

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

**10 May 2019**

**Reference: Consumer Data Right draft rules (banking) consultation**

We write to you on behalf of Moneytree Financial Technology Pty Ltd (ABN 97 611 531 107) in relation to the ACCC's consultation on Consumer Data Right draft rules (banking).

**Background on Moneytree**

Moneytree is a financial data aggregation platform enabling customer data portability via a persistent user identity framework. We have been operating in Japan since 2013, and in Australia since 2017.

Moneytree's goal is to bring financial institutions and their customers closer together, enhance the digital banking experience, and improve visibility and transparency for customers via:

- a personal financial management mobile application for individuals;
- an expense tracking tool for small and medium-sized businesses, and;
- a standardised API service for aggregating financial customer data for consensual use within the enterprise.

Moneytree works with nearly 25 financial institution clients and counts all three of Japan's megabanks and numerous regional banks among its investors.

Our company submitted comments on open banking during the previous public consultation periods between August and September 2017, and February and March 2018, as well as in regard to the 'Treasury Laws Amendment (Consumer Data Right) Bill 2018,' which was open for commentary between August and September 2018.

Moneytree also submitted comments to the ACCC on the consultation of the draft rules for the implementation of the CDR, which closed in October 2018.

Ross Sharrott, Moneytree's Co-Founder, Chief Technology Officer, and Executive Director for Australia serves on the Advisory Committee for the Data Standards Body.

## **Submission**

Moneytree submits the following recommendations to the ACCC regarding the CDR draft rules (banking), specifically in regard to the on-sharing of CDR data to non-CDR accredited data recipients (Part 7, Division 7.2.3, Rule 7.5).

The ACCC is considering rules authorising the disclosure, with the consumer's consent, of 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).

## **On-sharing of CDR data to non-CDR accredited data recipients**

### **Recommendation**

Moneytree recommends allowing data to be shared beyond the current scope of the CDR from the commencement date of the CDR regime.

Rather than restrict the sharing of CDR data to only CDR-accredited parties, the rules should allow consumers to either provide or refuse consent to the sharing of his/her financial information with any party as long as the following information is provided by the data recipient to the consumer:

- whether the data recipient is an accredited data recipient;
- what being an accredited data recipient (or not) means (i.e. the data recipient is known to have fulfilled requirements ensuring data safety, etc.), and;
- the (potential) impact of sharing this information especially to the non-accredited party (i.e. the consumer is no longer protected by CDR rules).

Within the present draft rules, there is no allowance for data to be shared beyond the CDR regime. The unintended consequences of this would be to:

- unnecessarily impede the consumer's benefit from, and effective participation in, open banking, by requiring more effort to share data with some parties, potentially creating confusion and frustration among consumers;
- unnecessarily limit the use case and benefit to selected parties;
- discriminate against smaller businesses who do not have the resources to be accredited in time before the CDR takes effect, and;
- encourage the ongoing use of alternative data gathering means outside the CDR regime.

## **Benefits to consumers of enabling data to be shared beyond the current scope of the CDR**

Allowing sharing of data beyond the current scope of the CDR will be valuable to the consumer as it will enable them to:

- have full control of their financial data and make informed decisions on what to do with it;
- easily share their financial data with intended parties, and;
- enjoy better offers through the ability to receive and transfer information effectively and efficiently which ultimately leads to a more competitive financial industry as intended with the introduction of CDR/open banking.

## Common scenarios where a consumer would seek to share data beyond the current scope of the CDR

The following examples set out likely scenarios in which consumers will need to share data with third-parties that will not be part of the initial CDR regime.

*Scenario 1: The consumer wishes to gather data in one place and simplify the sharing with several parties*

For example, a consumer with five data holders and five data recipients would need to manage 25 individual consents. These data holders and data recipients would remain unconnected without the consumer participating.

By allowing data to be shared beyond the current scope of the CDR, this example could be simplified to five consents to one data recipient, and then one instruction to the data recipient to send data to other parties.

*Scenario 2: The consumer wishes to obtain benefits such as enrichment or intelligence of data from an intermediary data recipient*

For example, a young couple trying to qualify for their first home loan wish to send their spending data to a data recipient to identify the data for discretionary versus non-discretionary spending, to help assess the 'affordability' of a loan, and instruct the data recipient to send a report along with backing data to a mortgage broker.

*Scenario 3: The consumer wishes to hold historical data perpetually for financial management*

For example, a person wishes to retain their historical financial data over a period of time to make spending comparisons on a year-on-year basis, to budget better or save more.

*Scenario 4: The consumer wishes to export combined, enriched data in CSV or Excel format to share*

For example, a sole trader or SME owner needs to share their accounting data (i.e. bank statements, invoices, etc.) to an external accountant. Most of the shared data are normally in physical format, which means sharing will be a manual process (which tends to be either incomplete or may be incorrect) or require manual data entry to an accounting software (which creates the possibility for error). Tech-savvy sole traders or business owners can share this information in digital format (i.e. CSV or Excel files) to his/her external accountants, but this is normally quite rare.

Also, different institutions' data is likely to be in different formats (for example, the column sequence for the statement from different institutions might be different), or a statement (such as an annual bank statement) could only be provided by the bank through physical copies. Year-on-year comparison (in terms of cash flow by analysing bank statements) requires this data to be in digital format so it could be summarised and displayed for analysis.

It is also important to note that, as the CDR standards will not initially apply to data generated at a consumer's request, such data will not be a comparable alternative to data which is generated within the CDR regime.

*Scenario 5: The consumer wishes to share a subset of data that is not currently supported by the data standards.*

Examples include:

1. A consumer wishes to share specific transactions relating to a particular merchant or activity to qualify for specific offers, such as loyalty programs.
2. A gig economy worker wishes to prove his income comes from several sources into multiple accounts, but it is all income. An income verification service could be created from CDR data and shared with the worker's explicit consent.
3. A consumer wishes to combine CDR data with data acquired elsewhere (such as location data) and share the combined data with another party.

### **Benefit to small business of enabling data to be shared beyond the current scope of the CDR**

Allowing sharing of data beyond the current scope of the CDR will enable small business to participate in the CDR regime from commencement and gain competitive benefit.

Open banking is intended to improve competition within financial services by allowing secure and standardised data to be shared by the consumer with consent. However, as the draft rules stand, in order to receive this data electronically through API, these financial services providers (which could be sole traders or SMEs too) need to be CDR accredited. The process for CDR accreditation will be resource intensive and therefore likely to mean that many smaller financial services providers will be unable to participate in the CDR regime from commencement.

By allowing data to be shared beyond the current scope of the CDR from the commencement date of the CDR regime, small financial services providers will be able to participate immediately, thereby improving competition within the sector and providing greater benefits for consumers.

### **Data protection**

#### **Recommendations**

Currently, a data holder and a data recipient can create a bilateral data sharing agreement. Moneytree recommends the same arrangement is retained and applied to protect data that a consumer wishes to share from a data recipient with a third-party that is not part of the CDR regime.

Moneytree also recommends the CDR includes the requirement that any bilateral contract for sharing data with a third-party that is not CDR accredited must have the explicit consent of the consumer.

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