

Xero Submission
CDR Strategic Assessment
10 September 2021



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To whom it may concern

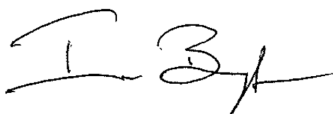
IMPLEMENTATION OF AN ECONOMY WIDE CDR: STRATEGIC ASSESSMENT CONSULTATION PAPER

Xero welcomes the opportunity to participate in the conversation about the future of the Consumer Data Right (CDR). As a business which has consumed permissioned customer data for over a decade to simplify our customers' ability to run their businesses, Xero is an enthusiastic supporter of open data. Similarly, Xero's small business customers are also enthusiastic open data participants, with high proportions of small businesses engaging in open banking in the UK, when compared with individual take-up. We are excited about small businesses leading the use cases and subsequent benefits of expanded data control.

Xero considers the regime to be a world-leading microeconomic reform with the potential to revolutionise Australia's society. The development of this strategy will map the regime's potential, enabling the planning for new business models and the optimisation of existing business models. Those business models that succeed will be the best at solving consumer problems and increasing the living standards of all Australians. Execution of the overall strategy, of course, will determine its success and, ultimately, the success of the CDR regime. Looking past the strategy and its execution, it is important to recognise the Australian Government is forging the path on open data globally, displaying public sector innovation which ought to be celebrated.

In the following section, Xero responds to the consultation questions on which we have a perspective. Xero welcomes the opportunity to discuss our submission further, as well as to participate in collaboration and discussion forums.

Yours sincerely



Ian Boyd
Director of Partnerships - APAC
Xero



Question 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? How should such use cases be prioritised?

Currently, providing or receiving personal identification information is complicated for small businesses and consumers alike. Xero believes allowing an individual to share their verified personal identification information, such as the details contained on an individual's birth certificate or passport or an individual's Medicare card number, held by trusted entities with other entities of their choice directly, would vastly improve business and individual experience. Access to trusted identity information would also minimise the risk that comes from a consumer communicating their sensitive information over less secure channels for both individuals and businesses.

Question 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?

Xero believes the ability for individuals and businesses to leverage existing verified identity information would serve an enormous array of use cases. Every business and individual would stand to benefit from any current process that requires identification: applying for loans; renting real estate; applying for insurance; seeking police checks; starting a new job; hiring a new worker; embarking on higher education; requesting child safe checks; hiring an asset and using the share-economy. The ability to leverage existing verified identity information about a consumer would reduce barriers to participation in the many important business models in which individuals are required to be verified.

Question 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?

Identifying oneself, or validating the identity of someone else, and understanding the relationships with other persons or entities.

Example: a real estate agency

A small real estate agency has received a tenancy application. The potential tenant has emailed through a host of highly sensitive information as part of the application process. The application requires 100 points of identification, which the potential tenant satisfies (with difficulty) by including photos of a birth certificate, passport and Medicare card. The tenant is annoyed at having to find the information and uncomfortable emailing through this information, questioning the security processes of the agency. The agency on the other hand is concerned about the increased security risk invited by holding the sensitive information and the uncertainty of being able to confirm the validity of the information provided.

Businesses and individuals are forced to accept risk when verifying identity by transmitting physical identity documents. Xero anticipates this risk will only increase as the economy becomes more digitised.



Question 4: What consumer or product data is required to bring these use cases to life?

Consumer data: identity verification held by a third party made available to the consumer in its entirety, for use in the manner of their choosing. The Government and financial institutions will be the primary entities holding verified consumer identification.

Question 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?

Xero expects that access to verified identity information would have wide utility and consumer benefit, which will drive adoption. Currently, accessible verified identity information held by financial institutions and governments is inaccessible to customers, who are required in the absence of control to email and upload physical identity documentation as required. Based on the variety of use cases listed above, we believe higher utilisation of the CDR would be an outcome of designating a consumer's verified identity information as a dataset under the CDR.

Question 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?

As above. Combined with open banking, there is potential to vastly optimise processes and security by minimising the transmission of a consumer's sensitive information over non-secure mediums.

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

Xero understands the Government's ambition to make data available when appropriate. However, we foresee existing legislation and private sector risk minimisation as likely to halt any sharing of a consumer's verified identity information organically. Designation under the CDR would kick off a process to ensure both the data holders and Accredited Data Recipients get access to the information in a standardised and secure way that will benefit the consumer.

Question 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.

Question 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?

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

In response to the above three questions, Xero generally cautions against designating sectors in pursuit of economy-wide CDR coverage as soon as possible. Overlooking unintended consequences by favouring speed could wreak untold havoc on businesses, entrenching the anti-competitiveness the regime seeks to address. It is paramount that a well considered, methodical approach



should be adopted, giving time for the maturation of designated sectors to understand the full impact of outcomes and allowing for regime amendments as required. Creation of a robust framework to integrate new sectors - even if it takes longer in the short term - will increase the likelihood of long term regime success.

Conclusion

In conclusion, Xero thanks the Treasury for the opportunity to provide feedback on the strategic direction of the CDR. We think the ability for individuals to control their verified identification information through the CDR would have wide application, with benefits shared by individuals and businesses. It would also allow the Government to designate a data set it has a stake in, while allowing maturation of other purely private sector CDR designations.

Xero looks forward to participating in future conversations, and our Head of GX in Australia, Angus Capel, will be in contact for any other information you may require.



