



Commercial-in-Confidence

30 October 2020

Australian Competition and Consumer Commission (ACCC)
GPO Box 3131
CANBERRA ACT 2601

By email: ACCC-CDR@acc.gov.au

Dear Sir/Madam,

**Consultation Paper on Consumer Data Right (CDR) Rules Expansion Amendments
HSBC Bank Australia Limited (HSBC)**

We refer to the ACCC's consultation paper on the CDR Rules Expansion Amendments (CDR Rules 2.0) issued on 30 September 2020. HSBC has reviewed the consultation paper and would like to provide the following feedback to the ACCC. HSBC's preference is for this submission to be treated as commercial-in-confidence.

HSBC's urges the ACCC to reconsider the timelines in the proposed roadmap for the CDR Rules 2.0 and to reintroduce the 12-month delivery gap between the major and non-major banks. The CDR Rules 2.0 set out a substantial set of amendments to the CDR Rules, which are extensive, complex, largely untested with participants and that will be costly to implement. HSBC recognises the benefits of the changes for consumers and the CDR eco-system as a whole, however, amendments of this magnitude and complexity cannot be delivered in the accelerated timelines proposed in the roadmap.

The accelerated timelines also create a significant risk in terms of HSBC's ability to deliver the existing scope by 1 July 2021 because the changes will require re-development of functionality that is being built currently. HSBC is working currently to deliver the mandatory Phase 1 consumer data sharing obligations, based on the existing version 1.4 of the CDR data standards and version 1.2.1 of the register standards. These requirements are due to be delivered by 1 July 2021. Version 1.5.1 of the CDR data standards (released on 30 September 2020) introduce additional complexity and scope to HSBC's delivery plan, which will not be possible to incorporate into the existing work for delivery by 1 July 2021.

The same issue arises with respect to phase 2 and the additional requirements that version 1.5.1 introduce for delivery by 1 November 2021 (under the existing non-major bank delivery timeline).

HSBC is concerned that whereas the major banks have been given the opportunity to deliver functionality on an incremental basis (with rule changes being incorporated into later releases) the expectation for the non-majors is that the increased scope will be delivered under the original timeline. In particular, the major banks went live with the current basic form of consent flow and CDR consumer dashboard (per the current CDR data standards) in July 2020 and they will have until July 2021 to implement the enhancements proposed under the draft CDR Rules 2.0. In contrast, the non-majors are building this basic functionality for implementation by July 2021 and are now being asked to implement the enhancements by July 2021 as well. This effectively collapses the 12-month implementation gap between the major and non-major banks that has existed until now.

HSBC understands that the ACCC intends to force all participants to operate from the same version of CDR rules and standards in 2021, with the objective of creating a reliable baseline with a consistent customer experience across the entire ecosystem. But the fact is that the non-majors need additional time in order to catch up with the major banks in this complex undertaking.

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As communicated in the industry calls and submissions, HSBC and the other non-major banks already face considerable challenges to implement the relatively smaller changes introduced by version 1.5.1 of the CDR standards in the July 2021 release. It simply is not feasible to implement the significantly more complex changes introduced by the draft CDR Rules 2.0 in the July 2021 release as well.

Furthermore, the major banks had the benefit of an extensive, manual testing process with data recipients prior to going live. In contrast, the non-major banks are required to use the automated "Conformance Test Suite" for this purpose. This is not a complete testing environment and does not provide the non-majors with the opportunity to buddy test with other participants in the eco-system. As a result of this difference, it is reasonable to assume that the non-majors will experience a larger volume of post implementation issues than the majors. HSBC requests that the non-majors be given the same opportunity as the majors to test and resolve post implementation issues prior to implementing the enhancements introduced by CDR Rules 2.0.

In addition, the CDR standards and the CX standards and guidelines are yet to be finalised to incorporate the changes set out in the CDR Rules 2.0. Without this, it is not possible to implement a strict, waterfall development process for the changes that are being introduced. The proposed compliance dates do not consider the complexity of the requirements and the process that is required to implement such requirements, such as business requirements gathering, gap analysis, solution re-design, re-planning delivery timelines, re-planning resource allocations, re-budgeting, additional funding requests, re-building components and re-testing of components already built.

Finally, HSBC is concerned that the CDR Rules 2.0 relating to joint accounts are not adequately defined. These new rules will introduce significant changes in this area, with a proposed delivery date of November 2021. The proposals require in-depth analysis and consultation before it will be possible for participants to commence requirements gathering and begin to design this aspect of the implementation. HSBC agrees that it is essential to expose joint accounts within the CDR eco-system. As such, HSBC suggests that it would be helpful for the ACCC to engage in additional consultation with data holders and to hold workshops focused on joint accounts before finalising the new rules.

HSBC would welcome the opportunity to discuss our submission with the ACCC. Please do not hesitate to contact our Regulatory Affairs team [REDACTED] should you have any queries.

Yours sincerely,

[REDACTED]

Rani Mina
Chief Compliance Officer
HSBC Bank Australia Limited