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Treasury Laws Amendment (Consumer Data Right) Bill 2018 (second stage) and Designation Instrument for Open Banking

The Mortgage & Finance Association of Australia ('MFAA') welcomes this opportunity to provide feedback on the *Treasury Laws Amendment (Consumer Data Right) Bill 2018 - Provisions for further consultation* ('the draft Bill') and the *Designation Instrument for Open Banking* ('Designation Instrument').

About the MFAA

With over 13,800 members, the MFAA is Australia's leading professional association for the mortgage broking industry with membership covering mortgage and finance brokers, aggregators, lenders, mortgage managers, mortgage insurers and other suppliers to the mortgage broking industry. The stated purpose of the MFAA is to advance the interests of our members through leadership in advocacy, education and promotion. To achieve this aim, the MFAA promotes and advances the broker proposition to a range of external stakeholders including governments, regulators and consumers, and continues to demonstrate the commitment of MFAA professionals to the maintenance of the highest standards of education and development.

Consultation response

The MFAA supports the introduction of a Consumer Data Right ('CDR') in Australia. We believe it will promote competition across the broking and finance industry, leading to increased options and better outcomes for consumers. The CDR will also assist mortgage brokers by facilitating greater data sharing, increasing access to more comprehensive information to help them assist customers fulfil their financial objectives and needs. The current framework for the CDR, as set out in the draft Bill, provides a solid base upon which the Open Banking regime can be built.

The key area of concern for the MFAA is the process of accreditation for data recipients. Professional mortgage brokers and non-bank lenders are already required to be licensed (or be authorised by a licensee) where they deal in finance regulated by the *National Credit Code*, be members of an external dispute resolution scheme, and comply with obligations under the *Privacy Act*. We suggest that accreditation provisions under the CDR Rules should provide flexibility to consider existing standards to which data recipients are already subject. These include standards in relation to professional finance brokers and to non-bank lenders, to obtain accreditation with relative simplicity given the existing regulation which applies to these industry participants.

The MFAA supports the tiered approach of accreditation proposed by the ACCC in the CDR Rules Framework paper, whereby accreditation will be based on risk associated with an applicant, the activities undertaken by an applicant within a designated sector, and any risk attached to the use of specific classes of CDR data. There are clear benefits to the consumer in terms of data security and enhanced confidence in the system overall. We anticipate that the accreditation process will be appropriately resourced once operational, in order to prevent any delays which could negatively impact system users and ultimately, consumers.

In relation to the issue of cost, the MFAA notes the statement under Proposal 5 of the *CDR proposals for further consideration* paper that access to the data sets in the Designation Instrument would not be chargeable. The MFAA endorses this approach, as the imposition of fees by large ADIs as data holders could significantly impact the competitive benefits of Open Banking to brokers and non-bank lenders. In our view, the stipulation that this data is not chargeable should be included in the Designation Instrument.

The MFAA welcomes further engagement with Treasury on any issues raised in this submission. Please do not hesitate to contact me on ███████████ or by emailing ██████████████████ .

Yours sincerely

Mike Felton
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Mortgage & Finance Association of Australia