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The Treasury



Pro-competition market enabling infrastructure: CDR as a case study

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Introduction

The Consumer Data Right (CDR) is an economy-wide reform designed to empower consumers to benefit from data that businesses hold about them. The legislation giving rise to the CDR mandates that certain data holders must share data with accredited data recipients (ADRs) when a consumer requests it.¹

The key building blocks of the CDR are:

- Application Programming Interface (API) based data sharing
- technical standards, set by a government standards setting body
- an accreditation system that limits immediate access to ADRs
- a register that certifies authorised data recipients and has technology to support the safe sharing of consumer data
- bespoke privacy and data protections for CDR consumers, including an uplifted consent framework.

The CDR represents a form of regulatory and technical infrastructure designed to support consumer-permissioned access to personal data in a safe, efficient and interoperable way.

Unsurprisingly, such open data initiatives have been characterised as forming part of ‘digital public infrastructure’ consisting of 3 key elements: digital identity, digital payments and data exchange.² There are significant commonalities and issues between these elements and there are lessons to be learned from the CDR that are relevant to digital identity and payments policy.

The CDR is part of a global trend of open data regimes that have gained traction as a mechanism to improve competition and encourage innovation, particularly in retail banking. As of November 2024, 60 jurisdictions around the world have passed legislation enabling open finance or open banking regimes.³ Implementation of open data has varied by jurisdiction, with Australia being among the majority of countries taking a regulatory led approach. While details vary considerably, under this model the government establishes the mandate and key infrastructure to enable data sharing. Australia is, however, unique in being the first country looking to build towards an economy wide open data regime, as against just ‘open banking’ or ‘open finance’.

The CDR has been rolled-out to the banking and energy sectors, and will become operational in relation to non-bank lending by mid-2026.⁴ As at March 2025, the ecosystem includes 101 data holders in the banking and energy sectors (banks and energy retailers), 39 ADRs and 160 entities receiving data as representatives of ADRs.⁵ In the 6 months to June 2024, CDR participants reported

1 Part IVD of the *Competition and Consumer Act 2010 (Cth)*. CDR data includes consumer data and product reference data. Consumer data is information about an individual, such as their name and contact details, as well as detailed information about their use of a specific product or service. Product reference data is information about products a data holder offers publicly.

2 Scott Farrell, *Levelling up the consumer data right*, Speech, Fintech Australia CDR Summit Sydney, 3 July 2024.

3 Cambridge Centre for Alternative Finance, *The Global State of Open Banking and Open Finance Report*, November 2024, p 40.

4 The Hon Stephen Jones, former Assistant Treasurer and Minister for Financial Services, *Albanese Government to reset Consumer Data Right*, 9 August 2024.

5 Australian Competition and Consumer Commission, *Find a provider*, CDR website, accessed 12 March 2025.

that 226,000 consumers used the CDR and by mid-October more than 300,000 ongoing data sharing arrangements were in place.⁶

The CDR is an ambitious reform. It has the potential to reshape the way consumers interact with data, putting them in control and driving increased competition and innovation. However, uptake and usage has been slow to date, and experience has demonstrated significant complexity in its implementation. This paper uses the CDR as a case study to explore the potential and challenges of delivering pro-competitive digital infrastructure.

The rationale for the CDR

The CDR can be seen as the result of a number of reviews and inquiries that recommended expanding consumer driven access to data:

- In 2014, the Financial System Inquiry recommended that the Productivity Commission conduct a review into the benefits of increased data access and use.⁷
- In 2015, the Competition Policy Review (Harper Review) recommended greater access to information, in an efficient format, to support informed consumer choice. It highlighted the challenge for consumers to navigate increasingly complex markets and the behavioural traits preventing them accessing the best available deals.⁸
- In 2017, the Independent Review into the Future Security of the National Electricity Market recommended actions to improve consumer access to, and rights to share, their data in the energy sector. It emphasised the need for a greater range of options to help consumers navigate the market without requiring significant time, expertise or money.⁹
- Later that year, the Productivity Commission delivered a report on data availability and use. It proposed sweeping reforms, including the establishment of an economy-wide comprehensive consumer right to data. The commission considered that this right would very likely reinvigorate competition policy, recognising that:

Today's barriers to competition include, high up on the list, the availability of information — to consumers in order to know what is available today by way of new services; and to service providers, to identify interested consumers and improve the efficiency of operations. Information asymmetry has long been recognised in economics as a feature that weakens competitive markets.¹⁰

- In the 2017–18 Budget, the then government announced its intention to introduce an open banking regime and subsequently committed to the cross-sectoral CDR in November 2017 in response to the Productivity Commission's report. In December 2017 the Review into Open Banking Final Report was released, recommending a model for open banking in Australia and in

6 Gina Cass-Gottlieb, *Framing the future of financial services: strengthening competition and consumer engagement*, speech, Gilbert + Tobin Financial Services Forum, 31 October 2024.

7 Australian Treasury, *Financial System Inquiry Final Report*, November 2014, p 181.

8 Australian Treasury, *The Australian Government Competition Policy Review - Final Report*, March 2015, p 305.

9 Department of the Environment and Energy, *Independent Review into the Future Security of the National Electricity Market: Blueprint for the future*, June 2017, p 141.

10 Productivity Commission, *Data Availability and Use Inquiry Report*, March 2017, pp 15–16.

- effect the CDR.¹¹ Its guiding principles were to create a framework that is consumer focussed, promotes competition, encourages innovation and is efficient and fair.¹²

CDR as competition policy

In its essence, the pro-competition rationale of the CDR is to remove barriers to competition caused by information asymmetries between incumbents, competitors and consumers (whether the competitors are other incumbents, new entrants or potential entrants). It does so in 3 related ways: by helping consumers find and access better deals; by improving the availability of data which incumbents hold and control; and by encouraging innovation.

Helping consumers to find and access better deals

As the Harper review recognised, markets work best when consumers are empowered to make informed decisions.¹³ This requires consumer to have access to the right information and be willing and able to act on it to obtain the best offer. However, actively engaging in the market to obtain the best offer comes at a cost for consumers. Where these switching costs are high, consumers may be locked into one provider and become a source of market power. For example, the ACCC recently found that 2.1 million household electricity consumers were on a retail offer that was 2 or more years old and could save 16.9 per cent (about \$317 annually) by switching to a newer offer.¹⁴

To date, the CDR has provided a partial solution to the barriers preventing consumers from identifying and responding to better offers. Consumers can more easily share their data to receive personalised financial or energy management services that may also leverage CDR product reference data for comparisons. However, frictions in the switching process, even when better offers are apparent, remain a factor driving consumer behaviour. In August 2024, the government established a legislative framework for allowing accredited parties to initiate actions such as switching on a consumer's behalf, which may be able to reduce these frictions.¹⁵

11 Australian Treasury, *Review into Open Banking: giving customers choice, convenience and confidence*, December 2017.

12 Ibid, p 6.

13 Australian Treasury, *The Australian Government Competition Policy Review - Final Report*, March 2015, p 293.

14 Australian Competition and Consumer Commission, *Inquiry into the National Electricity Market – December 2024 Report*, 3 December 2024, p 3.

15 On 15 August 2024, the *Treasury Laws Amendment (Consumer Data Right) Bill 2022* (the Action Initiation Bill) passed in the Senate. Action initiation would allow consumers to direct accredited persons to instruct on actions on their behalf, such as making a payment, opening and closing an account, switching providers and updating personal details, using the CDR framework. However, the government has prioritised getting the CDR on a more sustainable footing before considering rule changes to enable action initiation.

Improving the availability of data that incumbents hold and control

The CDR creates a more level playing field between competitors by improving the availability of data that incumbents hold and control. Considering the credit market as an example, incumbent banks hold transaction data that alternative lenders need to efficiently and accurately assess the suitability of potential borrowers. In the absence of the CDR, alternative lenders need consumers to share this data through either screen scraping, bank statements, or in some cases a business consumers' accounting software. All have limitations that make it harder for alternative lenders to generate a competitive offering:

- For screen scraping, changes made by banks to their user interface or internal APIs can cause screen scraping services to fail. Stakeholders report that for businesses who rely on screen scraping this can disrupt operations for days or even weeks.¹⁶ Banks may also block access to screen scraping, either outright or where the frequency of data collection is too high. Some banks have chosen to block screen scraping due to security concerns (generally by requiring consumers to complete additional authentication steps), noting screen scraping requires consumers to share passwords in violation of their terms and conditions and it may see consumers lose protections under the ePayments code.
- Sharing bank statements manually is inefficient. It creates frictions for consumers who need to share the statement and lenders who need to convert it into a machine-readable form. Further, there is a higher risk for lenders that the data has been fraudulently modified.
- For business consumers, direct bank feeds provided to third party platforms such as accounting service providers offer a comparable solution to the CDR. However, they are not universally available and can be difficult to establish, potentially favouring incumbent platforms with established feeds.

The CDR guarantees that competitors can efficiently access the data they need to provide a competitive offering. That said, the CDR does not remove all the data advantages of incumbents. The CDR provides access to only a subset of an incumbent's data holdings. For example, data that is materially enhanced is generally not subject to the CDR.

Enabling innovation

Finally, by enabling innovation the CDR can contribute to more dynamic competition. The CDR has seen the entry of many firms using CDR data to offer products and services, some of which are entirely new.

In part, this is made possible by the standardisation of data sharing lowering barriers to entry. Standardisation shifts the burden of transforming data into a common, usable form onto data holders. This reduces ongoing costs and complexity for data recipients of having to accommodate a range of data sharing processes and formats.

¹⁶ Basiq, *Submission: Screen scraping– policy and regulatory implications*, 25 October 2023, p 9.

Although new entrants are generally not direct competitors with banks or energy retailers, the development of complementary products and services can shape consumer expectations and incentivise competitors in those markets to develop similar offerings. Further, firms that offer product comparisons and promote switching services are essential to the CDR's demand side rationale.

For banks and energy retailers, the CDR enables the integration of new products and services that can improve consumer experience and contribute to competitive differentiation. While similar services may be technically possible through screen scraping, it would require banks to rely on practices that are unsafe for consumers and potentially less efficient. Nubank, a Brazilian Neobank, provides evidence of the potential of open finance for digitally capable firms. As of July 2024, it had 33 per cent (15 million) of total open finance consents, integrating features like account aggregation, overdraft notifications and idle money insights into their banking platform.¹⁷ Some adoption by incumbents has emerged in Australia and may increase with recent changes that align the way banks must hold CDR data with other data sets.

Other dimensions of competition

In practice, the competitive effects of the CDR are not limited to these 3 transmission mechanisms. For example:

- Competition within sectors may have been distorted by CDR implementation and ongoing compliance costs. Firms with legacy systems have had significantly higher implementation costs than digitally native firms with modern data practices. Considerable concern has also been expressed that, for mid-size banks, the ongoing costs of meeting data holder obligations are disproportionately higher than for the larger banks, putting them at a significant commercial disadvantage.¹⁸
- The design of CDR may favour some business models over others, distorting competition in markets. For example, the current personal data protection settings (discussed further below), allow for a consumer to share their bank transaction data with a mortgage broker (via an ADR) to inform a credit assessment and responsible lending check by the ultimate credit provider. However, online lenders who engage directly with consumers have found the protections that apply to CDR data make its use impractical.
- Firms developing CDR products and services compete for investment. Many new entrants and fintechs compete for capital against alternative investments. With uptake of the CDR slower than expected challenges in using it, a tightening in supply of venture capital, and new opportunities (most recently, artificial intelligence), CDR-focussed fintechs have struggled to continue to raise capital. For incumbents, there can be competition within a firm between CDR product development over other commercial opportunities and regulatory requirements. Many data holders have claimed that the cost of meeting CDR data holder requirements has limited spending on making commercial use of CDR as a recipient. Looking forward, the attractiveness of investments requires CDR data to be commercially valuable and greater certainty in rules and standard changes and the roll out of future stages.

17 Nubank, [Nu Videocast IR | Open Finance](#), YouTube, 25 July 2024, accessed 12 March 2025.

18 Heidi Richards, [Consumer Data Right Compliance Costs Review](#), Report for the Department of the Treasury, December 2023; Accenture, [Consumer Data Right Strategic Review](#), Report for the Australian Banking Association, July 2024.

- The CDR competes with other data sharing methods. In the banking sector, its success depends on consumers and firms adopting it over screen scraping, direct bank feeds or statements. As discussed, the CDR has clear advantages. However, firms must balance these benefits against the costs and limitations of working with CDR data and the costs of transitioning to a new approach, which may be significant. The existence of any alternative established data sharing methods also naturally limits its immediate pro-competition potential.

Practical challenges

Despite its potential, the CDR's implementation has encountered significant challenges that have limited pro-competitive outcomes. These include:

- trade-offs between personal data protections and use
- weak incentives for participation for incumbents and consumers
- the regulatory burden on data holders.

Data protections have come at the expense of use

The CDR provisions in the *Competition and Consumer Act 2010 (Cth)* (CCA) include 13 privacy safeguards. These safeguards uplift the protections for CDR data above the standard of the Australian Privacy Principles in the *Privacy Act 1988 (Cth)* (Privacy Act) that apply more broadly across the Australian economy. The CCA also provides for an accreditation regime which limits immediate access to CDR data to accredited data recipients. Additional access pathways for trusted entities or low-risk purposes are available under the Competition and Consumer (Consumer Data Right) Rules 2020 (CDR Rules).

The stronger protections were justified as a way to mitigate risks associated with more convenient transfers of machine-readable data and to instil consumer confidence in the system.¹⁹ They also reflect concerns that protections under the Privacy Act are now dated, and do not apply to smaller businesses. However, the enhanced protections have proven a barrier to the use of the CDR. This is a consequence of both the enhanced protections themselves, which prevent certain use cases, and also the disparity in the way CDR data can be collected, managed, used and disclosed relative to personal data collected by other means (such as screen scraping) and subject only to the Privacy Act. This disparity favours non-CDR means of sharing data, even if less safe or efficient.

For example, the CDR goes considerably beyond the Privacy Act to ensure consumers are properly informed and expressly agree to the sharing and use of their data. Collection of CDR data requires consent that is voluntary, express, informed, specific as to purpose, time limited and easily withdrawn.²⁰ This contrasts with the Privacy Act, where consent is not the only basis upon which an entity may collect or use personal information, does not need to be time limited and can be implied. Some of the CDR requirements – in part due to unnecessary complexity – have added friction to the consent flow and have contributed to the

¹⁹ Australian Treasury, [Consumer Data Right Privacy Protections](#), December 2018, p 4.

²⁰ See *Privacy Act 1988* (Cth) s6(1); Competition and Consumer (Consumer Data Right) Rules 2020, division 4.3.

significant proportion of consumers who start, but do not finish, the consent process.²¹ Some aspects of the consent requirements have also prevented particular use cases. For instance, data recipients were prevented from seeking consents from consumers that enabled uses that lasted more than 12 months.²² This has now been relaxed for business consumers, where the use of business accounting services for tax purposes requires longer periods of data retention.

For firms receiving and using CDR data, other protections reduce the attractiveness of using CDR. Specifically, participants are required to destroy or de-identify CDR data once it becomes redundant, unless there is an exception.²³ This situation arises when a consumer's consent expires or is withdrawn. Stakeholder feedback suggests this makes integrating CDR data into existing business models unfeasible, particularly given the definition of CDR data extends to data that has been wholly or partly derived from CDR data. For a firm with interconnected products or services, there is the potential for other outputs to fall within the CDR net and needing to be deleted or de-identified once the data becomes redundant.

The incentive to segregate CDR data is reinforced by information security obligations. Privacy Safeguard 12 requires ADRs to take steps to protect data from misuse, interference, and loss, and from unauthorised access.²⁴ The CDR Rules prescribe steps and minimum controls that must be met to satisfy this obligation, going beyond Privacy Act requirements.²⁵ The integration of CDR data with non-CDR data expands the number of systems subject to these controls. Even where a firm can segregate CDR data, the costs of complying with information security obligations can act as a barrier to entry or encourage the use of other means of accessing personal data.

Stakeholders also report that CDR data cannot be used as easily for common business practices that are permitted under the Privacy Act. Under the CDR Rules, a data minimisation principle limits the collection and use of data to what is reasonably needed to provide the requested goods or services or to fulfill any other purpose consented to by the CDR consumer.²⁶ Unlike under the Privacy Act, data cannot be collected via the CDR for secondary purposes without obtaining a separate consent. Stakeholders report that this prevents common practices like product development and data analytics. Further, limitations on disclosure do not reflect how data is shared between businesses for common use cases. For example, disclosure restrictions prevent lenders from providing loan-level information or summary data to their funding providers in respect of securitised loans.

Weak incentives for participation by incumbents and use by consumers

A common challenge for open banking and finance regimes across jurisdictions has been encouraging full participation from incumbents.²⁷ Incumbents may not believe the success of the CDR is in their interest and approach it with the objective of minimising costs. This can result in negative outcomes

21 Frictions in giving consent is not the only reason consumers drop off. A significant number of consumers do not finish the data holder authentication and authorisation process.

22 Competition and Consumer (Consumer Data Right) Rules 2020, rule 4.12.

23 Competition and Consumer Act 2010 (Cth), s56EO(2).

24 Ibid, s56EO(1). Rule 1.10AA of the CDR Rules extends Privacy Safeguard 12 obligations to CDR representatives through mandatory contractual terms.

25 Competition and Consumer (Consumer Data Right) Rules 2020, schedule 2.

26 Competition and Consumer (Consumer Data Right) Rules 2020, rule 1.8.

27 See Centre of Financial Inclusion, *The Role of Data Exchange in Financial Inclusion*, 2024, p 16.

for the entire ecosystem, including poor quality data, inconvenient processes for consumers and limited cooperation in resolving issues.

An equal challenge has been creating a sufficient incentive for consumers to use the CDR. New products with a broadly persuasive value proposition are yet to emerge. For existing products, the CDR may not significantly improve the product or deliver it more efficiently, even where adopted. The implementation of the CDR has also left promotion of the benefits of using the CDR, over other means of transferring personal data, to firms, limiting potential pressure from consumers for CDR enabled products. Use cases like account aggregation and financial management have been popular but are yet to see widespread adoption. While consumer uptake in the UK and elsewhere have been driven in equal parts by payment initiation,²⁸ in Australia consumers already have access to similar functionality through the New Payments Platform's payment solution PayTo. New products may not necessarily develop organically, and relevant CDR agencies are now focussing more actively on how to support high value use cases.

The ongoing regulatory burden on data holders

Data holders have raised concerns about the regulatory burden of the CDR. As the entities mandated to share data, data holders have had no option but to bear the initial implementation costs and ongoing costs of compliance, including responding to any changes in rules and standards.

In 2023, Treasury commissioned an independent review into CDR compliance costs.²⁹ It found that the costs of the CDR appear to have far exceeded original regulatory estimates. Initial costs were largely driven by data holders developing their systems and data structures to meet the technical requirements of the CDR. Those with the highest implementation costs tended to operate legacy systems that required significant uplift to support real-time API-based data sharing. Maintenance costs have remained high, particularly for large data holders. These entities generally have bespoke systems, large in-house teams and the most extensive product sets that need to be shared. However, costs may have been partially offset by operational benefits for data holders, when incurred as part of rationalising legacy products and systems and implementing enterprise-wide data management systems.³⁰

From a competition perspective, the more significant concern has been for small and mid-sized data holders:

- Mid-tier banks tend to operate in-house data systems but have more limited financial and human resources compared with the major banks.³¹ The Australian Banking Association's 2024 *Consumer Data Right Strategic Review* claimed that ongoing compliance costs have disproportionately impacted mid-tiers, making up a larger percentage of operating costs compared to the major banks and leaving less capacity for other technology investment.³²
- For small banks, access to standardised vendor solutions has lowered the cost of compliance, however relative to their smaller customer bases, costs may still be significant. Further, there

28 Open Banking Limited, *The open banking Impact Report*, March 2023, p 5.

29 Heidi Richards, *Consumer Data Right Compliance Costs Review*, Report for the Department of the Treasury, December 2023, p 11.

30 Ibid, p 16.

31 Ibid, p 18.

32 Accenture, *Consumer Data Right Strategic Review*, Report for the Australian Banking Association, July 2024, p 18.

- may be risks to vendor reliance due to the limited number of available vendors. Vendors may also not necessarily have the same incentives to reduce costs as their clients.

The CDR reset

In answer to these challenges, in August 2024 the then Assistant Treasurer and Minister for Financial Services, the Hon Stephen Jones, announced a reset of the CDR.³³ As part of the reset, a number of reforms were initiated to help the CDR reach its potential, including:

- focusing efforts on high-value use cases, starting with consumer finance, energy switching, and accounting services for small businesses
- taking steps to reduce the regulatory burden of the CDR, through rules changes aimed at reducing ongoing costs and, critically, reforming the data standards making process
- reducing barriers to consumer take up, by simplifying consent arrangements and dealing with factors that cause drop-offs
- looking to build on common elements of the Privacy Act, to tackle restrictions on using and holding CDR data that are a barrier to commercial use.

Reforms in train to modernise the Privacy Act, in particular, offer an opportunity to remove what has been a major structural barrier to the success of CDR by relying on a reformed Privacy Act that provides the appropriate data protections without the need for CDR-specific obligations.³⁴

With the commencement of CDR obligations in the non-bank lending sector from mid-2026, the CDR will be in a position to offer a more comprehensive picture of the credit market and genuine value for consumers wanting to make better borrowing decisions.

A successful reset of CDR would also make the CDR a viable alternative to unsafe practices for sharing consumer data like screen scraping. More broadly, uptake of the CDR could be accelerated by considering how it could work alongside digital ID to facilitate safer and more efficient consumer transactions in the digital economy.

Since the reset was announced, the government has delivered on changes to simplify consent requirements, reduce compliance costs and open pathways for use of CDR by data holders themselves. It has also introduced a Bill, passed by Parliament, to establish a framework for allowing actions to be initiated on behalf of consumers, subject to further development of rules and standards.

33 The Hon Stephen Jones, former Assistant Treasurer and Minister for Financial Services, [Albanese Government to reset Consumer Data Right](#), 9 August 2024.; The Hon Stephen Jones, former Assistant Treasurer and Minister for Financial Services, [Address to Committee for Economic Development of Australia - Putting consumers first in the Consumer Data Right](#), 9 August 2024.

34 On 28 September 2023, the government published its response to the Privacy Act Review Report. The government response agreed to 38 of the 116 proposals, of which 23 of the 25 proposals directed at legislative change have now been implemented.

Conclusions

The CDR represents a significant initiative to create a more competitive, innovative, and consumer-centric digital economy. It has the potential to reshape the way consumers interact with data, driving efficiencies and empowering informed choice.

The CDR is now fully operational in the banking and energy sectors and will soon become operational in the non-bank lending sector. However, achieving these outcomes has not been straightforward and lessons can already be learned from the CDR. Many of these are relevant to other digital policy initiatives undertaken in whole or part by government and its agencies.

A key policy lesson concerns personal data protections.

When asked, consumers place a high value on privacy and protections of their personal data from inappropriate use or cyber threats. At the same time, such protections can directly inconvenience consumers and prevent certain products from being provided by firms. There are trade-offs and government, and other parties, must continually balance these.

Of particular note for the CDR have been the downsides of imposing obligations on how firms use personal data over and above those required by the Privacy Act. This has had the consequence of limiting use of the CDR in favour of what are often more inefficient or unsafe means of data sharing. While consumers will not use the CDR without trust, firms will not use it without value.

Reforms being progressed to the Privacy Act offer an opportunity for the CDR to rely on the Act's economy-wide protections around how personal data is used. Doing so would be consistent with the position originally taken by the PC inquiry that CDR cannot operate as a walled garden:

There are risks with trading your data, as there are with the many free forms of similar data transfer that occur today. Consumers would be induced to share their data, and the principle of 'seller beware' is as relevant in data transfer as it is on eBay.³⁵

Another has been the need for a different organisational mindset and an uplift in staff capabilities when delivering digital policy initiatives.

The CDR's success depends on it outperforming alternative data sharing methods. Without this, firms and consumers may simply opt for less secure but more convenient alternatives, and some products never enter the market. Achieving it requires government to build a better product than is currently available, promote it, and provide certainty that it will be maintained and updated. This is not business as usual for a policy-advising department and regulatory agencies with a compliance and enforcement culture.

Finally, the development and implementation of the CDR illustrates that building digital infrastructure requires not only a long-term vision but also discipline around objectives and the ability to learn as you go. The upfront build costs can be significant, while the benefits are by nature more uncertain and harder to demonstrate. Minimising unrealistic short-term expectations along with care to minimise costs, both for government and participants, is needed to support ongoing government and commercial investment.

35 Productivity Commission, *Data Availability and Use Inquiry Report*, March 2017, p 218.