



Submission to Commonwealth Treasury

Consumer Data Right Rules: consent and operational enhancement amendments consultation

Submission by:

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28 August 2024

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Introduction

Skript welcomes the opportunity to respond to the consent and operational enhancement amendments consultation of the Consumer Data Right (CDR) through this consultation by Treasury.

An introduction to Skript

Skript (we) was founded on the vision that the future will be about taking banking services to customers rather than making them go directly to a bank. We create solutions that connect businesses to the world of the Consumer Data Right (CDR) to enable the services of this future.

It has become evident to us that consumers, both individuals and businesses alike, are seeking CDR as an alternative to existing data sharing mechanisms owing to its clear benefits in terms of data security, transparency and control. Skript is deeply committed to driving systemic adoption of the CDR to bring these benefits to consumers. This consultation is a pivotal development to ensure CDR is a viable solution that is ready for mass adoption.

A summary of this submission

Skript is highly supportive of all the proposals presented in the consultation paper, as they represent significant progress in strengthening the Consumer Data Right (CDR).

We would like to emphasise a crucial point: the importance of allowing Business Consumers access to CDR data without the unnecessary friction is critical to CDR's success. Business Consumers have been using bank data in external environments for many years. The frequency of data usage is also significantly higher for Business Consumers, some as frequent as daily. CDR provides richer data in a more secure manner and has the ability to uplift much needed capabilities in the Australian market.

Therefore, we deem the proposed "Nominated Representative" rule changes to be the most important one to address.

We are confident that implementing the proposed amendments in this consultation paper will improve the consumer experience and trust with the CDR, and ultimately lead to higher adoption of the CDR.

This submission contains our responses to each of the questions in the design paper.

1. Consent Review

1.1. Allowing a data recipient to bundle CDR consents, so that consumers can give multiple consents with a single action

Do you support the proposed rule change?

Skript is extremely supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This change will simplify the consent process and remove the false sense of choice where all consents are required in order to provide the requested good / service to the consumer. However, this will not come at the expense of consumer choice or protection as only reasonably required consents are able to be bundled. By removing false senses of choice, the consumer will be clearer on their options and what is required for the provision of the goods or services they have requested.

In particular, Skript is pleased to see that the proposed change includes disclosure consents, which are critical for any use case enabled by business consumer disclosure consents, insight disclosure consents, or trusted adviser disclosure consents.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Feedback we have received indicates that consumers often feel that they are asked to 'consent twice' if a data recipient is required to ask for individual consents separately. This creates confusion and discomfort with the CDR and can lead to abandonment of the process altogether.

Not proceeding with the proposed change would be a missed opportunity to significantly reduce the friction and confusion consumers currently experience in the consent process.

1.2. Allowing a data recipient to pre-select the elements of an individual consent that would be reasonably necessary for the data recipient to provide the good or service

Do you support the proposed rule change?

Skript is extremely supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This is another change that will materially reduce the friction within the consent process, while also removing the false sense of choice where particular elements of a consent are required in order to provide the requested good / service to the consumer.

We anticipate that this change will typically allow data recipients to reduce the clicks a consumer must complete within the consent process by at least 3, as well as simplifying the information a consumer needs to absorb. However, this will not come at the expense of consumer choice or protection as only reasonably necessary elements are able to be pre-selected. By removing false senses of choice, the consumer will be clearer on the elements they can alter without impacting the provision of the goods or services they have requested.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Similar to the above, not proceeding with the proposed change would be a missed opportunity to significantly reduce the friction and confusion consumers currently experience in the consent process. Consumers will continue to be unclear on why they are asked to 'choose' elements in their consent where only a particular choice is feasible in order to receive their requested goods or services. Ultimately, this may lead to higher abandonment rates in the CDR and limited viability of the CDR for businesses in comparison with other data sources.

1.3. Simplifying the information a data recipient is required to provide to the consumer at the time of consent

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

Skript agrees with the research that suggests there are more appropriate and relevant touchpoints to provide consumers with detailed information on how to withdraw a consent, and the consequences of doing so, than in the process of providing a consent. This will simplify the information that a consumer must absorb during the consent process, while still ensuring they have thorough information on consent withdrawal in more permanent places such as CDR receipts.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

This would also be a missed opportunity to simplify the consent process while optimising consumer outcomes and experiences.

1.4. Allowing a data recipient to consolidate the delivery of 90-day notifications to reduce consumer notification fatigue

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

The proposed rule change would reduce the number of notifications that consumers would receive, which could enhance the overall customer experience.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

This proposed rule change could be complex to implement. As such, consolidation of notifications should be left to the discretion of CDR participants.

What would be the impact of not proceeding with the proposed change?

It would be a missed opportunity to improve the overall consumer experience with CDR.

1.5. Simplifying the obligations in relation to CDR receipts

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This change would benefit CDR participants by increasing the clarity and detail of the required information in CDR receipts.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Not proceeding with this change will allow the requirements around the contents of a CDR receipt to remain ambiguous, and could lead to implementation variations across participants.

1.6. Requiring a data recipient to provide consumers information about all supporting parties who may access the consumer's data at the time a consumer gives a consent

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

Consumers will benefit from increased transparency and consistency on third parties who would be accessing their data.

CDR participants would also benefit from clearer and more consistent rules around how supporting parties should be presented to consumers during the consent flow.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Not proceeding with this change could lead to implementation variations across participants, and would be a missed opportunity to enhance consumer clarity and transparency.

1.7. Requiring data recipients to delete redundant CDR data unless a consumer has given a de-identification consent

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

Consumers will benefit from increased transparency, consistency and control on how their CDR data is handled after it becomes redundant.

CDR participants would also benefit from more simplified rules around how consumers should be presented with this choice.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Not proceeding with this change could lead to implementation variations across participants, and would be a missed opportunity to enhance consumer clarity and control.

1.8. Requiring a data recipient to advise consumers of the marketing activities they will undertake because of a direct marketing consent

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This change will provide consumers with more transparency over how their data will be used in relation to marketing activities.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Not proceeding with this change could lead to implementation variations across participants, and would be a missed opportunity to enhance consumer transparency.

2. Operational Enhancements

2.1 Nominated Representatives

Do you support the proposed rule change?

Skript's view is that this is the most crucial change proposed under this consultation, and is extremely supportive of it, with some additional questions and recommendations.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

Business Consumers today face significant challenges in attempting to access the CDR. Recent analysis we conducted shows that less than 50% of Business Consumers who initiated the consent process did not succeed in establishing an active consent. 42% of all failures occurred before Business Consumers were even able to see their accounts for data sharing. That is, Business Consumers did not make it past the screen in our consent flow confirming that they had completed the process required by their data holder to appoint a nominated representative, or complete any other prerequisites imposed by their data holder (we refer to this generally as the '**pre-consent process**').

We have received direct consumer feedback and complaints about the pre-consent process, specifically that:

- The process varies significantly across data holders;
- The process is rarely documented adequately by data holders;

- The process can change at any point in time without the necessary information to update Business Consumers, ADRs or service providers who may provide summarised documentation for their consumers in lieu of up-to-date and complete documentation from data holders;
- Some data holders require additional steps in addition to the appointment of a nominated representative before an individual can grant a consent on behalf of a business, and these aren't always completed in the same process;
- Many of these processes involve printing and filling in a paper form, and some require this form to be handed in or mailed into a branch, followed by varying processing times;
- Some data holders do not notify consumers when their form has been processed, so consumers do not know when they are able to proceed with the consent process, often resulting in multiple frustrating failed attempts; and
- These processes have proven to fail on numerous occasions, resulting in frustrated consumers, some of which decided to abandon the process altogether.

We cannot emphasise enough that the pre-consent process currently in place is the largest inhibitor to mass adoption of the CDR for Business Consumers.

Here are some considerations we think are worthwhile keeping in mind when it comes to business data sharing:

- **Any individual with access to view an account inherently has data sharing privileges.** Individuals can already share data from accounts they can see in internet banking through file exports and, for the time being, screen scraping. Account holders currently have control over any data sharing under these mechanisms, and wouldn't even be aware of it in the first place. CDR data sharing is the most secure, protective and transparent data sharing mechanism, and it is currently the most difficult for consumers to enable. We see no reason to impose additional friction on consumers wishing to share their data using the CDR.
- **Consumers are not aware of the CDR until they need it.** Without any industry-wide education or awareness campaigns, it's not surprising that most consumers do not know about the CDR. That is, until they need it. This means that when a business consumer is setting up their accounts with a data holder, they may not think or know to appoint an individual as a nominated representative during the onboarding stage, even if that is an option made available to them. It also adds confusion to consumers on why specific permissions and privileges are required for something they have never heard of before.
- **The risk associated with a nominated representative is equal or lesser to that of an individual who can view an account online.** We completely acknowledge that any individuals who have access to conduct high-risk activities on an account requires

appropriate privileges appointed to them by the account holder. This may become relevant when action initiation becomes available through the CDR. However, the current scope of the CDR only allows for data sharing. This is relatively low risk in the context of a business consumer, as reflected by the introduction of business consumer disclosure consents. As mentioned above, it is already inherently available to anyone with access to view the accounts. The friction and barriers to entry experienced by Business Consumers does not seem proportional to the risk these processes are attempting to mitigate.

This also means that data holders should not require additional controls for nominated representatives, such as identity checks, where these are not required for individuals who simply have view access of an account online. Imposing such additional steps for Business Consumers to access CDR data, where they have ready access to the same privileges via Online Banking, represents double standards that are not consistently enforced, and unfairly discourages CDR adoption.

- **This is a key blocker to a prioritised use case; accounting services for small businesses.** There is opportunity for mass adoption of the CDR with this use case. Millions of Australian small businesses are currently relying on manual file exports, screen scraping, or direct bank feeds with their accounting providers to reconcile their bank accounts and complete their accounting activities. Large providers in the industry have signalled the nominated representative appointment process as one of the key blockers to them adopting CDR. In other words, addressing this challenge will have a material impact on consumer uptake and benefit of the CDR.

We propose the following for Treasury's consideration:

- Proceed with the proposed changes, in addition to the below requirements.
- **Expressly prohibit processes requiring paper-based forms to be submitted in person or via mail to a branch.** The clear evidence from our experience with Business Consumer CDR onboarding over the last seven months is that forms that need to be printed and submitted to a branch are anything but 'simple and straightforward to use'. Not only are they highly manual and time consuming (especially in contrast to the digital consent process) and can take weeks to complete, but they are also highly prone to failure. Ensuring awareness of the CDR to every branch across the country is challenging, and numerous incidents have been witnessed where consumers were turned away from branches when attempting to submit the correct form. We have even seen, on several occasions, branch staff telling consumers that the CDR does not exist, or that the consumer should instead enable direct feeds with that data holder. We do not consider this as a shortfall in individual staff members, but rather the process itself which relies on manual processes from the consumer and the data holders' entire retail network.
- **Introduce other parameters for processes involving forms:** We are very supportive of the proposed rule change specifying that the nominated representative appointment

process must be online for account administrators, but we strongly urge Treasury to consider mandating this for all individuals, not just administrators. At the very least, if a form is the only feasible solution for a data holder:

- Consumers should be able to submit this online or via email;
 - These forms should be processed within no more than 5 business days or a similar reasonable timeframe; and
 - The data holder should notify the consumer once the form has been processed so they know they can proceed with the consent process.
- **Data holders should not be permitted to impose other prerequisites in order for Business Consumers to access the CDR:** Beyond the often complex, manual, and time consuming nominated representative appointment process, some data holders require consumers to complete additional steps before their business entity or individual representatives can access the CDR. For example, some data holders require businesses to 'opt-in' to the CDR via a manual form before individuals can be appointed as nominated representatives. Another example is the requirement for nominated representatives to have complete identity checks once a consent is already established, where this is not identified during the pre-consent process, resulting in multiple visits to a branch. We do not see any concessions in the rules permitting these additional prerequisites, and recommend that they be explicitly prohibited to avoid unreasonable and/or unintentional blockers to a consumer's right to their data. If they are completely unavoidable, these additional steps should be incorporated into the pre-consent process so that a consumer is not required to complete multiple disparate processes.
 - **Require that data holders publish and maintain simple, clear, accurate and up-to-date documentation on their pre-consent process:** Many data holders do not publish documentation on their process to appoint a nominated representative, or other processes their Business Consumers are required to complete before they can access the CDR. This can prevent Business Consumers from moving to the CDR from less secure data sources as they are unaware of the process they need to complete. To compensate for this, ADRs and service providers may collate information on data holder pre-consent processes and make this available to their consumers before or during the consent process. However, this does not account for changes to the pre-consent process that data holders can make at any time.
 - **Avoid inconsistency and confusion that will come with using generic terminology like 'administrator':** Data holders have varying customer profile types, privileges, and access levels, and we foresee that a generic term like 'administrator' will be interpreted differently across the industry. This could result in varying implementations and inconsistent accessibility and experiences for consumers. As mentioned before, any individual who is able to view an account online already has data sharing privileges. As such, we recommend replacing the word 'administrator' with 'individuals who already have access to view an account online'. Alternatively, Treasury should specify some

particular actions, privileges, or rights that can be used to determine whether a certain individual should be deemed as an 'administrator'.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We understand that this rule change will require implementation effort from many data holders. However, it must be considered that this change is not addressing a niche or minor consumer segment, rather it will unlock one of the largest use cases for the CDR in Australia. This is reflected in the Minister's prioritisation of accounting for small businesses as a key use case.

It should be noted that the current processes are not only blockers for Business Consumers accessing CDR data, but are costly for the data holders, as they often involve many data holder staff members to administer such processes.

Ideally, the pre-consent process should be entirely online, while also being prominently displayed and readily accessible, and simple and straightforward to use. This is particularly appropriate for larger data holders who complete many similar processes online.

If this is not feasible for some data holders, the implementation efforts to achieve what we have proposed in this submission cannot be deemed as unreasonable or highly complex or costly.

We have strong evidence to show that, until improvements are made to the nominated representative appointment process, Business Consumer adoption and value from the CDR will suffer. If these improvements are only made 12 months after the passing of these rule changes, the delay may lead to fewer competitive offerings for Business Consumers in the market as these are not currently viable. We suggest that the implementation is phased, so that:

- Within 3 months, data holders must publish simple, clear, accurate and up-to-date documentation and procedures on their pre-consent (including nominated representative) processes;
- Within 6 months, the parameters we have suggested for form-based processes are implemented, including the ability to submit a form via email or online, reasonable timeframes for forms to be processed, and notifications to consumers when a form has been processed; and
- Within 12 months, all other changes must be implemented.

What would be the impact of not proceeding with the proposed change?

Quite simply, the CDR will not be a viable solution for any use case addressing Business Consumers until the pre-consent process is substantially improved. This means consumer uptake will remain negligible, despite efforts from service providers and consumers

themselves, and opportunities for ADRs and businesses to provide CDR-enabled services will decline. It is critical that this rule change is passed if business use of the CDR is to succeed.

2.2. Expanding the circumstances in which accredited ADIs can hold CDR data as a data holder

Do you support the proposed rule change?

Skript is supportive of this proposed rule change. However it should be expanded to include any CDR data holder.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This rule change would partially eliminate the restrictions imposed by the “Derived Data” limitations and enable consumers to obtain financial services faster from ADIs.

However, it should be noted that this rule change could inadvertently create a competitive disadvantage for Non-Bank Financial Services Providers.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not foresee significant implementation challenges associated with this change.

What would be the impact of not proceeding with the proposed change?

Implementing this rule change to only include ADIs will create a competitive disadvantage to Non-Bank Financial Services Providers. This will go against CDR’s core principle of creating open competition to deliver consumer choice.

2.3. CDR representative arrangements

Do you support the proposed rule change?

Skript is supportive of this proposed rule change.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

This change would provide further clarity on responsibilities of CDR principals with respect to CDR representative arrangements.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We do not consider implementation challenges with a deferral of the obligations by 6 months, however note that this may vary across participants currently acting as CDR principals.

What would be the impact of not proceeding with the proposed change?

The impact of not proceeding with the proposed change would be a missed opportunity to further clarify and strengthen the responsibilities of CDR principals.

2.4. Simplifying data holder requirements – secondary users

Do you support the proposed rule change?

Skript is supportive of this proposed rule change, with some additional recommendations.

What benefits (if any) would the rule change have for your organisation, other organisations, and/or consumers?

- **Remove obligation for data holders to provide account holders with an online service that allows them to 'block' CDR data being disclosed to an ADR in response to data sharing requests made by secondary users**

This will benefit consumers by reducing complexity and confusion in how CDR data sharing requests operate, and how they can be withdrawn, without leading to unintended consequences of future services being unavailable to a consumer.

It will also benefit data holders by removing unnecessary and complex capabilities that do not offer sufficient value to consumers.

- **Online service to give secondary user instructions**

It would be beneficial to consumers if the process to give secondary user instructions were always online. This would allow for convenience, consistency and accessibility for consumers attempting to leverage the CDR.

At the point of writing this submission, when analysing major data holders in the banking sector, most of these processes are already online. However, some data holders' public documentation states that they require a form to be filled in, with no link

to the relevant form. Other major data holders don't mention secondary users at all in their public documentation.

Requiring this service to be made available online will ensure consistency, accessibility and will avoid the numerous issues non-online processes have already demonstrated in the nominated representative appointment process.

What implementation challenges (if any) would your organisation, other organisations and/or consumers face as a result of the rule change?

We cannot comment on the implementation challenges data holders may incur due to this proposed rule change.

However, in particular reference to the online service for consumers to provide secondary instructions, we do want to note that many data holders are already providing this. As discussed in our earlier feedback on the nominated representative appointment process, our experience suggests that processes involving forms, particularly where the forms can only be submitted in person at a branch, are not reliable and cause significant consumer friction. We urge Treasury to consider our earlier feedback on the nominated representative appointment process for secondary user instructions as well. At the very least, it should be mandatory for data holders to provide accurate, informative and up-to-date documentation on their processes.

What would be the impact of not proceeding with the proposed change?

Not proceeding with this change would force data holders to support complex services that do not offer sufficient value to consumers, thereby incurring unnecessary costs for data holders.

Not proceeding with standardising the secondary user instruction service requirements, such that they are online, or at the very least are documented accurately and do not require a consumer to submit forms to a branch, would allow consumers to continue to face friction and barriers to entry with the CDR.
