



10th May 2019

Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

To whom it may concern,

Exposure Draft – Competition and Consumer (Consumer Data) Rules 2019

As a major Credit Reporting Body in the Australian credit landscape, illion (formerly Dun & Bradstreet Australia and New Zealand) welcomes the opportunity to provide this submission to the Australian Competition and Consumer Commission (ACCC) regarding the Exposure Draft of the Competition and Consumer (Consumer Data) Rules 2019 (the Draft Rules).

illion is a strong supporter of the implementation of a Consumer Data Right (CDR) in Australia. The CDR framework will provide substantial benefit to financial services consumers, transforming the way they interact with the banking system by providing the ability and tools to safely share data with different lenders, other financial institutions and fintech companies. In doing so, consumers will be able to access the most appropriate and economical financial products to suit individual needs. Likewise, granting access to consumer data will ensure providers will be able to offer innovative products at more competitive rates. illion believes that intermediaries, such as credit reporting bodies, will be critical to the practical implementation of the CDR in Australia, beginning with Open Banking.

Noting our support of the CDR and Open Banking, illion is seeking clarity on a number of issues in the Draft Rules that are relevant to the services offered through our business. This submission will begin by providing an overview of illion's work, before raising a number of points that we believe require further development in the final version of the Rules. We welcome further engagement with the ACCC and any opportunity to participate in the process, including to assist or provide additional information.

1. About illion and its role in the banking and finance landscape

illion is a data and analytics business, operating in Australia since 1887. Using extensive credit and commercial databases, we assist banks, other financial services providers and other businesses to make informed credit and risk management decisions, and help consumers access their personal credit information. Our data assets, combined with our end-to-end product portfolio and proprietary analytics capabilities, enable us to deliver trusted insights to our customers in the banking and finance industry and facilitate confident and accurate decision making. illion is highly invested in the Australian market with over 130 years of data history and experience. This experience combined

with in-depth research, advanced analytics capabilities, and a comprehensive view of the data landscape, have made illion the market leader in Australia.

We also make this submission on behalf of subsidiary illion Open Data Solutions (formerly Proviso), the leading aggregator of banking data in Australia. illion Open Data Solutions specialises in automated bank data retrieval and analysis, delivered to a wide variety of customers including ASX and NYSE listed lenders, banks and credit unions, private lenders, broker groups, online retailers, Fintech innovators and more. illion Open Data Solutions will play a key role in the financial ecosystem under Open Banking.

2. Comments on the Draft Rules

The status of intermediaries under the Draft Rules

illion is seeking further clarity on the status of intermediaries under the Draft Rules in order to better understand how data analytics services will continue to play a role within the new Open Banking framework. We believe this is currently ambiguous, and therefore ask that the final version of the Rules includes a clear definition of intermediaries such as illion Open Data Solutions, of whom there are a broad range, fulfilling a broad range of functions. The final version of the Rules should provide a better understanding of how intermediaries will be able to participate in the new data sharing framework, recognising their role as distinct from other participants.

It is essential that intermediaries such as illion Open Data Solutions are accommodated within the Draft Rules, as these services will be critical to the effective roll-out of the Open Banking system. Currently, illion Open Data Solutions offers automated bank statement retrieval technology combined with high-speed analysis of income and expenditure data to hundreds of financial organisations in the Australian market. The technology incorporates robust security measures on par with security standards used by the major banks, encrypting data with 256 bit encryption and secured by 2048 bit keys. Consumer data is always processed in Australia, while independent external security personnel are engaged to carry out annual, detailed audits, including penetration testing. Importantly, consumer log in data is securely handled in line with industry best practice.

Third party data retrieval, analysis and categorisation services are crucial to maintain in an Open Banking environment due to the benefits offered through this technology to consumers. illion Open Data Solutions facilitates data transfer on behalf of smaller lenders that do not have the resources or technological capabilities to develop and maintain their own application programming interfaces (APIs). The major banks, in comparison, have the necessary capabilities to source these functions in-house. It is therefore essential to competition that smaller lenders are able to rely on intermediaries such as illion Open Data Solutions in order to compete with major lenders and contribute to competition in the market for the benefit of consumers. This enhanced competitive pressure ultimately contributes to innovation and the development of new technologies, and will ensure that the competitive effects of Open Banking are fully realised.

DDC Technology

Intermediaries such as illion Open Data Solutions use Digital Data Capture (DDC), often referred to as 'screenscraping', as part of data retrieval, analysis and categorisation services. Noting the widespread use of this technology, we consider that DDC will remain a necessary tool to use during

and beyond the initial roll-out of Open Banking. We are therefore seeking clarity on the use of DDC by intermediaries in the Draft Rules.

DDC is the process whereby a consumer consents to the collection of their screen display data from an application so that it may be translated and displayed via a second application, and accessed by a trusted third party such as illion. DDC is used widely in the financial services sector by lenders, financial management applications, personal finance dashboards, and accounting products to retrieve customer data. This data transfer technology enables lenders to better understand prospective customers and thereby fulfil their responsible lending obligations under the *National Consumer Credit Protection Act 2009* (Cth). Offering consumers a convenient and hassle-free way of providing information to a potential credit provider, DDC is a critical mechanism to empower consumers and facilitate competition in the provision of consumer credit.

As a consequence, DDC allows a greater pool of consumers to access appropriate credit, given the increased visibility that lenders have of a potential borrower's income and expenditure via DDC – this includes enhanced accuracy and minimisation of fraud risk. Other market participants, predominantly smaller lenders and fintechs, also rely on this form of technology to offer their services in a broader industry context where there is significant information asymmetry with larger market participants. DDC technology is therefore making a significant contribution to the competitive dynamics in the current market. As noted by the Australian Securities and Investments Commission (ASIC) in an August 2016 submission to the Productivity Commission's *Inquiry into Data Availability and Use*, "provided security concerns can be addressed, consumers should not be disadvantaged by their use of legitimate account aggregation services."¹

Using this technology, illion Open Data Solutions currently facilitates access to over 150 financial institutions' transactional information, including a number of smaller entities. We envisage it will take a considerable period of time before all of these organisations provide access to their customers' data through a published API and that therefore there will be an important role for DDC services at least into the medium term. As acknowledged by ASIC in *Consultation Paper 310*, following the commencement of Open Banking, account aggregator services will remain relevant and offer a "valuable tool for consumers and commercial organisations", particularly when considering the phased implementation of Open Banking that will initially offer only 'read only' access.² We agree with this point and believe that in the interim, DDC technology should continue to operate in parallel to the Open Banking framework beyond 1 July 2019 as a useful value-adding technique.

Following the full implementation of Open Banking, there may still be significant use cases for DDC where it can and should coexist with the former. This continued utility may relate to real-time data provision; simplicity of customer on boarding; level and quality of data availability; and provide a redundancy fail-safe, for example, in a period during which an authorised deposit-taking institutions' (ADI) API is offline. illion believes DDC will also provide an important benchmark to assess the performance of Open Banking, at least during its establishment phase.

¹ Australian Securities and Investments Commission, *Productivity Commission Inquiry into Data Availability and Use: Submission by the Australian Securities and Investments Commission* (August 2016) p 3 [9].

² Australian Securities and Investments Commission, *Consultation Paper 310: Review of the ePayments Code: Scope of the review* (March 2019) pp 17-18 [60].

Processes associated with de-identified data

illion is also seeking clarity within the Draft Rules on the collection, use and storage of de-identified consumer data by intermediaries. As noted above, illion Open Data Solutions provides a wide variety of Australian financial institutions (including smaller lenders with fewer resources than large industry participants) with data retrieval, analysis and comparison services. These services are predicated on the secure retrieval of individual customer log in data. illion Open Data Solutions' proprietary technology is able to execute these functions while only holding consumer log in data for less than one second during the data retrieval process. With secure protocols in place to protect consumer information throughout this process and measures to prevent the re-identification of data, there is no identifiable risk to the use of de-identified data in this context.

The use of de-identified data is incredibly important to maintain under Open Banking when considering the benefits delivered through its analysis and application. De-identified data is crucial statistical information; it is typically used by intermediaries to produce benchmarks and comparison tools and improve internal, technical processes. We are therefore seeking clarity on the collection, use and storage of this data in order to better understand how intermediaries will be impacted.

Reciprocal Obligations

illion supports the comprehensive, reciprocal sharing of data relating to wide-ranging categories of product information, including transaction data and product type (such as interest rates or loan terms). Throughout previous consultation opportunities to date, we have highlighted the need to ensure reciprocal sharing of data so that all accredited data recipients are required to share transaction data in compliance with a customer's direction under the Open Banking framework. The benefits of greater data sharing are self-evident; as stated in the explanatory materials of the Treasury Laws Amendment (Consumer Data Right) Bill 2019, "[a] CDR system in which eligible entities participate fully – both as data holders and data recipients – will be more vibrant and dynamic".³

We are therefore seeking further clarity around the application of reciprocal obligations in the Rules, so that consumers, intermediaries, and other Open Banking participants may have greater clarity on how reciprocity will work in practice.

If there are any questions or concerns arising from this submission, please feel free to contact me at any time at [REDACTED].

Yours sincerely,



Steve Brown
Director - Bureau Engagement

³ Treasury Laws Amendment (Consumer Data Right) Bill 2019 Explanatory Memorandum p 25.