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19 August 2021

Consumer Data Right Division
Treasury
Langton Cres
Parkes ACT 2600

Via Email: data@treasury.gov.au

Dear Sir/Madam,

Consultation — *Consumer Data Right strategic assessment and telecommunications sectoral assessment papers*

As a major Credit Reporting Body in the Australian credit landscape, illion welcomes the opportunity to provide this submission to the Treasury, in response to the exhibited Consumer Data Right strategic assessment and telecommunications sectoral assessment papers.

illion is a strong supporter of the implementation of a CDR in Australia, illion Open Data Solutions and Credit Simple were amongst the first group of organisations to become Accredited Data Recipients and we are actively developing products and services utilising the CDR.

The CDR framework provides substantial benefit to consumers, transforming the way they interact with the financial ecosystem by providing the ability and tools to safely share data with different proprietors, other financial institutions and FinTech companies. In doing so, consumers can access the most appropriate and economical financial products to suit individual needs. Likewise, granting access to consumer data ensures that providers can offer innovative products at more competitive rates.

illion believes that intermediaries, such as credit reporting bodies, will be critical to the practical expansion of the CDR in Australia.

About illion

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.

CDR Strategic Assessment

What are the top consumer issues that improved access to consumer and product data could help with? In other words, what are some of the significant or innovative use cases in an economy-wide CDR? Why are they important? For example, are there use cases which would improve the welfare of, or ability to access services and improve participation by vulnerable or disadvantaged consumers?



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It is more important than ever that lenders can make fast, accurate, reliable decisions that are fair for the consumer but also meet responsible lending obligations. In this unfamiliar environment, as many consumers and businesses are dealing with the by-products of COVID-19, with displacement of income and circumstances constantly shifting, the old regime — which can take many months for payment difficulties to emerge — will not be effective.

We need much more dynamic processes to enable difficulties to arise sooner. The Government should actively encourage more organisations to participate in these practices, to enable more effective lending to occur. The situation to avoid is another shock due to bad debt and inappropriate lending processes.

Would prioritising access to a particular sector or dataset facilitate faster adoption or improve efficiency of expansion of the CDR? Are there sectors where significant data sharing is already occurring? If so, would applying the CDR improve this or provide additional benefits such as greater standardisation?

illion have been providing Digital Data Capture services to our customers for over seven years, our solution illion Open Data Solutions currently processes 1.3 million connections a month. In the past seven years illion have experienced zero (0) security breaches of our service and nor are we aware of any other cases globally which have resulted in a security breach. While CDR may in time entirely replace the need for DDC, it will only do so over time, and only if the rules and regulations are structured in a way to incentivise both consumers and providers to move toward provision of data via CDR.

illion recognises the need to increase participation in CDR, as an Accredited Data Recipient we have first-hand knowledge of the costs involved in gaining accreditation through the current process and do not believe that the current model will scale to achieve critical mass. In previous submissions we have consistently advocated for wider access to CDR data via a 'Hub and Spoke' model where Accredited ADRs control access to unaccredited entities (akin to a Consumer Bureau model).

Consequently, we welcome the proposals to extend access through the different models tabled by Treasury, but we do have concerns around the complexity and suitability of the proposals.

Are there any datasets or kinds of data that may or may not be suitable for Consumer Data Right designation (e.g. due to privacy concerns)? Why?

Robust data security and transfer standards measures to promote consumer confidence in the CDR system are paramount. The need to ensure security is not at odds with the desire to promote competition and innovation, as consumers are typically more likely to make use of the CDR should they have full confidence in the protection of their personal data.

Data security is at the core of our business, with consumer privacy protections held as the highest priority. We therefore support Treasury's efforts to assess the risks attached to implementation of the CDR and determine mitigation strategies in order to best manage these risks. We would, however, acknowledge that all processes used to implement the CDR must continue to be cognisant of potential, unintended consequences caused by a disproportionate focus on privacy concerns at the cost of system usability for consumers.

illion would caution against the inclusion of value-added data sets or aggregated data sets from the scope of the CDR framework. As a data insights and analytics business, illion produces complete and actionable business information from raw data, to assist businesses such as major lenders to provide suitable customer outcomes

and mitigate risk. Access to quality data forms the foundation of our continued success in this role. However, continued innovation and investment in data analytics depends on the existence of commercial incentives and we therefore consider that value-added customer data sets and aggregated data sets should be excluded from the CDR framework scope.

Telecommunications Sectoral Assessment

Are there limitations on datasets, either in terms of availability or cost of making it available under the CDR? Please provide evidence, if applicable.

We would emphasise the need to ensure that balance is achieved between a focus on protecting vulnerable groups and promoting ease of use. A simple system facilitates greater uptake of the CDR and deliver consumer benefits such as enhanced competition and product innovation.

Consumer protections must, however, be balanced with ease of use of the CDR. If onerous and unnecessary processes are introduced that result in a system too convoluted for consumers to easily use, we believe there will continue to be only a modest uptake of the CDR in the Australian market which may render strong privacy measures largely redundant. For example, it is illion's view that consumers will be less likely to make use of the CDR if (and where) they are required to navigate multiple screens to share and access personal data. Similarly, account holders are less likely to provide their consent if joint account holders are required to separately log onto the system.

Conclusion

illion would welcome greater collaboration between industry and Treasury as the CDR regime expands to other sectors, necessitating not only continued satisfaction of compliance obligations, but further upholding and adherence to evolving community expectations.

Within the proposed models, restrictions around the manipulation and joining of CDR and non-CDR data removes the opportunity to provide single data sets that cross both CDR providers and non-CDR providers. It is illion's view that this in turn will (in effect) restrict the take up of CDR data while the market continues to utilise DDC.

If there are any questions or concerns arising from this submission, please feel free to contact me at any time at richard.atkinson@illion.com.au.

Yours sincerely,



Richard Atkinson
General Manager, Consumer Bureau