

MEMO

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From : Douwe Lycklama (douwe@innopay.com)
Subject : Inquiry into Future Directions for the Consumer Data Right

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Introduction

We encourage the ambition of The Treasury to put consumers under control of their digital twins, not limited to the financial sector, but across the whole digital economy.

The creation of a 'data level playing field through data sovereignty' is paramount for changing the competition and innovation in the digital economy. Federated trust data sharing is the way forward while preserving functionality for users (control, re-use of data) as described. This can only be achieved by a comprehensive framework, which balances functional, legal, technical, operational, public and business considerations, thereby creating and maintain trust between all actors in the ecosystem.

In this consultation contribution we reflect on your plans through our lens of >18 years of experience of facilitating, creating and operating trust frameworks for digital data sharing for decentralised ecosystem. Two-sided markets appear now in every sector and the setting up trust frameworks for data sharing is a proven method and alternative to more centralised infrastructures. In essence we regard such data sharing trust frameworks as 'soft infrastructure' as it complements physical infrastructure (IT, servers, cables, telecom networks etc). It is this 'layer' which needs to be developed further, in order to achieve the objectives set out by your legislation. Other examples of such 'soft infrastructure' are market infrastructures for payment, securities, identity and telecommunication (GSM). All ecosystems combining private and public interests, allowing for a unified, secure and easy end-user experience, with transparent access criteria, governance and oversight.

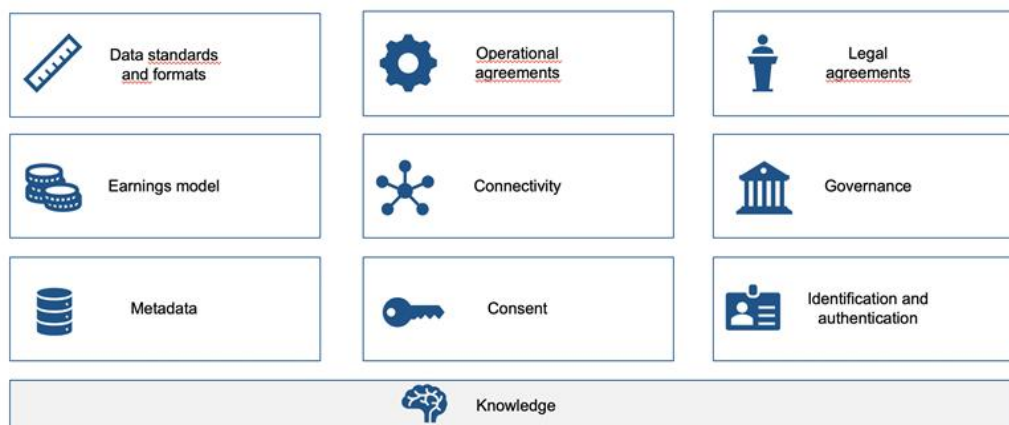
As we are deeply involved both in data sharing policy work and data sharing implementations in Europe we are able to share reflections, findings and concepts below. We are happy to answer any question that may arise out of this (short) memo.

Background

In the recently published European Data Strategy¹ data spaces (sectoral data initiatives) and the interoperability thereof play a central role. In The Netherlands extensive research into data sharing was conducted in 2018 which led to the '9 block' analytical framework, common language and vision (figure 1), as well as the Dutch Vision on Data Sharing between businesses²

¹ https://ec.europa.eu/info/sites/info/files/communication-european-strategy-data-19feb2020_en.pdf

² <https://www.government.nl/documents/reports/2019/02/01/dutch-vision-on-data-sharing-between-businesses>



Source: Survey and benchmark data sharing initiatives, INNOPAY analysis

Figure 1 - Data sharing 9 block framework

The vision revolves around harmonising (over time) of the 9 dimensions of data sharing across existing and new data sharing initiatives, thereby achieving de facto interoperability across sectors.

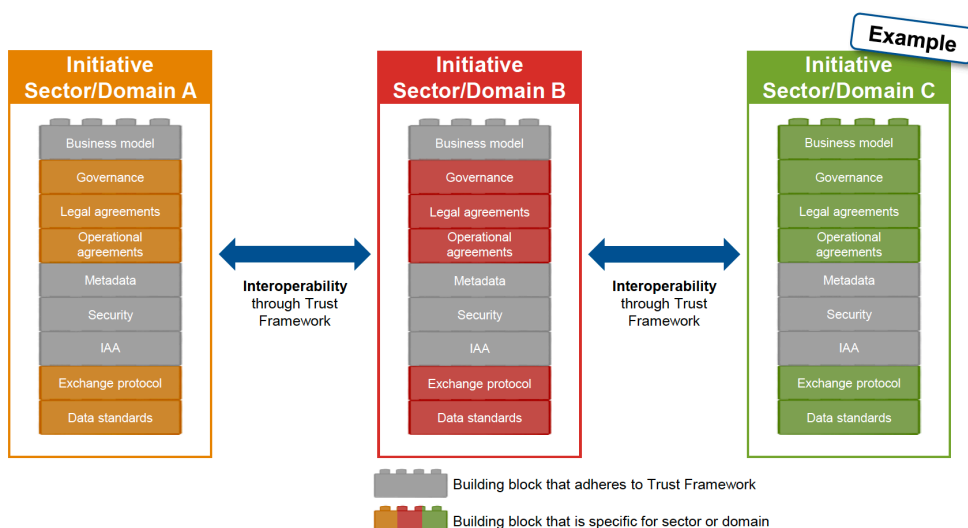


Figure 2 - Data interoperability through cross sectoral harmonisation of building blocks

In January 2020 a the (fast growing) Data Sharing Coalition (> 20 data sharing initiatives) endorsed and supported by the Dutch Ministry of Economic Affairs) embarked on a joint collaborative and international project to realise the vision set out above, led by practical and implementable use cases. More background on www.datasharingcoalition.eu .

To consider for The Inquiry:

1. Making sure that the scope of CDR is complete according to the 9 building blocks
2. Ensure private collaborative involvement because this mobilises collective knowledge and lays the foundation for adoption
3. Do not prescribe CDR 'top down' and focus on the minimum principles to enable market actors to advance

4. Set up governance which balances the public and private interest, leaving room for the market to come up with (interoperable) solutions
5. Separate 'WHAT' (applications of data sharing) from the 'HOW' (the Trust Framework)

International context

The notion of two-sided markets is essential when improving data sharing. Interoperability on both technical, legal, functional and operational aspects is essential. Existing standards (technical, procedural and legal). should be specified as much as possible in the CDR Trust Framework.

To consider for The Inquiry:

6. Connect with other collaborative data sharing initiatives such as The Data Sharing Coalition³, PSD2 providers, MyData⁴ and International Data Spaces⁵ to mutually share experience, insights and ambition.

Switching

Active data sharing will become new behaviour for consumers and business. Communication and education will be strongly needed in order to ensure adoption while preserving safety. A unified experience (like with payments) adds to the inherent security.

Also the majority of consumers may not be engaging actively in order to achieve benefits of CDR, eg in switching. As data sharing must be done in a trusted and well governed ecosystem a new role of data custodian should be defined. Consumers and business can then outsource the management and exploitation of their data to a third party of choice.

To consider for The Inquiry:

7. Consider the role of data custodian or manager into the ecosystem and framework
8. Explore the concept of data dividend and the requirements for the

Read and write access

Consent is at the heart of data sharing. Managing consents (and related risks and liabilities) will be a key functional domain in which both human-to-machine and machine-to-machine need to be considered.

³ <https://datasharingcoalition.eu>

⁴ <https://mydata.org>

⁵ <https://www.internationaldataspaces.org>

Even more so than for read access, write access comes with great risks and liabilities. Executing financial transactions and engaging into new contracts in a real-time and often irrevocable manner, make that parties involved, should be met with clear requirements and scrutiny.

To consider for The Inquiry:

9. Consent management must be a role, which parties may or may not take up. In this way consumers and other data holders can choose where they would like to manage their consents or have multiple providers for management the same consents.
10. Accreditation and scrutiny of third-party providers acting on behalf of consumers is key. A clear liability framework that protects consumers, but also the service providers that hold the data (e.g. banks and energy companies) should be set up

Linkages and interoperability with existing frameworks and infrastructure

The more CDR is open and interoperable the less barriers for adoption. Linkages can be on at least to levels: policy level and practitioner level. The latter is essential for unlocking value for consumers and businesses and can only be optimally achieved in a collaborative fashion under public – private governance. Policy should create the conditions for such active collaboration.

To consider for The Inquiry:

11. Actively connect and work alongside practical initiatives such as e.g. The Data Sharing Coalition, iSHARE⁶ (identity and trust), eIDAS and International Data Spaces. Stimulate, initiate and endorse industry and sector collaboration in the field of data sharing in the spirit of CDR.

Leveraging Consumer Data Right infrastructure

Mass adoption across the whole economy is the measure of success. Much attention should be given to the collaboration, awareness and communication.

To consider for The Inquiry:

1. In order to achieve economy wide mass adoption the full scope of the CDR needs to be reviewed. You may find that not all aspects of the above mentioned 9 blocks are covered sufficiently and in a balanced fashion.
2. Digital identity is an essential piece of any interoperable infrastructure needed to power and provide the trust for data sharing. The recent TrustID⁷ Framework

⁶ <https://www.ishareworks.org>

⁷ <https://www.auspaynet.com.au/insights/Trust-ID>

is an essential asset already available in your community, which provides the essential trust functions and forms the basis of a unified experience for consumers.

- Next to the accreditation of roles you may want to consider the certification of IT products involved in the handling of data, as a broad availability of 'CDR-enabled' IT products and services is essential for the ultimate mass adoption of data sharing and control by consumers and businesses.

About INNOPAY

INNOPAY⁸ is an international consulting firm specialised in collaborative multi-stakeholder co-creation of Trust Framework for data, identity and payments. Our work (since our start in 2002) includes iDEAL, eHerkenning, Simplerinvoicing, iSHARE (logistics), iDIN (bank identity), eMandates and OV- Betalen, as well as trust schemes in Australia and Switzerland. Our DNA is to facilitate groups of stakeholders with ranging interests in a tight process to a concrete result supporting their common interest. Also, we are penholder and facilitator of the afore mentioned Data Sharing Coalition.

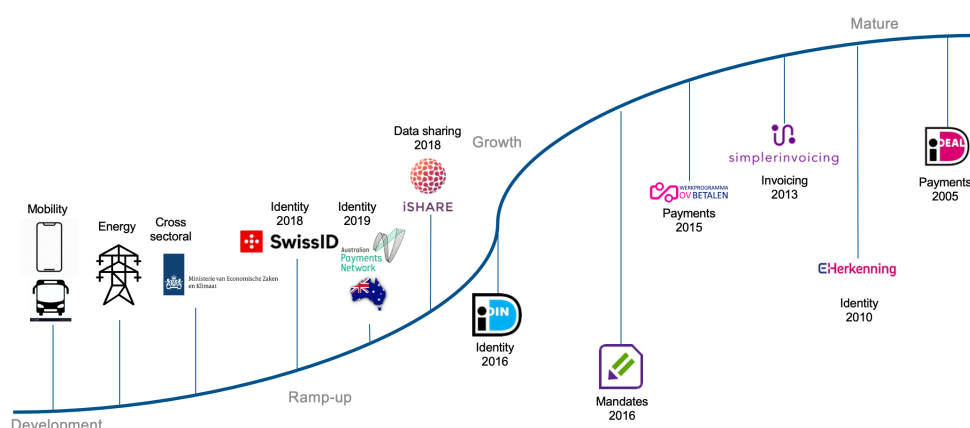


Figure 3 – INNOPAY's Afsprakenstelsel track record over the years

Over the years we contributed to policy making in the field of digital infrastructures (digital identity, electronic invoicing, data sharing) for The Dutch Ministry of Economic Affairs. Our book 'Everything Transaction'⁹ lays out a digital future where platform strategies with data sovereignty are at the core. It was awarded 'Best management book of the year 2019' by a professional jury.

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⁸ <https://www.innopay.com>

⁹ <https://www.everythingtransaction.com>