.
- **Support reducing the historical data scope to two years**, which balances the needs of small businesses for financial continuity with reduced compliance burdens for data holders.

Additionally, we highlight broader challenges—including derived data restrictions, API performance, and onboarding complexities—that must be addressed to ensure the CDR is workable for all. We look forward to working collaboratively with the Treasury to refine the CDR framework and unlock its potential to empower small businesses with actionable insights and seamless data-sharing capabilities.

For further information, please contact Maureena van der Lem, Head of Government Experience for Xero, APAC Region, at maureena.vanderlem@xero.com.

Yours sincerely,



Angad Sooin

Xero Managing Director for ANZ



1. Overview

Xero is a global small business platform with 4.19 million subscribers, including [1.86 million in Australia](#). We offer a comprehensive suite of tools, including accounting, payroll, workforce management, and project management, all aimed at helping small businesses run efficiently. Xero connects to an extensive [ecosystem of apps and financial institutions](#), enabling small businesses to streamline their operations and manage finances effectively.

As a key player in the data ecosystem, Xero has long supported the Consumer Data Right (CDR) regime, recognising its potential to deliver high-quality data with improved product coverage compared to existing bank feeds. However, ensuring the framework is workable for platforms like Xero requires balancing the reduction of complexity with preserving functionality critical for small business use cases.

For example, the current banking data scope framework aims to address implementation costs for banks by making certain account types, such as foreign currency (FX) accounts, voluntary. While we understand the need to limit costs, this decision risks unintended consequences for small businesses. As set out below, the exclusion of FX accounts from the mandatory scope creates a downgraded experience for small businesses transitioning to CDR feeds and undermines one of the high-priority use cases of the CDR—enabling accounting platforms to streamline small business workflows.

Beyond these specific issues with the banking data scope, there are broader concerns that must be addressed to ensure the framework's long-term success. While not the focus of this consultation, these issues remain critical as Treasury continues refining the rules to make the CDR workable for all participants:

- **Derived Data:** Current restrictions on derived data limit the ability to share critical financial insights with third-party service providers within Xero's ecosystem. This creates unnecessary barriers for small businesses seeking to integrate their data across various tools and services, reducing the overall value of the CDR.
- **API Capacity and Performance:** Xero's scale requires robust API performance capable of handling significant volumes of data. The current framework must ensure that APIs can meet customer expectations, such as accessing up-to-date transaction data early in the day. Without this reliability, the user experience risks being compromised.
- **Small Business Onboarding:** Streamlining the onboarding process for small businesses is essential to maximise adoption. Small businesses often face time and resource constraints, and complex consent or technical processes could deter participation.



2. Banking Data Scope

2.1. Overview

Small businesses rely on a wide range of account types to manage their finances, from personal accounts used for business transactions to specialised accounts like foreign currency (FX) accounts. These accounts form the foundation of business operations, and their data—particularly transactions that hit the accounting records—is critical for accurate financial management, compliance, and strategic planning. As an accounting platform, Xero does not differentiate accounts based on bank-defined labels; instead, we integrate all account data that contributes to the consumer’s financial picture.

To maintain the utility of the CDR for small businesses and deliver on its high-priority use case of supporting small businesses through accounting platforms, it is essential to understand how small businesses use these accounts and ensure the mandatory scope remains comprehensive and aligned with their needs.

2.2. Foreign Currency (FX) Accounts

As part of the reset of the CDR scheme, Xero welcomes the focus on small business use cases, and we recognise efforts to address implementation costs for banks. However, the **decision to make FX accounts voluntary is disappointing and inconsistent with the practical needs of small businesses.**

Currently, through partnerships with Australian financial institutions and other ecosystem players, Xero provides [bank feeds](#), which can include FX accounts, for our subscribers. These feeds enable small businesses to access FX account data seamlessly, supporting their ability to manage cross-border payments, mitigate currency risks, and track international cash flows.

However, under the CDR, the voluntary inclusion of FX accounts creates two major concerns:

- **Downgraded experience for Xero subscribers transitioning to CDR feeds:** Xero intends to join the CDR scheme, but there are key issues that need to be resolved to make it workable for us and our subscribers. With FX accounts made voluntary, this means that when Xero transitions its customers to CDR bank feeds, *small businesses will lose the integrated functionality they currently enjoy* if banks do not voluntarily provide this data. In addition, this would create two different login regimes for a small business—one to receive CDR data, and one to receive legacy FX feeds. This outcome is counterproductive, as the CDR framework is expected to enhance, not diminish, the value and user experience delivered to small businesses.



- **Undermining a high-priority use case for CDR:** FX accounts are vital for small businesses engaging in cross-border transactions, which are increasingly common in today's global economy. Excluding these accounts from the mandatory scope contradicts the focus on enabling small business use cases, particularly those involving accounting platforms like Xero.

For example, Lucy runs a children's toy store in Melbourne that sources products from international suppliers and sells them through her online store. She relies on an FX account to:

- Pay her suppliers in their local currencies, avoiding high conversion fees.
- Manage her cash flow by consolidating all international transactions into one account.
- Monitor the impact of currency fluctuations on her overall profit margins.

If FX accounts become voluntary and banks choose not to provide this data through CDR feeds, Lucy would face a fragmented view of her finances, increasing her administrative workload and creating inefficiencies. While her FX account data may still be accessible outside the CDR framework, integrating this data will require manual effort or reliance on third-party fintech solutions. This additional complexity undermines the streamlined workflows that CDR aims to deliver for small businesses.

This exclusion is particularly disappointing in light of international trends. The UK, and its moves towards Open Finance, will be broadening its data-sharing scope to include a wider range of financial products, recognising the diverse needs of businesses and consumers. In contrast, narrowing the CDR's scope risks reversing Australia's initial progress and missing an opportunity to deliver a truly seamless experience for small businesses.

While fintech innovation might address gaps created by the voluntary nature of FX account data sharing, this represents a missed opportunity to align the CDR framework with its high-priority goal of supporting accounting services for small businesses. **Treasury should reconsider the decision to make FX accounts voluntary** and ensure the CDR fulfills its potential to provide meaningful benefits to small businesses.

2.3. Risks of Further Voluntary Scope

It is essential that the CDR framework maintains the inclusion of all accounts that contain transaction data impacting accounting records. This includes, but is not limited to, personal accounts, trust accounts, cash management accounts, and farm management accounts. These products are critical for small business operations and provide the foundation for financial reporting and decision-making.

Xero strongly encourages the Treasury to avoid making any additional covered products voluntary under the CDR. Narrowing the scope further risks excluding valuable data from the



framework, as small businesses often use financial products in ways that differ from large corporates or individuals. For example:

- **Personal accounts:** Frequently used by sole traders and micro-businesses for managing business expenses and income.
- **Farm management accounts:** Vital for agricultural businesses managing operational expenses, subsidies, and compliance with industry-specific reporting requirements.
- **Trust accounts:** Commonly used by professional services businesses to manage client funds.

Small businesses often behave like consumers in their financial expectations, particularly in their reliance on personal and multi-purpose accounts. If a financial product is accessible to consumers, small businesses naturally expect the same level of functionality and data availability. **Xero strongly encourages the Treasury to keep the scope of mandatory accounts comprehensive and focused on small business needs**, ensuring that the framework delivers value and drives adoption.

3. Historical Data Scope

Xero supports the Treasury's proposal to reduce the historical data requirement to two years.

This approach strikes the right balance between meeting the practical needs of small businesses and reducing compliance burdens for data holders. For small businesses, having access to the current financial year and the previous year's data is critical for preparing financial reports, managing cash flow, and planning for growth.

This two-year scope represents the minimum amount of historical data needed to support these activities effectively. Reducing it further to one year would risk undermining the utility of the CDR framework, as small businesses rely on at least two years of data to maintain continuity and accuracy in their financial management. Aligning with accounting practices, where recent years are most relevant for compliance and operational purposes, this proposal ensures small businesses have sufficient historical context to make informed decisions without introducing unnecessary complexity.