



29 October 2020

**Australian Consumer & Competition Commission**

Level 20  
175 Pitt Street  
Sydney NSW 2000

**By email:** [ACCC-CDR@acc.gov.au](mailto:ACCC-CDR@acc.gov.au)

Dear Sir/Madam,

**CDR Rules Expansion Amendments**

We refer to the ACCC's Consultation Paper, "CDR Rules Expansion Amendments", dated September 2020 and provide the following response.

**General Comments**

1. Equifax currently provides data and analytics services at multiple levels in the credit market (**Equifax Customers**), including to (without limitation):
  - (a) Banks – AML/KYC services, credit risk offerings, analytics of bank transaction data, credit affordability and decisioning, credit reports;
  - (b) Other credit providers – similar offerings to banks, but tailored or simplified to specific segments eg Credit Unions, Telco's Utilities, B2B Corporate Organisations etc;
  - (c) Mortgage aggregators - credit offerings as access seekers, ID services, broker verification offers;
  - (d) Mortgage brokers –credit offerings as access seekers, bank transaction data driven affordability offerings, marketing/segmentation analytical services; and
  - (e) Consumers – various credit offerings, including reports and identity protection products.
2. Equifax uses the data it collects as a Credit Reporting Bureau and other data it has acquired (eg public or government data), to provide analytical offerings, portfolio management tools and predictive insights (such as credit scores, AML Beneficial Ownership determinations) to Equifax Customers, as well as a range of other products. Equifax Customers rely on these offerings to make informed decisions to run their businesses.
3. For example, the banking segment relies heavily on Equifax to ensure it is:
  - (a) approving the right customer for various loans to consumers & SMEs;



- (b) complying with the correct AML/KYC regulations;
  - (c) monitoring its portfolio of customers to remain within its risk appetite;
  - (d) being more thoughtful and segmented in collections activities; and
  - (e) recruiting staff that are fit for purpose to its recruitment strategies.
4. The scope to improve and expand services to Equifax Customers and our insight services by using and analysing CDR Data is manifold. For example:
- (a) assessing the affordability of a millennial who has never had a credit history; and
  - (b) understanding the cashflow position of an SME and enable accurate forecasting;
  - (c) dynamic spend triggers based on a consumer's spending behaviour to enable a bank to proactively marketing offers to a consumer; and
  - (d) "Early Warning" triggers for a credit provider to proactively engage a customer before they reach a level of high indebtedness.
5. With the volume of information that will become available under the CDR regime, Equifax's analysis and insights will also greatly simplify the consumption of important information and assist in business automation and systems improvement.
6. Equifax has built up a significant amount of data over time that empowers Equifax and our customers to create products that are desirable in the marketplace, streamlined and quick to market. It is important to emphasise that the analysis of data *over time* is imperative. Long term analysis can explore reasons behind shifting consumer and market trends, facilitates high accuracy guidance when observing changes in the market, enables rich and detailed insights into the attributes of different demographic segments and, most importantly, improves the accuracy of predictive insights and guidance.
7. The ability to provide accurate predictive insights that feed into market understanding, new product development and accurate models is wholly dependent upon the analysis of historical data and is the basis upon which Equifax can provide accurate credit scores.
8. Equifax Customers need and rely upon these insights, which only come from long term data storage and analysis. Permitting CDR Data to be stored and analysed in this way is, in our view, essential for the CDR regime to flourish. Otherwise the insights produced will only be valuable at a single point in time and will not lead to long term innovation.

#### **Further consumer control**

9. Equifax welcomes the proposed flexibility in the Rules to allow for the transmission of CDR Data to trusted advisors. In our view, this gives consumers far more control over their own information and we



are hopeful the CDR regime will raise consumer awareness of their ability to control and leverage their financial data.

10. In Equifax's view, further flexibility is necessary to allow consumers to centralise and control their own information. The consultation paper speaks of voluntary "centralised dashboards" in relation to consent or authorisation. We consider that consumers will also desire a centralised repository for their CDR Data to collect, host, secure, manage, disclose and delete upon their instructions, with a single amalgamated consent dashboard and the ability to run diagnostics and reports on their own data. Each consumer could customise their consent dashboard and data dashboard to monitor their own financial wellbeing and growth.
11. For example, a consumer may wish to centrally store data held by Data Holders relating to their investment properties, with the ability to share this data with their accountant for tax purposes, their financial advisor for investment advice and to their mortgage broker or bank for an assessment of credit worthiness, credit or loan value and personalised rates. A consumer may wish to run reports on this data and compare the yield of their rental properties with the yield from their share portfolio.
12. Or, a consumer may wish to centrally store all their banking transaction data held by Data Holders in order to have a view of the amount they can borrow, loan affordability or to gain control over their discretionary spending to improve their chances of securing funding. These are powerful tools for a consumer to have at their disposal in a centralised place and allows them to move quickly to apply for credit and leapfrog the lending decisioning queues which can easily take over a month.
13. In this scenario, Equifax considers that there are three layers of services:
  - (a) consent management – a single dashboard to record all consents and receipts provided in relation to data requests. Equifax is already a part of the consent framework and flow relating to credit checks and could scale its capabilities to offer this service to consumers and CDR participants (especially those without the means to invest in the associated technical infrastructure) (**Consent Management**);
  - (b) collection, hosting, securing, management, disclosure to permitted recipients, consent management and deletion of CDR data upon a consumer's instructions (**CDR Data Aggregation & Management**); and
  - (c) diagnostic and analytical services (**CDR Data Analytics**).
14. Equifax proposes that to offer Consent Management (if and when designated), CDR Data Aggregation & Management services and CDR Data Analytics would require the service provider to gain authorisation at the unrestricted ADR level in a unique classification of CDR Aggregator.
15. In addition to offering consumer services, Equifax could act as a CDR Aggregator to ADRs and other authorised recipients, including smaller credit providers and fintechs that are unable to afford the significant costs associated with CDR compliance. Equifax could provide a hosting environment as well



as advanced analytics that would level the playing field between smaller credit providers and larger lending institutions, driving innovation and the personalisation of rates at every level of the market.

16. Rate personalisation, that is, the calculation of interest rates based on a consumer's actual financial position, is a pivotal motivator for consumers to take control of their CDR Data and wealth management and, we believe, for the uptake of the CDR regime and competitiveness and innovation in the credit market.
17. Equifax, as a credit reporting bureau, sits in a unique space to offer such services as a CDR Aggregator. As a credit reporting bureau, Equifax already operates industry leading data risk, compliance and security infrastructure and also:
  - (a) holds an Australian Financial Services Licence and an Australian Credit Licence;
  - (b) is required to comply with Part IIIA of the *Privacy Act 1988 (Cth)* in relation to credit reporting information;
  - (c) has extensive data management systems and controls;
  - (d) has sophisticated compliance management systems and controls; and
  - (e) is subject to ongoing regulatory audits and attestations.
18. Consumers and CDR market participants who use the Equifax platform would do so with the understanding that Equifax (as a CDR Aggregator) would store CDR Data and perform both anonymised and personal analytics on any data provided to it, including the creation of a consumer financial analysis file (the content of which would be defined and transparent to the consumer before choosing to use the Equifax platform). This file would be stored for a specified duration and would be accessible (with the consumer's consent) by ADRs (and other permitted recipients) on its own or in conjunction with that individual's credit file. This would be a powerful combination of data to drive the creation of rich and personalised financial products and pricing, tailored to an individual's needs and would speed up access to credit.
19. Speed to access financial markets is currently a major issue for credit seekers and credit providers. The combination of the mortgage broker Best Interests Duty and responsible lending obligations has seen loan application times routinely extend out to 4 to 6 weeks. Many institutions have offshored this decisioning process, which brings with it concerns about data security and identity fraud. If financial analytics were already performed and accessible to credit provider ADRs through CDR Aggregators, this would significantly reduce loan decisioning timeframes and bring about greater parity between the administrative costs of large and small credit providers, driving competition and innovation.
20. Stored CDR Data would also allow Equifax, as a CDR Aggregator, to produce derived aggregated data underpinning short, medium and long term insights, trends and behaviours that are so crucial to credit market participants.



21. In the alternative, if the ACCC is not minded to create a unique classification of a CDR Aggregator, Equifax considers that the following changes to the current proposed framework would be beneficial to the uptake and utility of the CDR regime:

(a) an entity could qualify as an unrestricted ADR by offering:

(i) Consent Management (if and when designated) and CDR Data Aggregation and Management Services; and/or

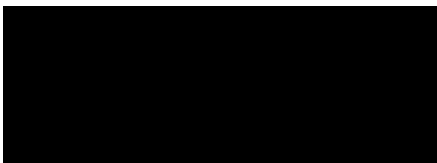
(ii) CDR Data Analytics,

to consumers and/or other CDR market participants (eg., B2B offering to banks, other credit providers and fintechs), without the need to offer any other consumer facing services; and

(b) an unrestricted ADR so qualified could use CDR Data to conduct research and analytics without additional consumer consent, where this is related to the services and business carried on by the ADR (ie., the provision of credit information and insights).

In relation to the Consultation Questions, we have answered those we consider relevant to Equifax in the following Annexure A.

Yours sincerely,



**Daina Livingstone**  
General Counsel & Company Secretary  
Equifax

## Annexure A

### Consultation Questions

6. Do you consider the restricted level (limited data restriction) would encourage participation in the CDR? What are the potential use cases that this level of accreditation would support, including use cases that would rely on the scope of data available under this level increasing as the CDR expands to cover new sectors beyond banking?

No. It is very limited and might only be beneficial to parties seeking to conduct ID verification. In our view, the Trusted Advisers recipient category is far more likely to be used to disclose more information as this category is so restrictive.

7. Do you consider the data enclave restriction would increase participation in the CDR? Where possible, please have regard to potential use cases in the banking sector and future CDR sectors.

No. We consider that a data enclave would be prohibitively expensive for most operators to set up, monitor and govern. And, we consider it unlikely that Principals would want to participate in an arrangement where they cannot download or save any information. It seems to us to be a very complex structure that would be difficult to commercialise.

15. Should consumers be able to consent to the disclosure of their CDR data at the same time they give a consent to collect and a consent to use their CDR data?

Yes. Consumers should be given the option to provide all necessary consents at the same time. If this is not the approach, there is a considerable likelihood that significant amounts of data will end up in limbo, with consumers forgetting to provide consent to onward disclosure or avoiding providing further consent due to associated complexity. Moreover, Equifax purports to operate in the CDR landscape as an intermediary/aggregator, such that consent to collect and use would be inherently tied to consent to disclose.

a. Is the proposed threshold for being able to offer an alternative good or service in rule 7.5(3)(a)(iv) appropriate?

No comment.

b. The transfer of CDR data between accredited persons will be commonly facilitated through commercial arrangements. Should those commercial arrangements be made transparent to the consumer and, if so, to what extent?

Consumers should consent to the transfer and be aware of the overall purpose, but we do not think it is necessary for the consumer to be aware of all associated commercial arrangements.

16. To which professional classes do you consider consumers should be able to consent to ADRs disclosing their CDR Data? How should these classes be described in the rules? Please have regard to the likely benefits to consumers and the profession's regulatory regime in your response.

We consider that the classes of professionals should be described broadly so that consumers may choose who they wish to disclose their CDR Data to for the purposes of advice.

17. Should disclosures of CDR data to trusted advisors by ADRs be limited to situations where the ADR is providing a good or service directly to the consumer? If not, should measures be in place to prevent ADRs from operating as mere conduits for CDR data to other (non-accredited) data service providers?

Equifax considers that disclosures of CDR Data to trusted advisors by ADRs should not be limited to circumstances where the ADR is offering a good or service directly to the consumer. In our view:

- (a) an ADR Aggregator (as described above in paragraphs 12 to 19 of our general comments); or
- (b) alternatively, an unrestricted ADR as described above in paragraph 21 of our general comments,

should be permitted to make disclosures to trusted advisors where they are offering CDR Aggregation & Management Services and/or CDR Data Analytics.

18. Should disclosures of CDR data insights be limited to derived CDR data (i.e. excluding 'raw' CDR data as disclosed by the data holder)?

Equifax considers that raw CDR Data and insights should be disclosable to trusted advisors. This is what is done in practice today. If the CDR regime limits this freedom, it may well impact on the success of the CDR regime.

In relation to nominated third parties, there may be occasions where consumers want more than insights to be disclosed and Equifax recommends that the applicable unrestricted ADR should be able to use a test of reasonableness to ascertain whether any such disclosure should be made.

19. What transparency requirements should apply to disclosures of CDR data insights? For example, should ADRs be required to provide the option for consumers to view insights via their dashboard, or should consumers be able to elect to view an insight before they consent for it to be disclosed to a non-accredited person?

Equifax suggests that consumers should have the right to view any disclosed CDR Data insights held by the data recipient.

20. We are seeking feedback on the proposal for enabling business consumers (both nonindividuals and business partnerships) to share CDR data.



We have considered and agree with the ACCC's proposed approach to both non-individuals and business partnerships, except that we consider that an ADR should not have to provide any services to such entities other than CDR Data Aggregation & Management services and/or CDR Data Analytics as described above in paragraphs 13, 14, 18 & 20 of our general comments or, alternatively, as described above in paragraph 21 of our general comments.

35. We are seeking feedback on the proposed approach of separating the consent to collect from the consent to use CDR data (rather than combining consent to collect and use)

Equifax considers that there should be one consent for collection, use and disclosure. Please see our answer to consultation question 15 above.

36. Should accredited persons be able to offer disclosure consents only after an original consent to collect and use is in place (with the effect that combining a use and collection consent with a disclosure consent would be prohibited)? See also the consultation questions in section 7.2 above.

Equifax considers that there should be one consent for collection, use and disclosure. Please see our answer to consultation question 15 above.