



To whom it may concern,

Thank you for the opportunity to again share our feedback on the proposed changes to the *Competition and Consumer (Consumer Data Right) Rules 2020 (Rules)*, to allow for Intermediaries to operate in the Consumer Data Right (CDR) regime.

About Equifax

1. Equifax is a global information solutions company. We use data, innovative analytics, technology and industry expertise to transform knowledge into insights that help our customers make informed decisions. Headquartered in Atlanta, Equifax operates in North America, Central and South America, Europe and the Asia Pacific region. Established as The Credit Reference Association of Australia in 1967, then as Veda and now Equifax, we have deep and long experience in data governance across the information lifecycle. We continue to invest in our data and security processes, systems, people and policies.

Intermediaries

2. Open Banking is encouraging consumers to take control of their financial information, to become better informed and, by doing so, to force the emergence of innovative and cheaper financial services solutions and increase competition amongst credit providers. Over the last decade, many Australian's have taken the first steps in this journey by using mortgage brokers instead of dealing directly with banks. In 2018, the Banking Royal Commission found that mortgage brokers have developed key consumer facing relationships and accounted for 55.7% of all residential home loans¹.
3. Equifax considers that as Open Banking evolves, the use by consumers of brokers and other intermediaries will increase. Third party providers are better equipped to meet the individual needs of consumers, tailor advice, provide niche products and develop personal relationships. This has been the case in the United Kingdom where the use of Third Party Providers and Account Information Service Providers is proliferating, including account aggregation and consent apps and platforms.

The current landscape

4. In Australia, in the absence of a Consumer Data Right, digital data capture has evolved organically to include intermediary solutions, including bank transaction data collection and enrichment services. For example, transmission of transaction data

¹ The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, *Some Features of the Australian Mortgage Broking Industry, Background Paper 2*, 2018, p 3.

has been facilitated for many years by “screen scraping” technology. This technology has been adopted quickly as credit providers rely on the technology of third-party intermediaries, negating the need to invest in systems or accreditation themselves. This is particularly helpful to small, mid-sized and emerging credit providers who may not be able to compete with the in-house capabilities of larger credit providers to analyse consumer transactional data and better tailor pricing to risk.

5. At the other end of the market, many consumers are providing their banking data to intermediaries, particularly mortgage brokers and financial advisers in non-secure ways, including hard copy or via email. Many brokers and advisors are small to medium enterprises lacking the resources to maintain industry leading security and management infrastructure to protect this information to the applicable standard.

Balancing consumer value and increased competition with data management

6. The challenge is balancing the value offered by intermediaries and the benefits they bring in terms of competition with adequate data management. If the Open Banking framework enforces stringent and expensive data management demands on all intermediaries, many intermediaries that offer consumer-centric value propositions will not be able to compete. This is likely to impact the take up of Open Banking by consumers. Equally, if data security and management requirements are too lax, intermediaries may become a vulnerable data leakage point.
7. The creation of a two-tiered intermediary structure, as set out below, may address this issue:
 - (a) ADR Intermediaries²: fully accredited ADR service providers performing services for:
 - (i) other ADRs (eg credit providers), such as the evaluation of bank transactional data for credit decisioning services, as contemplated by draft Rule 1.10A (Combined Accredited Person (CAP) arrangements) of the Rules; and
 - (ii) Accredited Intermediaries, as set out in (b) below;
 - (b) Accredited Intermediaries²: such as brokers, financial planners and fintechs with direct consumer relationships and consent, would be authorised to source

² Currently, all applications for accreditation must be at the unrestricted level (Part 5 Division 5.2). No distinction is made between different types of accredited persons. Specific provision would need to be made in Part 5 to allow for categorisation of ADR Intermediaries and Accredited Intermediaries.

summarised, minimised or condensed CDR Data from ADR Intermediaries³.

The information would allow the service provider to appraise a consumer's financial circumstances and further enrich the customer experience, without the need to receive all the granular CDR Data. Examples include categorised/rated bank transactional data and sufficient information to allow certain intermediaries to comply with their responsible lending obligations.

8. Accredited Intermediaries, who may be unable to invest in the systems and platforms for full ACR accreditation, would be required to meet a robust, but less stringent data management standard. This would allow these service providers, who are already integral to the retail credit market, to continue supplying valuable services to consumers, without the risk that a data breach would lead to the exposure of a consumer's full transactional records.
9. We also believe that a simple and streamlined application process for Accredited Intermediaries would increase the efficiency of Open Banking and, ultimately, the use by Australians of their Consumer Data Rights.
10. We consider that the two tiered intermediary structure supports innovation and the emergence of a diverse range of third party service providers that could, over time and with financial success or investment, grow from an Accredited Intermediary to an ADR or ADR Intermediary in their own right.
11. The two-tiered intermediary classification would not impinge upon the right of third party suppliers, which are fully accredited ADRs, to receive CDR Data in their own right.

Other proposed changes

12. Equifax considers that the utility and expediency of the Open Banking system could be further aided by the creation of an authority for:
 - (a) On-supply of CDR Data⁴: from one ADR to another (including an ADR Intermediary). For example, if an ADR mortgage broker receives CDR Data from a consumer's transactional bank (Bank A), the broker could on-supply this information to credit provider ADRs (Banks B & C) nominated by the consumer. This would remove the need for Bank A to comply with multiple data requests relating to the same information and for the consumer (or their agent/broker) to

³ This would require changes to Rule 7.5 in Subdivision 7.2.3 (Rules relating to dealing with CDR data), to allow ADR Intermediaries (Tier 1) to disclose minimised CDR Data and derived CDR Data to Accredited Intermediaries (Tier 2), with consumer consent.

⁴ This would require changes to Rule 7.5 in Subdivision 7.2.3 (Rules relating to dealing with CDR data), to allow ADRs to disclose CDR Data to other accredited persons, with the consent of the consumer

make multiple requests. This could also apply to minimised CDR Data obtained by an Accredited Intermediary (as contemplated in paragraph 7(b) above); and

- (b) De-Identified Data Processing Rights⁵: for ADR Intermediaries. Fully accredited intermediaries at this level are in a unique position to add value throughout the retail credit market value chain. To innovate and supply value-added products and services to credit providers and second tier intermediaries, we consider that ADR Intermediaries should be authorised to de-identify, store and aggregate the CDR Data they receive, either pursuant to a CAP arrangement or as an ADR in their own right. Over time, as needs and use cases emerge from analysing data trends and consumer needs, ADR Intermediary services provided to ADRs (under a CAP arrangement) and condensed, derivative data provided to Accredited Intermediaries will be refined, improved and enriched.

13. We consider that access to condensed and derivative data by Accredited Intermediaries goes some way to levelling the playing field. Knowing what consumers need and want is currently the purview of larger, more established financial institutions with the resources to conduct detailed market research. New and emerging third party businesses could source similar information from ADR Intermediaries at a fraction of the cost, leading to increased innovation, competition and consumer value.
14. We propose that ADR Intermediaries be given sufficient and reasonable flexibility to determine the content of their condensed and derivative data. And, as product development flourishes, we believe industry guidelines should evolve to provide consistency and to ensure the information made available to Accredited Intermediaries complies with the applicable standard.
15. The authorities contemplated in both paragraphs 12(a) and (b) above would require the necessary consumer consent structure to be in place. For example, in relation to paragraph 12(a), consumers may provide consent for an ADR broker to store and on-supply CDR Data for a set period. In relation to paragraph 12(b), consumers would need to provide consent for their data to be de-identified and aggregated.

⁵ This could be expressly provided for as a permitted use under Rule 7.5 in Subdivision 7.2.3 (Rules relating to dealing with CDR data).



Conclusion

16. Equifax believes that equality in relation to the access to data amongst retail credit market participants is core to the success of Open Banking and for consumers to maximise the utility of their Consumer Data Right. This data equality must be tempered with necessary data management standards, tiered to the sensitivity of the data that an intermediary will hold. If CDR Data can be transmitted between ADRs, we consider that the efficiency of Open Banking will be greatly optimised. If a streamlined, second tier intermediary accreditation is developed with its own robust, but less stringent data management level, we believe that this will sustain and further inspire emerging, small and mid-level intermediaries to continue on their journey to provide tailored services to their consumer clients. If ADR Intermediaries can store and process de-identified CDR Data, we believe that a greater level of competition will develop in relation to product development and consumers will have a greater and enriched understanding of their financial position and opportunities.
17. While the consent structures to enliven these initiatives may seem complex, experience in the United Kingdom has shown us that businesses with consumer consent apps and business consent management tools will evolve to plug this gap and create another layer of simplification for consumers to control their data and who can access it.

Regards,

Alexander Scriven

Head of Open Data
Equifax Inc

