

September 1, 2021

# Adatree Response to Treasury Strategic Assessment of CDR

## Executive Summary

Adatree appreciates the opportunity to express its consumer-focused and strategic prioritisation of future designated Data Holders to extend the CDR economy-wide.

Adatree has prioritised the following industries and datasets to be designated as Data Holders in the CDR:

- Identity
- Loyalty
- Superannuation
- Non-Bank Lenders
- Insurance
- Government Entities
- Big Data
- Investments

This submission outlines the rationale for each proposed designated Data Holder, including:

- Industry
- Explanation for prioritisation
- Use Cases
- Consumer and product datasets required
- Customer lifecycle applications.

There are also constructive comments and suggestions to solve for the current global non-existent use cases relating to better social outcomes that are largely non-commercial in nature, with our thoughts of why those haven't been implemented despite having major positive societal upsides..

## About Adatree

Adatree has been a pioneer in the Consumer Data Right (CDR) since June 2019 with its turnkey Software as a Service platform for Data Recipients. Adatree's platform removes those complexities so companies can focus on leveraging data instead. Our platform enables companies across all industries to receive consented banking data via API in real-time.

Adatree takes the hardest part of the CDR, which is the technical and security standards and connections, and turns it into the easiest, with our platform accessed by one API. Adatree is also the only data recipient to provide business solutions to assist with accreditation.

Adatree is the first accredited and active CDR intermediary, and is one of five companies in Australia with Active ADR status in the CDR registry. Adatree is the smallest ADR yet received accreditation (including audit) in the fastest time. This shows our expertise in navigating the ecosystem and hands-on experiences with overcoming those challenges.

Our experiences are incredibly key to understanding the challenges faced by startups and smaller companies wanting to participate in the CDR instead of unregulated, unethical data sharing means (screen scraping).

Adatree recently signed Australia's largest ever bank/fintech partnership, with 25 ADIs selecting Adatree as their provider for CDR services that leverage Adatree's Industry Sandbox.

## Responses to Consultation Questions

**1. Are there examples of use cases of particular life events or key consumer activities where access to consumer data within or across sectors could significantly improve consumer experience and outcomes? If so, how should such use cases be prioritised?**

### **Prioritised Designated Data Holder Industries**

Adatree has listed the below prioritised designated data holders, as this will clearly enable better consumer outcomes, more competition, more choice, huge savings, smoother experiences, and new data-driven smarter propositions. These are at the essence of application of the Consumer Data Right.

#### **1. Identity**

**Examples?** All forms of government ID (Licence, photo ID card, passport, birth certificate, death certificate)

## Why?

Having official government documentation is key for so many services in and out of financial services in a customer's lifecycle, from opening a business, switching banking and utility accounts, buying a car, renting a property. The list is endless, and customers often have to provide scanned copies of their IDs, which are stored likely in an unsecure drawer, email inbox or hard drive. With identity theft risk, this is a huge opportunity to decrease consumer friction to prove their identity and increase customer protections of their identity data.

In the initial Review into Open Banking, recommendation 3.4 was the only recommendation not approved. This said Data Holders should be obliged to share the outcome of an identity assessment performed by the customer, provided the AML laws are amended to rely on that outcome.

This approval of recommendation 3.4 will be the enabler for many companies participating as Data Recipients, consumers not sharing copies of their identification everywhere, and other companies not performing expensive identity verification checks (e.g. manual, JP verification, Bank@Post, mailing copies, or through ID online services like VixVerify).

For the CDR to be adopted economy-wide and to bring major benefits to the consumer, including the right to share their verified identity is crucial to consumer benefits and success of the CDR.

Combining identity with other datasets (e.g. banking + ID data), would make switching absolutely digital and instant, removing barriers to switching and removing loyalty taxes.

### Use Cases:

- Opening new accounts for consumers or businesses
- Assisting people in disasters that have lost their physical ID
- Starting a business relationship with any industry requiring identification
- Buying or leasing a car
- Proof of visa or citizen when applying for scholarships, education
- Switching superannuation
- Starting a business
- Conducting fit and proper checks for company directors or vendors
- Enrolling in school or university
- Opening accounts for minors (digital birth certificate information)

### Datasets:

#### Consumer Data

- Verification of identity status per document
- Document details
- Expiry date

#### Product Data

- Consumer fees for visas, documents (e.g. new, renewal, lost, expedited)
- Identity document details, including issuing body and relation to AML laws

**Consumer Lifecycle?** This is across a consumer's lifecycle with most trivial or major events requiring verification of identity. This dataset touches every person across their whole life.

## 2. Loyalty

**Examples?** Woolworths, Coles, Qantas, BWS

### Why?

Australians closely link their spending and financial data to loyalty. \$3.50 in every \$10 in Australia is directly linked to Qantas Frequent Flyer. Including loyalty information would enable consumers to analyse their optimised spending to maximise their points (e.g. buy that flight on this card, and buy this through that referral site). For this even product reference data being shared would help facilitate this.

SKU data for grocery is highly sought after but is closely held by only the grocery stores themselves now. Making this data available would help people with their lifestyle (e.g. nutrition, fitness) tracking to help people set and reach their health goals. This essentially covers both retail (product pricing) and loyalty (Everyday Rewards history) in one prioritised use case.

This applies largely for non-financial use cases, which are grossly under-represented in ideation or application of the CDR.

### Use Cases:

- Switching between consumer loyalty programs (e.g. Virgin Gold to Qantas Gold)
- Switching between business loyalty programs (Qantas Business Loyalty)
- Comparison of the best value of bundled or loyalty products, proving if it is the best value
- Aggregated grocery shopping program to find the best pricing for a consumer's products across multiple stores
- Bank and loyalty cross recommendations to optimise point accumulation across all spending and purchases
- Grocery spend data aligned to fitness, nutrition and health goals
- New (non-WW or coles) loyalty programs based on itemised data at a brand or SKU level

### Datasets:

#### Consumer Data

- List of itemised transactions with points in a loyalty program
- History of closed and open loyalty programs
- Personalised offer
- Program status - current and history

#### Product Data

- Loyalty / points offers and earning rate
- Bundle offers

- Product pricing (e.g. flight prices, grocery item prices)

**Consumer Lifecycle?** This is across a consumer's lifecycle and isn't tied to a particular event in life. As people use points to pay for many services and get cross-industry deals based on their loyalty registration status, points can be equivalent to cash for retail shopping.

### 3. Superannuation

**Examples?** All Australian super funds, e.g. AustralianSuper

#### Why?

Superannuation is core to Australians and a key source of wealth, but it is often only looked at when switching jobs, or when an external life event (e.g. sick friend, home buying) triggers you to look at additional insurances.

Including superannuation information will enable better and suitable investment decisions, will simplify comparison between funds, will clarify additional products and will streamline someone's verification of assets.

#### Use Cases:

- Verification of income and assets (e.g. home loan)
- Clear comparison of like-for-like fund performance
- Switching between superannuation funds
- Information with reminders for annual superannuation contributions (if wanting to top up more)
- Information with reminders for superannuation withdrawals (retirees)
- Analysis and choosing of funding pool mix options and associated performances
- Analysis and choosing of add-on insurances provided through superannuation, to compare easily to standalone policies
- Finding a fund that is fit for purpose, aligned to someone's risk appetite and aligned to ethical values

#### Datasets:

##### Consumer Data

- Account information (e.g. balances)
- Account mix
- Transaction history and detailed metadata
- Additional products
- Included insurances and coverage (e.g. TDD)
- Fees paid as outright and percentages

##### Product Data

- Product pricing
- Fees
- Performance overall
- Performance broken down by individual funding options

- Risk appetite related investment data
- Historical performance
- Ethical investment information
- Insurance add-ons (e.g. income protection)
- Bundles, itemised

**Consumer Lifecycle?** This is across a consumer's lifecycle, from when they first start working and set up a superannuation account to withdrawing when they retire. It is constantly accumulating wealth; instead of being passive in the background, it should be easy to understand the fund options, add-ons, and switch between funds aligned to someone's needs, risks and ethics.

## 4. Non-Bank Lenders

**Examples?** BNPL, unsecured business lenders like Prospa, credit card issuers like American Express, payday advance companies like MyPayNow

**Why?** Accessing this data really impacts the overall serviceability and lending assessment for consumers and businesses and it is asked for when getting a loan. With no comparison rates, it is much harder to compare like-for-like rates, like how some non-bank business lenders have an actual APR of 65%.

With non-bank providers and fintechs gaining traction rapidly with Australians, people rarely have loans with just banks; the speed and accessibility of non-bank lenders is popular. However, the rates are often unclear with fees and rates not comparable. Including non-bank lenders enables consumers to have a whole of wallet financial view outside of banks.

By excluding non-bank lenders, it is harder, if not impossible, to get a true sense of someone's expenses. If a customer has 5 BNPLs that are not visible to lenders and they do not reveal them as part of the application process, the credit decision could be skewed. Even if they do reveal the information, it is manual for the customer and also unverified information for the lender. This exclusion could lead to more inaccurate decisioning.

### Use Cases:

- Verification of liabilities and assets for loan assessment
- Clear comparison of like-for-like non-bank lending offers
- Switching between lenders
- Debt consolidation
- Budgeting across a consumer's whole of finances
- Clarity of actual APRs estimated
- Clarity of actual APRs paid
- Personalised recommendations for suitable lenders

### Datasets:

#### Consumer Data

- Account information (e.g. balances, rates)
- Transaction history and detailed metadata
- Fees paid as outright and percentages
- Largely duplicating the banking loan sharing information

#### **Product Data**

- Product pricing
- Product features
- Fees
- Fee schedule
- Equivalent APR
- Largely duplicating the banking loan product reference data

**Consumer Lifecycle?** This is largely limited to the establishment and servicing of a loan. It applies to consumers and businesses. While it isn't as widespread, loans are not always planned, so being able to compare bank and non-bank loans in an automated, machine-driven manner is key for people to obtain suitable finance when they need it with full clarity of their pricing and contracts.

## **5. Insurance**

**Examples?** Health, car, pet, life, travel, income protection insurance for policies offered in Australia by insurance companies

**Why?** Comparing insurance policies is incredibly opaque, like for like is nearly impossible and there's major savings for Aussies to be had. The loyalty tax has a massive impact and policies may not be fit for purpose, with people being under or over insured.

While insurances are often set up and forgotten, CDR can facilitate how insurances can benefit consumers and change policies across their lifecycle with their new purchases, lifestyle changes and aging.

#### **Use Cases:**

- Clear comparison of like-for-like insurances for suitable and value-driven policies
- Showing value for money of bundled add-ons for insurances
- Clear feature comparison for what is offered versus what a consumer needs, showing suitability
- Switching between insurers with personalised purchase and claim history
- Purchasing new policies with ease and certainty
- Preventing being overinsured or underinsured
- Aligning someone's actual income to their insurance income protection insurance
- Being notified of new suitable policies to prevent grandfathered backbook pricing
- Personalised recommendations across a consumer's lifecycle (e.g. you moved so now your home and contents are underinsured)
- Actual analysis of features purchased versus actual historical use (e.g. health extras paid for but never used)

- Highlighting dual coverages (e.g. credit card insurances and travel insurances)

#### **Datasets:**

##### **Consumer Data**

- Account information
- Real-time balances of available and used extras
- Policies bought and providers
- Transaction history and detailed metadata
- Claim history
- Additional products and features with pricing
- Overall and itemised pricing
- Bundled pricing
- Included insurances and coverage (e.g. TDD)
- Fees paid as outright and percentages
- All product features

##### **Product Data**

- Product features
- Product pricing
- Coverage limits
- Fees
- Pricing increases
- Insurance add-ons
- Bundles, itemised
- Eligibility
- All key items in a PDS
- Exclusions

These should apply to the insurance companies and those that white-label them, equivalent to branded credit cards issued by other companies as a banking data holder.

**Consumer Lifecycle?** This is largely limited to the establishment and servicing of a loan. It applies to consumers and businesses. While it isn't as widespread, loans are not always planned, so being able to compare bank and non-bank loans in an automated, machine-driven manner is key for people to obtain suitable finance when they need it with full clarity of their pricing and contracts.

## **6. Government Entities**

**Examples?** Centrelink, ATO, grant bodies, Medicare, ASIC, Services Australia

**Why?** Government datasets often have to be shared with other government entities for proof or verification of information. There is no simple way to do this, with exporting, statutory declarations or re-entering of information. This lack of data sharing is inefficient for both the government and residents. Government entities should be *both* Data Holders and Data Recipients.



### **Use Cases:**

- Sharing investor list (ASIC hosted) for tax returns, specifically for ESIC (ATO)
- Proving income (e.g. pension, Services AUstralia or Centrelink data) if applying for loans or grants
- Proving a clean tax record or verified income for a FY year (ATO data) when applying for grants or loans
- Personalised recommendations of what grants (data hosted across government) for which a business or person is eligible
- Proving incoming (ATO data) with amounts for child support (Services Australia)
- Claiming Medicare levy rebate on tax return (automatically send information instead of requesting letters of proof)
- Ensuring Medicare is up to date aligning to visa or citizenship status
- Ensuring consumers are aware of programs they're eligible for
- Ensuring consumers are not receiving payments they are not eligible for

### **Datasets:**

#### **Consumer Data**

- Verification of status as an insight (e.g. no outstanding tax bills)
- Details of payment history with metadata
- Credits or debits due
- Future payment schedule
- Customer eligibility
- Medicare levy status

#### **Product Data**

- Grant information and eligibility - this applies to businesses and consumers. Also applies for federal and state grants
- Program eligibility and exclusions
- Government program details for consumers and eligibility (e.g. Centrelink, Medicare)
- Payment amounts and schedule
- Signup form links

**Consumer Lifecycle?** This is largely life event specific, including having a baby, losing a job, applying for government benefits, opening a business. It spans across Australia and is largely administrative focused. It should lead to better eligibility (excluding ineligible and including eligible) and more accurate tax returns and government program granting.

## **7. Big Data**

**Examples?** Email providers, social media, dating apps

**Why?** These companies have a treasure trove of consumer data that really says more about them than their banking transactions. Switching email providers or social media providers should be facilitated instead of having it lock in. Set up your old emails to a new address to avoid forced lock-in.

**Use Cases:**

- Ability to seamlessly switch between email clients, streaming services, social media platforms, which are some of the most important and time-consuming platforms that people and businesses use
- Consumer awareness and knowledge of their data being sold or shared

**Datasets:****Consumer Data**

- All information and media held about the consumer by the digital platform
- Monetisation of the consumer
- Ad targeting information and preferences
- Specific list of one-off and ongoing sharing of the consumer's data with third parties

**Product Data**

- Datasets collected on consumers
- Third parties that the digital platform sells identifiable consumer data to
- Third parties that the digital platform sells de-personalised or de-identifiable consumer data to

**Consumer Lifecycle?** This is relevant across a consumer's whole digital lifecycle as companies and providers evolve with new capabilities and technologies. This avoids vendor lock-in and enacts the consumer's right to control their own data.

## 8. Investment

**Examples?** Share trading platforms like CommSec or Superhero

**Why?** With cash at an all-time low and the popularity of emerging share trading platforms, Australians are investing funds into non-cash investments. This forms a significant part of their wealth management.

**Use Cases:**

- Aggregating views of someone's total bank and non-bank wealth
- Proving assets and liabilities for a loan application
- Clear feature comparison of savings or feature differentiation if switching to another platform
- Verification of proven cash for faster investments

**Datasets:****Consumer Data**

- Account information
- Real-time balances of available shares
- Historical pricing of share portfolio
- Transaction history and detailed metadata
- Performance and transaction fees
- Trade status

**Product Data**

- Product features
- Product pricing
- Exclusions or limitations
- Fees
- Eligibility
- All key items in a PDS

**Consumer Lifecycle?** This is largely limited to specific segments of people from mid to late in life when they are investing.

**2. Are there particular important datasets that have cross-cutting benefits and could support a range of important use cases both within and across sectors.**

This is described in detail above, but largely:

- Identity
- SKU Level purchasing data with purchase history
- Loyalty program data
- Insurances
- Superannuation

**3. 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?**

The top consumer issues are largely listed above with details and use cases.

There are absolutely use cases that improve the welfare of vulnerable or disadvantaged communities. Particularly government data and non-bank lenders are listed above.

For social outcomes, the number of problems that CDR can solve is infinite. Use cases as wide as gambling and alcohol addiction help to welfare spending and government program eligibility would help people navigate a complex and stressful process to access the help and funding that they need.

To look at 25 Use Cases for the CDR (across and outside of financial services) that solve consumer and business problems and increase benefits, please read:  
<https://www.adatree.com.au/open-banking-use-case-report>

**4. What consumer or product data is required to bring these use cases to life?**

Datasets outlined per industry in Q1.

**5. 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?**

Adatree has prioritised the above industries (Q1) aligning to customer needs and current barriers to entry.

**6. What are the more useful datasets for designation or examples of specific compelling datasets which providers across sectors could especially benefit from? Are there richer opportunities for consumer benefit where datasets from multiple sectors are combined?**

Q1.

**7. Is the CDR the appropriate path to support these various potential use cases, or are there are other solutions available?**

Yes, the CDR is appropriate to support these use cases. Instead of having a separate identity framework, this needs to be amalgamated within the CDR to leverage the existing technical standards, standardised customer experience of data sharing and consolidation of regulatory oversight bodies.

Having multiple frameworks increases the time to develop, consult and bring to market, brings inefficiencies for taxpayers and government bodies doing largely duplicate work, and ultimately delays the efficacy of consumer data sharing and their right to share and control their data.

**8. Are there sectors with competition issues which would more readily benefit from reductions of data-related barriers? For example, to facilitate providers responding to competitive pressure by improving products and services, new market entries or increased transparency.**

Largely outlined in Q1.

**9. Which sector market's efficiency could be improved by making consumer and product data readily transferable to other providers? Are there sectors where there is currently a high transaction cost to release and disperse this data that the CDR could address?**

Largely outlined in Q1.

**10. Are there other steps we could take to strengthen or develop the CDR regime to enhance the economy-wide roll-out?**

- **Standards Across Industries:** Ensure that the information security protocols are the same across all industries. Having separate standards across industries takes time and

money to differentiate, makes Data Recipients non-standardised to receive data, increases complexity for Data Holders to share data.

- **Make a Full Conformant Test Suite:** Before a Data Holder is able to share data and is considered 'Active', the ACCC must ensure they comply with all technical standards, rules and CX Guidelines. This ensures the quality of data and adherence to the requirements, which will be critical for bringing these use cases to life reliably.
- **FAPI:** Confirm FAPI 2.0 to the security standards. Have both Data Holders and Data Recipients achieve FAPI certification.
- **Action initiation** is not in scope of this paper, but the urgency of establishing rules and standards for this is critical for the CDR.

### **11. 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?**

Adatree has specifically not listed personal health data in this list. With My Health Record in place, this is currently separate. Having this included into the CDR may be a good idea in the future, but should not be a priority for now given it is working outside of the CDR.

### **12. Are there global trends or good examples internationally of where consumer data is being used to drive better consumer and/or social outcomes? How has this informed that jurisdictions approach to rolling out comparable data regimes?**

While CDR / Open Banking has immense potential to drive better consumer outcomes, it totally misses this opportunity and is still on track to only bring commercial-focused use cases to life. This is disappointing that this powerful capability is still out of reach for social outcome use cases.

The only 'Open Banking for good' use cases in the UK are barely for good; it is for expedited lending. It is still a commercial benefit to the company.

There are currently none in Australia, and Adatree will be the first to bring a purely better social outcomes use case to life globally. There is no commercial benefit to us, as this is only driven by company values and our own unique and proprietary capability to bring use cases to life. We are doing this as an example for 'CDR for Good' and to show the non-financial services use cases for the CDR that deliver on its core mission.

This should be solved in two ways:

- 1) **Government being a Data Recipient** for grant programs and eligibility. This would help for disaster recovery and decrease the barriers and time for disaster relief and also decrease the number of times a consumer has to repeat their story. Leveraging the CDR for this is key.
- 2) **Approve Recommendation 7.7** in the Future Directions of the CDR Report for a **grant program for vulnerable/disadvantaged use cases**. The best use cases that bring the most benefit to Australians don't have a commercial upside but are needed by the most neglected and vulnerable people.

This should be brought to life through grants, focusing on the problem, target segment, the solution and how it leverages CDR, the capacity and capability to bring to production, impacted Australians and other ROI.

The government can't do everything, and non-for-profits and impact-driven companies know their segments' problems and issues first-hand. Instead of specifically looking for a problem to solve, make it a competitive process to bring streamlined and genuinely impactful and helpful solutions, powered by the CDR.