



AUSTRALIAN INSTITUTE of  
SUPERANNUATION TRUSTEES

2 September 2021

The Treasury  
Langton Crescent  
PARKS ACT 2600

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

Dear Sir/Madam,

**Re: Strategic assessment – economy wide CDR**

**In brief:** AIST supports the expansion of the CDR regime to the superannuation sector.

### **About AIST**

Australian Institute of Superannuation Trustees (“AIST”) is a national not-for-profit organization whose membership consists of the trustee directors and staff of industry, corporate and public sector superannuation funds.

As the principal advocate and peak representative body for the \$1.5 trillion profit-to-members superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

AIST advocates for financial wellbeing in retirement for all Australians regardless of gender, culture, education, or socio-economic background. Through leadership and excellence, AIST supports profit-to-member funds to achieve member-first outcomes and fairness across the retirement system.

The Australian Institute of Superannuation Trustees (AIST) welcomes the opportunity to make a submission to Treasury on the Strategic assessment consultation paper.

### **General comments**

As we have previously noted in our submissions on this issue,<sup>1</sup> AIST are supportive of the implementation of CDR in superannuation. We note that superannuation is unique, complex, compulsory and delivers important social policy, therefore any implementation of CDR in

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<sup>1</sup> AIST, Submission to Treasury: Inquiry into Future Directions for the Consumer Data Right (2020). Available from <https://www.aist.asn.au/getattachment/Media-and-News/News/2020/Inquiry-into-Future-Directions-for-the-Consumer-Da/AIST-submission-to-Inquiry-into-Future-Directions-for-the-Consumer-Data-Right-FINAL.pdf.aspx>

superannuation needs to bear in mind the objective of superannuation which is to provide a dignified and financially secure retirement.

We submit that better access to information would inevitably better enable superannuation funds to harness data that would allow them to further tailor and design their products and services for the benefit of a range of cohorts of members.

### ***Trust and even playing field***

For CDR to effectively work, people need to be able to trust both the data holder, the organisation receiving the data and also that the data holder will transfer the right data within a reasonable timeframe. Given superannuation funds are both highly regulated and are already trusted by members<sup>2</sup>, we advocate that they are well placed to provide and receive this data.

We highlight the Productivity Commission into Superannuation recommendation which states that 'The Australian Government should automatically accredit superannuation funds to be eligible to receive (following member consent) information held by banks under the Open Banking Initiative'. We believe that it is imperative that any further rollout of CDR does not inadvertently create an uneven playing field, creating an imbalance of information.

### ***Informed consent and freedom of reach***

The proposed uses of member data should be articulated in simple language and made readily and easily available. Current disclosures in other industries, tend to be 'legalese' and compliance focused, which means most people never read it.

There should be a regulatory requirement detailing requirements for website disclosure so that access to CDR is not hidden away in an unlikely or hard to reach part of a website. Access to CDR should be freely available, and not incur a charge.

Members should also have options regarding how far their information can be shared, and for how long it can be held. For example, giving them the option of sharing it with external suppliers to offer them better products and services.

In addition, while organisations may want to use customer data to improve the offerings to members, there is growing marketing in the on-selling of customer data to other organisations. AIST supports the implementation of clear limitation and disclosure around such secondary uses of data.

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<sup>2</sup> Deloitte, Open banking: switch or stick? Insights into customer switching behavior and trust (2019). Available from: <https://tinyurl.com/wetsc2y>

### ***Vulnerable members***

It is important to acknowledge that access to technology and the ability to use and understand it, differs across the Australian community. In addition, financial literacy also greatly differs across the Australian community.

An understanding of technology and/or financial literacy should not be required for members to maximise their retirement incomes. Participating in the retirement income system is compulsory, and it delivers important social policy. Systemic level interventions aimed at increased switching, risk benefiting those with access to the technology and with the financial literacy to adequately compare superannuation products at the expense of those that cannot. Learnings can also be incorporated from the energy sector.

Research has found that interventions aimed at facilitating greater consumer engagement (and switching) may improve outcomes for the cohort of customers that engage and switch into cheaper offers however in doing so also risks raising overall prices.<sup>3</sup>

### **Specific comments**

**Are there examples of uses 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?**

There are several key life events where the use of CDR would greatly improve consumer outcomes. The most significant events involve changes in financial circumstances including changes in employment. This includes commencing a new role, changing role, and transitioning to retirement.

There is significant value in superannuation funds being provided with employment data as the information would assist funds in the development of their product and service offerings. The most significant benefit would be realised in the provision of insurance products, where employment information has significant relevance.

In addition, taking out a mortgage or other significant debt is a useful trigger for reviewing the level of insurance held within super. Access to this information would help address the underinsurance issues in Australia.

Other life events such as births, deaths and marriages would also be of great value to superannuation funds. While this information is primarily held by governments and unlikely to be

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<sup>3</sup> Ben-David, Dr Ron, The unfortunate paradox of retail energy prices (2018). Available from: <https://www.esc.vic.gov.au/sites/default/files/documents/The-unfortunate-paradox-of-retail-energy-prices-20180625.pdf>

captured in the CDR regime, the availability of this data would undoubtedly improve consumer experiences. For example, if superannuation funds were provided with birth data this would assist superannuation funds in being alerted to new dependants for the purposes of distributing benefits of deceased accounts. It would also allow funds to contact members to review their levels of insurance, to ensure they had enough coverage as they have additional dependants.

Similarly, where a member has changed their legal name (either because of marriage or other means) the sharing of this information to a superannuation fund would ensure that a funds records are accurate. This would prevent the member from having to provide this information to multiple providers. It would also allow funds to contact members to ensure their death benefit nominations reflect any changes in relationship status.

There would also be a significant benefit in superannuation funds being provided with key information from Centrelink, particularly data used for Aged Pension means testing, to provide more comprehensive information around pension eligibility. The availability of this information would provide a more detailed overview over of a consumer's financial position as they approach retirement.

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

A significant cross-cutting benefit that would improve consumer experiences would be the sharing of financial hardship data. For example, where a consumer has applied for relief from their utility provider on the grounds of financial hardship, the sharing of this information would support superannuation funds assess financial hardship applications from the same consumer in a more timely and efficient manner for the member.

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

The CDR framework could be enhanced with the inclusion of government data. There is information that the Commonwealth and State and Territory governments have that would be assist superannuation funds in delivering more tailored member outcomes. This would include data from Centrelink, ATO and Births, Deaths and Marriages offices. Including these data sets into the CDR regime would greatly assist superannuation funds in tailoring their products and services for their members.

**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?**

Generally, AIST believes that levels of protection equal to that provided by the EU in the General Data Protection Regulation should be applied. This standard requires all businesses to provide a

set of enforceable data rights to customers including the right to access their information and the right to be forgotten when they have ceased to be a customer.


Regarding specific data sets, there is certain information that may be useful for one purpose but could also be prejudicial if used for a different purpose. This includes the use of medical information or information pertaining to race, ethnicity etc. This information may be regarded as being useful, however, it could also be used to make prejudicial assumptions.

It is also important that in the design of the CDR framework, appropriate consideration is given to certain ethical issues around who owns the data/information. Particularly in circumstances where the consumer has revoked their authority.

We propose that government undertake further consultation with industry on the integration of Government-held data with data accessed via the CDR regime. This should also involve a thorough examination of consent arrangements. AIST would welcome participation and further engagement on this matter.

For further information regarding our submission, please contact Samuel Lynch on 03 8677 3804 or via email at [slynch@aist.asn.au](mailto:slynch@aist.asn.au).

Yours sincerely,



Eva Scheerlinck  
**Chief Executive Officer**