

Secretariat  
Inquiry into Future Directions for the Consumer Data Right  
The Treasury  
Langton Crescent  
Parkes ACT 2600

## **LIXI Limited Submission**

**Submitted by email:** [data@treasury.gov.au](mailto:data@treasury.gov.au)

21st May 2020

LIXI Limited (LIXI) would like to thank The Treasury for this opportunity to respond to the issues paper published by the Inquiry into Future Directions for the Consumer Data Right.

### **Background**

LIXI has been deeply involved in defining standards for electronic messaging within lending in Australia for 20 years. The first LIXI standard, published in 2001, was an example of a data standard that facilitated a customer (a borrower) using a third party (a credit assistance provider such as a mortgage broker) to submit an electronic application to a Lender for a mortgage on their behalf. By facilitating the efficient lodgement of mortgage applications, LIXI has played a key role in increasing customer choice through the growth of the mortgage broking industry over the past two decades.

Established as a not-for-profit, member-based organisation, LIXI's member base includes banks, broker groups, non-bank lenders, lawyers, valuers, mortgage insurers, service providers, software providers and industry associations.

LIXI has benefited from two decades of contributed intellectual property and collaboration from participants across our membership base. Our standards have expanded beyond the initial scope and now include standards for:

- electronically creating legal documents and instructing panel solicitors
- interfacing credit origination systems with credit decision systems and serviceability and affordability calculators
- electronic messaging between lenders, valuation platforms and valuers
- electronic lodgement for lenders mortgage insurance
- interfacing origination platforms with loan servicing or core banking systems

The products covered by the LIXI data standards have expanded beyond Australian residential mortgages, now covering:

- Commercial Mortgages
- Business Lending
- Consumer Loans
- Credit Cards & Lines of Credit
- Equipment Finance & Leasing
- Deposit Products associated with Credit Products
- Credit applications in New Zealand

As a result, our data standards are now extremely comprehensive, encompassing over 3000 different data attributes required to originate and fulfill these products electronically.

Our data standards continue to evolve, and our state-of-the-art standards management platform has enabled us to deliver new releases of our standards every 6 weeks for the past three years. Over the same period, the average time taken for a member to raise a change and for the change to be remained around 30 days. This rate of execution is exceptional for a data standards body but it is critical for us to support innovation and agility amongst all the participants in the ecosystem.

Throughout my involvement with LIXI over the past five years, I have made some observations and recommendations that I believe are relevant to the Consumer Data Right as it starts to consider moving towards write access.

**There are many different levels of conformance.**

It is always possible to build an API that conforms to a data standard ‘to the letter of the law’ but circumnavigates the intent. For example it is possible to include information into a data message in a way that is not defined in the data standard. Developers often find a way to do this, by embedding key value pairs in string fields, or using urls to link to more information. Each departure from true compliance reduces interoperability and increases the ongoing cost of maintaining an ecosystem of data integrations.

*Recommendation 1: Ensure that strategies for encouraging, enforcing and testing compliance with the intent of the data standard are considered in the initial phase.*

### **Inertia against change quickly builds.**

Once the first version of a data standard is implemented by a number of participants, a significant level of inertia quickly starts to push against future changes. Supporting innovation is critical for the long term success of any data standard. How you balance the need to evolve quickly against an aversion to change is fundamental.

*Recommendation 2: Ensure that change management strategies are established that allow new innovations to occur, without impacting those that want to continue using older versions, and at the same time allowing relatively seamless upgrades.*

### **Sustaining enthusiasm and collaboration into maintenance is challenging.**

In the initial stages of building a data standard, there is typically significant momentum, as many participants collaboratively attempt to ‘complete’ the standard and derive value. Maintaining that initial level of enthusiasm and collaborative input is challenging, with ongoing participant involvement becoming dependent on projects taking place within their own organisations. Timelines of those internal projects rarely coincide across the industry, so it is of paramount importance to have robust and efficient engagement and change management tools.

*Recommendation 3: Ensure strong investment in the tools used to gather new requirements, discuss and evaluate solutions, and implement changes encourage remote engagement (in both time and location). Invest in frameworks for automated testing and deployment that maximise the value of contributors effort, whilst it is available.*

### **Eligibility criteria for credit products**

Credit products are unusual in that they are not available to be offered or sold to everyone. There are many legal requirements that restrict the way in which credit products can be suggested or sold to potential customers. The ability of a customer to access a particular credit product depends upon an assessment process to ensure that the lender is certain that the product is affordable for, and not unsuitable for the customer. The consequences to how product data is used for product comparison are significant. It is counter-productive to suggest products that might be better to a consumer that they are not eligible to receive.

*Recommendation 4: Consider the complexity of the assessment of product availability to consumers with reference to product data and eligibility criteria.*

## **Linkages and interoperability with existing frameworks and infrastructure**

LIXI has two decades of experience of managing data standards that have become widely used in the Australian lending industry for credit applications, which is essentially a version of ‘write’ access for credit products.

*Recommendation 5: If credit products are considered for inclusion, it is recommended that the Consumer Data Right regime collaborates with LIXI to ensure that efficient linking and interoperability can occur.*

In addition to these recommendations, LIXI has a wealth of experience of developing and maintaining data standards across a range of product lines. LIXI would be pleased to provide assistance by sharing our lessons learnt or facilitating any discussions regarding challenges you may face.

Yours sincerely,



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LIXI Limited