

**INQUIRY INTO FUTURE DIRECTIONS FOR THE CONSUMER DATA
RIGHT**

RESPONSE TO ISSUES PAPER, MARCH 2020



Prepared May 2020.

Background

MYOB is a trusted business platform for 1.2 million small businesses and 40,000 accounting and bookkeeping partners across Australia and New Zealand. With a core purpose of helping more businesses in Australia and New Zealand start, survive and succeed, MYOB operates across four key segments: small and medium enterprises (SMEs) with 0-500 employees, enterprise businesses, practices and financial services.

MYOB welcomes the Government's work to progress the Consumer Data Right (CDR) agenda in the spirit of creating a standardised framework that promotes competition, levels the playing field for all product providers, promotes digital adoption for small business and increases SME efficiencies.

We believe that CDR is a catalyst for innovation as it will promote the development of new product solutions to meet customer demand for digital efficiencies. MYOB is a financial product innovator and welcomes a regulatory future where we can increase the number of technology solutions we design, build and offer to our customers. Through this program of work, the CDR will increase employment in the technology and innovation sector.

MYOB seeks to enable small businesses to move to a cashless and digitally reliant operating paradigm. We see this goal as complementary to the Government's policy positions on small business digital transformation, reducing payment term periods, providing payment security to the small business supply chain and eliminating taxation leakage by addressing the black economy.

We believe that an extended CDR framework with appropriate risk and liability safeguards is interlinked to these policy positions.

We support the Government's recent extension of the consultation period to the Inquiry into Future Directions for the Consumer Data Right (the Inquiry) issues paper, to gather a broad response from the financial services sector.

MYOB Response

MYOB is a business platform provider to small and medium businesses and as such, our response to the Inquiry is focussed on four key areas:

- **Read access**
- **Write access**
- **Linkages and interoperability with existing frameworks and infrastructure; and**
- **Consideration regarding tiered accreditation.**

Read access

MYOB supports the development of standardised language for consent across providers and a single framework for consumers to provide and keep track of their consent to providers. MYOB provides a number of financial service products across our platform and supports each small business subscriber providing consent through a single process upon subscription, rather than placing our customers in a burdensome position of consenting to each individual product across our platform at the time of payment initiation.

We support industry cooperation noting that it should include large and small providers. This would reflect outcomes that ensure costs associated with implementing compliance outcomes are not exclusionary to smaller players seeking to participate in opportunities as a result of CDR broadening, which ultimately hampers innovation and employment creation.

In addressing further read access functionality that we believe the Inquiry should consider, we support regulation that standardises bank feeds to be delivered in real time.

MYOB is invested in creating a streamlined process across our business products to benefit our customers but is currently only able to achieve this to the extent of bank feeds being offered across either a daily, twice daily or weekly feed. As a technological innovator, we believe there are significant small business efficiency gains that can be built into our products should bank feed delivery be received in real time.

These efficiency gains will be passed onto the small business supply chain and benefit the economy as whole, aligning the new CDR framework to the Government's small business payment terms agenda.

We also welcome a broadening of the current CDR scope that will enable read access to data sets that are not currently available as part of bank feeds. Again, the extension of CDR to further data sets creates economic efficiencies in the supply chain.

We have addressed tiered access in relation to both read and write access at the conclusion of this paper.

Write access

MYOB supports the expansion of write access as a means of enabling new and competitive payment initiation services to our customers.

MYOB customers have responded to our market research positively in terms of enabling payment initiation through our platform.

MYOB currently has a product that enables customers to authorise payments from our products. However, this service offering is made challenging due to the lack of standardisation across the banking sector when seeking authorisation.

Each bank has a unique authorisation framework and the onboarding process is often manual and time delayed, which creates inefficiencies for small business customers in adopting this type of product. It is also in conflict with the intent of our product which is to enable seamless authorisation from our platform to achieve productivity gains for our customers.

MYOB recognises the risk and security challenges for Government in developing such regulation.

However, we support write access on a universal level with no limit to product categories. We believe this can be achieved through standardising security provisions with appropriate risk and liability frameworks.

As a payment platform through which small businesses operate MYOB seeks only to facilitate an environment where small businesses can seamlessly operate across our product suite including payment initiation capability, with the responsibility for the alteration of data to be held by the customer, as is currently the case.

An expanded CDR framework across broad identified product categories would accelerate innovation in financial technology by giving certainty to our development strategy.

Linkages and interoperability with existing frameworks and infrastructure

MYOB welcomes the Inquiry's focus on interoperability and the associated data risk management.

MYOB's customer base has a heavily embedded culture of payment via invoice, which payment initiation through our platforms as part of this CDR extension will positively affect in terms of expediting payments.

However, we support the CDR regulation being extended to include interoperability with card schemes and believe that small business would increase their usage of credit card payments if this was the case, potentially accelerating small business to move to a cashless environment.

We endorse the existing 3DS secure card transaction authorisation and would support a similar standard being adopted when authorising a card payment through our platform.

MYOB seeks standardisation in the way transactions are authorised. We support CDR leveraging existing authorisation frameworks for the purpose of delivering consistent customer experiences; rather than the CDR creating additional compliance for existing players through providers having to build an authorisation framework and seek certification by a third-party body. Any existing framework of a provider must have interoperability with NPP.

As outlined previously, MYOB offers our customers a suite of products under the one subscription licensing and, to align with the intention of creating efficiencies, would seek to adopt a consent framework where a small business provides consent for MYOB to initiate payments across all of the products the business is subscribed to use, rather than for each individual product, or at each individual transaction point.

Consumer protection

MYOB supports a sector-wide framework where all providers adhere to the same standards.

Other issues: Tiered accreditation

MYOB would support a tiered accreditation system if it recognised the following:

- The ability for smaller providers to participate faster than they would otherwise be able to due to a lower tier resulting in a lesser level of access
- The ability to move lower tier providers through the tiered system should they meet requirements without threshold caps on the amount of providers that can participate in each tier, regulatory change that would exclude their participation in the next tier or tier progression defined by product offering
- The assurance that a lower tier has a 'light touch' accreditation reflecting the level of access they are seeking; and
- Top tier providers have a 'heavy touch' accreditation process that is rigorous reflecting the level of access they are seeking.

Underpinning each consideration is the need for each tier and its accreditation process to enable providers to achieve useful outcomes for consumers at each designated tier.

Conclusion

MYOB is supportive of the Government progressing CDR expansion as a matter of priority to both the Fintech sector and our small business customers who are seeking to create digital efficiencies to increase their productivity.

We welcome the opportunity to consult with Government on the content provided within this document.