

10 May 2019

The Australian Competition and Consumer Commission  
GPO Box 3131  
Canberra ACT 2601  
[ACCC-CDR@acc.gov.au](mailto:ACCC-CDR@acc.gov.au)

Dear Sir/Madam

**Consumer Data Right draft rules consultation**  
**Submission by Australian Finance Group Ltd ACN 066 385 822**

Australian Finance Group Ltd (**AFG**) was founded in 1994, was listed on the Australian Securities Exchange in 2015, and has grown to become one of Australia's largest mortgage broking groups. Approximately 2,950 brokers (of which 1,320 are credit representatives of AFG) arrange residential mortgages, commercial finance and other loan products through AFG.

**Consumer Data Right draft rules**

AFG welcomes the opportunity to respond to the exposure draft of the *Competition and Consumer (Consumer Data) Rules 2019* issued by the Australian Competition and Consumer Commission (**ACCC**) on 29 March 2019 (the **Draft CDR Rules**). For the purposes of this submission, AFG's response is limited to the draft rules relating to accredited data recipients.

In Rule 7.5 – *Rules relating to privacy safeguard 6 – use or disclosure of CDR data by accredited data recipients*, an instruction box is included noting that the ACCC is considering rules authorising the disclosure, with the consumer's consent, of a consumer's CDR data by an accredited person to another accredited person (for example an intermediary) or another person (for example a consumer's accountant, lawyer or financial counsellor).

In relation to a loan taken out by a borrower, a mortgage broker acts as an intermediary between the borrower and the lender. The Broker will collect information from the borrower and provide it to the lender with, or to supplement, the borrower's application for a loan.

In addition, as AFG acts an aggregator for contracted mortgage brokers, it would fall within the meaning of 'intermediary' in this context. Therefore, potentially both the mortgage broker and AFG would become an 'accredited person' under the Draft CDR Rules.

The obligations on accredited persons under the Draft CDR Rules are extensive and will require substantive investment in information technology, in particular, the technology to provide customers with a dashboard and to comply with the information security controls set out in Schedule 1 of the Draft CDR Rules.

Recognising that the majority of mortgage brokers are small businesses, we submit that the cost of establishing this technology and these required processes is likely to be prohibitive for these small brokers to comply, and therefore may put them at a competitive disadvantage as the market continues to evolve.

Mortgage aggregators, such as AFG, who represent a large number of mortgage brokers will typically have sophisticated information technology structures already in place and will make these automated processes and systems available to their contracted brokers (for example, the compliance functions for brokers who are credit representatives under the aggregator's Australian Credit Licence). In this model, the aggregator as the licensee remains responsible for the actions and monitoring and supervision of the credit representatives.

If a similar system could be allowed for accredited persons under the CDR Rules whereby the aggregator becomes accredited as the accredited person, and with the consent of the consumer, is able to provide the relevant functions to mortgage brokers who would then collect the CDR data, this would open up this function to a larger number of mortgage brokers. These brokers would then be able to serve their customers more efficiently and more readily achieve the aims of improving consumers' ability to compare and switch between products and services and encouraging competition between service providers.

In relation to intermediaries under the Draft CDR Rules, our further comments and queries that could be clarified in further guidance are:

- How would an 'outsourced service provider' (see Draft CDR Rule 4.8) fit within the broker/aggregator model outlined above? Can an outsourced service provider store the CDR data?
- What is the role of a software provider (e.g. Yodlee)? Would they also need to become an accredited person?
- In the model proposed, if the consumer enters into a CDR contract with a broker (as this is the current relationship), would the aggregator also need to enter into a CDR contract with the consumer?
- When accreditation is revoked all consents expire - does the CDR data need to be destroyed?
- What CDR data retention period is required?

Please do not hesitate to contact AFG if you require any further detail about the matters raised in this submission. We appreciate the opportunity to provide input into the development of these rules and look forward to working with you further to ensure the rules remain fit for purpose and continues to enable competition.