



(ADR: ADRBNK2009)

## **Consultation Response – CDR rules: consent and operational enhancement amendments**

September 2024

## Table of Contents

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<b>WeMoney Overview.....</b>	<b>3</b>
<b>Summary of our Recommendations.....</b>	<b>3</b>
<b>WeMoney Background and CDR Insights.....</b>	<b>5</b>
<b>Response to Key Questions for Consultation.....</b>	<b>6</b>
<b>Questions for feedback.....</b>	<b>6</b>
<b>Broader Connection Flow Review.....</b>	<b>10</b>
<b>Derived Data Issue.....</b>	<b>11</b>
<b>Sources.....</b>	<b>12</b>

## WeMoney Overview

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WeMoney is a direct-to-consumer personal finance platform aimed to help individuals manage and significantly improve their finances. WeMoney provides a full 360 degree view of their finances, credit health, and access to a range of offers from different providers across lending, savings accounts, superannuation, and other financial categories.

WeMoney is believed to be one of the largest aggregators of CDR (Consumer Data Right) as a singular brand in the “direct-to-consumer” segment.

The CDR has the promise and benefit to help everyday Australians reduce the complexity of personal financial management and lead them to better financial choices and outcomes. However, CDR is still in its infancy, and more work is needed to refine its implementation and establish a vibrant ecosystem to reach the intended goals of CDR. Our submission below is informed by real-life use cases of Australians using CDR in the WeMoney product.

## Summary of our Recommendations

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Thank you to The Treasury, ACCC and the Data Standards Body for the opportunity to put forward our considered views regarding the review of the Competition and Consumer (Consumer Data Right) Rules 2020 (the CDR Rules) and Data Standards, and how to improve the rules and standards to deliver a better outcome for consumers, the economy and the financial services industry.

WeMoney is a direct-to-consumer financial wellness platform aimed to assist Australians to achieve their financial goals by leveraging their own data for their benefit. WeMoney leverages the CDR safely and securely to allow our members to connect their accounts, find opportunities to improve their financial health, track and monitor their credit scores, and better manage their finances day-to-day.

As an Unrestricted Authorised Data Recipient (ADR) in Australia's open banking ecosystem, WeMoney plays a critical role in leveraging the Consumer Data Right to deliver enhanced financial services to our customers. Our service offerings have seen robust demand, a testament to the value consumers derive from open access to their banking data.

Looking at the CDR rules through the lens of the consumer and owners of small to medium-sized businesses, WeMoney strongly believes the CDR Framework can enhance consumer protections by providing more transparency regarding costs, safeguarding against excessive charges experienced by consumers in an environment that maintains data security, as well as the integrity of the financial system. WeMoney is firmly committed to transitioning to solely relying on CDR connections for data aggregation and believe that a thriving, dependable ecosystem must be in place before the entire industry can

shift away from conventional screen-scraping technology.

We are strongly encouraged and supportive of the recent speech delivered by the Government by The Hon. Stephen Jones MP, which announced a 'reset' of the CDR regime, lowering the barriers to adoption for consumers and increasing uptake of the CDR in sectors where CDR is already active, while reducing the cost of compliance for industry participants. We believe that simplification of the consent process (focus of this report), action initiation and ban of screen scraping will strengthen the current CDR regime.

Regarding the proposed simplification of the consent process - WeMoney is strongly supportive of the below amendments. We believe that these changes would streamline the lengthy process, increase CDR adoption and make it easier for consumers to access the full value offered by CDR participants.

- Bundling CDR consents;
- Pre-selection of consent elements;
- Simplifying information given during the consent process;
- Allowing a data recipient to consolidate the delivery of 90-day notifications to reduce consumer notification fatigue;
- Simplifying the obligations in relation to CDR receipts, such that content is simplified and to improve consistency;
- 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; and
- Requiring a data recipient to advise consumers of the marketing activities they will undertake because of a direct marketing consent.

The only exception is the following consideration:

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

We propose that deidentification consent be made a default as considerable benefit is derived from de-identified data for the purposes of product improvement.

Further to the consent process, our view is that the full potential of CDR remains is not realised through the current connection process, which is inefficient and inconsistent. We advocate for further review of the connection process to solve these core issues impacting the consumer experience:

1. **Non-standard data holder screens:** The absence of a standardised user interface across data holders contributes to customer confusion and often deters them from completing the CDR connection process.
2. **Excessively cautionary language by data holders:** The language employed by some data holders around data sharing is unnecessarily cautionary, creating a climate of distrust and hesitation among consumers.
3. **Technical errors:** Our customer support logs reveal frequent issues relating to technical glitches during the data-sharing process.
4. **Unreliable OTP delivery:** One-time password (OTP) failure rates have been significant, causing delays and disengagement.



We welcome further consultation and connection with all stakeholders including Treasury, the Data Standards Body, the Australian Competition and Consumer Commission and representatives from the Australian Government at any time in the event they are useful.

## WeMoney Background and CDR Insights

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WeMoney is one of Australia’s leading personal finance platforms aimed to assist individuals in managing and improving the management of their personal finances. WeMoney offers our members a comprehensive 360-degree view of their financial situation and credit health, improving an individual’s financial literacy. Our platform provides access to a variety of offers from financial institutions; spanning lending, savings accounts, superannuation, and other financial products to give consumers more choice, which leads to better financial outcomes and savings for our members.

WeMoney launched publicly in late 2020 and our mission is to improve access and knowledge of financial education and services for all Australians.

WeMoney was accredited in February 2022 and became an unrestricted ADR (Authorised Data Recipient), officially launching with CDR in July 2022. We understand WeMoney to be one of the largest CDR data aggregators in Australia as a singular brand in the direct-to-consumer segment.

WeMoney is firmly committed to transitioning to solely relying on CDR-based connections for data aggregation. To date, approximately ~27% of total accounts aggregated are CDR based accounts.

**Table 1 — WeMoney key CDR statistics (August 2024)**

<b>Accredited under the CDR</b>	<b>February 2022</b>
<b>Time in Market</b>	<b>3.75 years</b>
<b>Total Accounts Aggregated</b>	<b>1.14m+</b>
<b>Active CDR Orgs (Data Holders)</b>	<b>68</b>

## Response to Key Questions for Consultation

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### Questions for feedback

Note that our responses below relate to the proposed consent review rule changes.

#### **1. Do you support the proposed rule change? Why/why not?**

We strongly support the proposed consent review rule change, which overall serves to improve the CDR experience for consumers and maintain key consumer protections. The proposed rule change would simplify the consent flow process for users, significantly reducing the cognitive load on them, while ensuring a high degree of informed consent in the process.

We take note that other jurisdictions with a more advanced Open Banking implementation (The PSD2 regime in the UK), experienced the same growing pains of adoption as Australia is currently facing, largely related to live user feedback of a lengthy consent process. We believe that these changes are critical in strengthening the CDR regime and increasing adoption.

#### **Bundling CDR consents:**

We strongly support the bundling of CDR consents (e.g. collection consent, use consent, disclosure consent) that are essential for the provision of the consumer-requested service. The proposed change aligns with WeMoney's overarching aim to streamline and simplify the CDR connection process.

Significant user testing and interviews with WeMoney members about their experience with the CDR connection process finds that the consent flow is too lengthy and causes drop-outs due to the following reasons:

1. User confusion with the multiple steps in the conversion funnel
2. Non-standard Data Holder consent screens cause confusion when users connect multiple institutions

Bundling of CDR consents would materially assist in resolving the first point (user confusion with the multiple steps in the conversion funnel) by enabling ADRs such as WeMoney to provide a streamlined process for onboarding users. This enhances the overall customer experience by reducing the number of steps needed to be taken by the user before they can onboard with WeMoney.

#### **Pre-selection of consent elements:**

We strongly support the change to allow ADRs to pre-select options for the datasets, the specific uses for the data that has been collected, duration of the consent and the persons to whom CDR data may be disclosed provided they are 'reasonably needed' for the service to function.

As discussed above, feedback from WeMoney members suggests that the consent process is overly complex and unwieldy. Pre-selection solves this by reducing the cognitive load for consumers and ensures that the consent granted is sufficient to deliver

the full value of the service. Providing a clear explanation of why the pre-selected options are reasonably needed to provide the service would ensure transparency and maintain informed consent. After being presented with the pre-selection, consumers can make changes should they wish to, giving consumers control over their data. Our view is that this approach strikes a balance between operational efficiency and consumer awareness.

**Simplifying information given during the consent process:**

We endorse the proposed amendments that ADRs will no longer have to provide information on how a consent can be withdrawn, what the consequences of withdrawing a consent are and the ADR's proposed treatment of redundant data at the time they are asking for consent from a customer. Customers would still be informed through the CDR receipt and CDR policy, maintaining the integrity of the informed consent process.

These amendments would ensure that consumers are given the right information at the appropriate time. Ultimately, this reduces 'information overload' for consumers and lowers barriers to CDR adoption.

**Other operational changes relating to consents:**

WeMoney is supportive of other operational changes relating to consents, including those listed below. We believe that these changes improve the consumer experience and strengthen the privacy and security of a consumer's CDR data.

- Allowing a data recipient to consolidate the delivery of 90-day notifications to reduce consumer notification fatigue
- Simplifying the obligations in relation to CDR receipts, such that content is simplified and to improve consistency
- 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
- Requiring data recipients to delete redundant CDR data unless a consumer has given de-identification consent
- Requiring a data recipient to advise consumers of the marketing activities they will undertake because of a direct marketing consent

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

The proposed rule change for consents would reduce the number of consumers who experience confusion in the consent flow due to the amount and complexity of information presented to them at the time. It would also reduce the time and cognitive load required from the consumer in the process. Overall, this streamlined process reduces the chance of consumers dropping out of the consent flow process, helping more consumers onboard to services that they have requested. This translates to increased consumer adoption and trust in the CDR.

From a consumer perspective, enabling consent and connection to applications leveraging the CDR would enable more consumers to onboard and access personalised insights and potential savings.

Personal Financial Management (PFM) applications leveraging CDR including WeMoney can assist consumers with a deeper understanding of their financial health, alongside identifying opportunities to save money on existing financial products they hold. A recent survey of WeMoney members conducted in August 2024 shows that the home screen account summary feature, which leverages the CDR, is the most valuable for our members in improving their financial health, as nominated by ~57% of respondents. The same survey also finds that members save on average \$333 a month or \$3,988 a year on average by using the WeMoney app to improve financial management.

We are also encouraged by other CDR participants in the ecosystem, who have reported a substantial uptake of the CDR and provided real, tangible benefits to their customers. For example, a Fintech player in the ecosystem has leveraged CDR-driven financial management tools to deliver exceptional results for their customers, including a 39.6% increase in average savings balances and a substantial 11.5% reduction in credit-card debt. These achievements not only enhance consumer financial health, but also contribute to a more competitive and resilient financial services ecosystem.

From a WeMoney and broader CDR industry perspective, the proposed rule changes would assist the improvement in conversion rate from potential users to those onboarded to applications leveraging the CDR. This would increase the propensity for commercial viability delivering for all current and future ADR participants.

### **3. What implementation challenges (if any) would your organisation, other organisations and/or consumers face due to the rule change?**

We do not expect any implementation challenges due to the rule change. From a consumer standpoint, the amendments would help simplify the current lengthy, multi-step consent process.

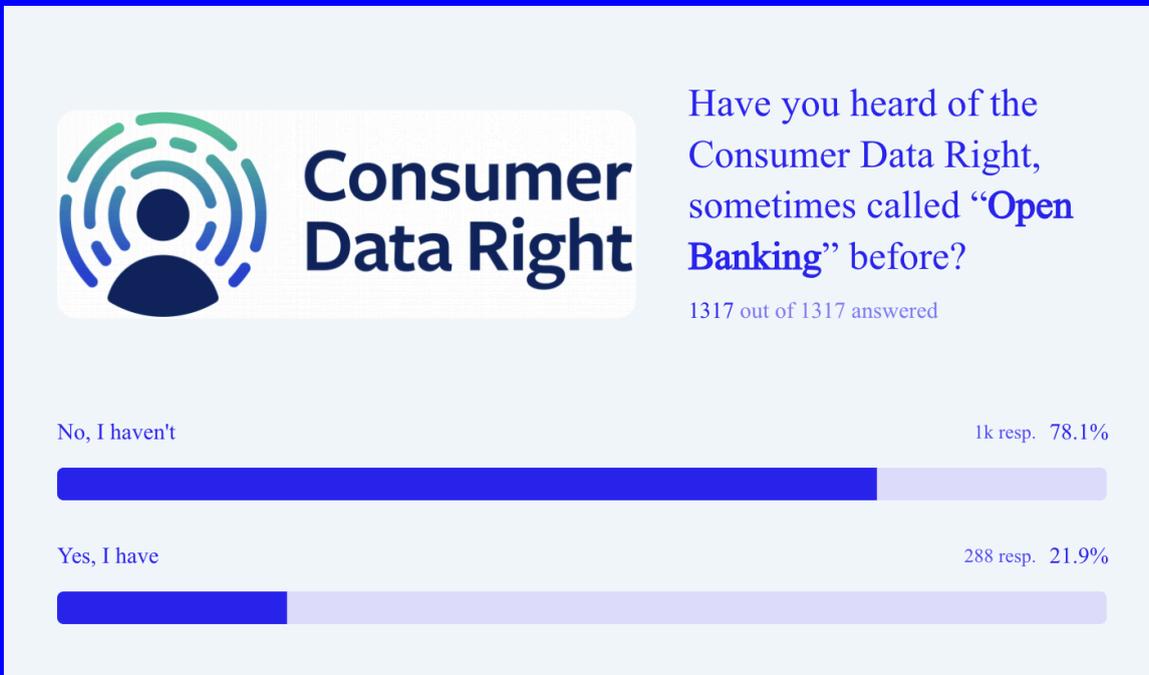
### **4. What would be the impact of not proceeding with the proposed change?**

Not proceeding with the proposed changes would cause consumers continuing to be frustrated by a long and complex consent flow that they cannot easily understand. From a user's first-person perspective on experiencing an issue with connecting CDR-based data in the current state: they are left with a loss in confidence about going through the process of sharing data, which ultimately is the core ethos of the CDR regime.

Further, a survey of WeMoney members shows that while consumers have a desire to switch financial product providers, the awareness of consumers of the CDR is limited. The survey was conducted with WeMoney members of which most participants surveyed had at least 1 account connected to WeMoney via the CDR. The key takeaway is consumer awareness of the "concept" of the CDR is low, alongside the potential benefits.

Given the lack of awareness of the CDR, it imposes a significant impact on the brand and reputational loss to WeMoney (as well as other CDR participants), given most users ascribe an unsuccessful bank connection request to the platform from which they attempted to make the connection, and not the Data Holder. As mentioned above, there is a direct financial impact to WeMoney and other participants in the CDR industry - as a result of decreased conversion rates, as well as significant resourcing for support costs to address issues relating to consent management and data quality issues. This decreases the economic viability for smaller CDR participants, making it difficult to achieve the goal of fostering increased competition that benefits all Australians.

**Figure 1 — Consumer Awareness of the CDR**



WeMoney Financial Wellness Survey, conducted in June 2024 (n=1,317)

**5. Are there any other matters that should be considered when assessing the proposed rule change?**

No further considerations from WeMoney.

**Operational enhancements**

**6. Is the requirement for the ADI to provide information about the manner in which they propose to treat the data adequate to ensure the consumer has the information they need to make a decision to allow data to be held as a data holder rather than an ADR?**

WeMoney is supportive for ADI's to hold CDR data as Data Holder.

**7. Should the ADI be required to advise the consumer that the data will be subject to the Australian Privacy Principles?**

WeMoney is supportive of this proposal.

**8. Are the new circumstances sufficiently broad to support key use cases for accredited ADIs receiving CDR data?**

WeMoney does not have a specific view on this issue.

**9. Should these broadened circumstances be replicated for energy retailers (see existing clause 9.2, Schedule 4) and for non-bank lenders?**

WeMoney does not have a specific view on this issue.

**CDR representative arrangements**

**10. Do CDR representative principals consider a deferral of these obligations by 6 months is sufficient to make adjustments to their current practices, where necessary?**

WeMoney does not have a specific view on this issue as we do not use the CDR representative model, however we make note other market participants who leverage the representative arrangements have views and we support a fair and balanced approach to this issue in light of the current maturity of the CDR regime.

## Broader Connection Flow Review

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Whilst this report is not focused on the connection flow that occurs at the Data Holder end, it is important to note that successful connection relies on both streamlined consent flow and connection flow processes. We believe that there is significant room to improve the connection flow based on feedback from select WeMoney members who have had a poor experience.

**Examples below from select members (verbatim quotes) who responded to an in-app survey detailing specific issues in the consent flow process**

- *"I entered my login details and an error occurred"* - User connecting to HSBC, Jan 2024
- *"I don't [sic] know my customer number and the process was too hard"* - User connecting to Westpac, Feb 2024
- *"Error landing page on confirming CAN and mobile number"* - User connecting to Bank of Melbourne, Feb 2024
- *"Bank page said no longer available [sic]"* - User connecting to St George, Feb 2024
- *"Request timed out while i was reading the details of what im sharing"* - User connecting to Up Bank, Feb 2024

- *"I'm nervous [sic] about being hacked"* - User connecting to Commonwealth Bank, Feb 2024

We have found that the majority of challenges are at the initial connection point and that the full potential of CDR remains hindered by an inefficient and inconsistent connection process. Aside from the lengthy multi-step consent process, which this report focuses on, we see four primary issues that impact the end user experience. Prioritising these areas would significantly enhance the CDR framework, facilitating a more effective, transparent and consumer-friendly ecosystem.

5. **Non-standard data holder screens:** The absence of a standardised user interface across data holders contributes to customer confusion and often deters them from completing the CDR connection process.
6. **Excessively cautionary language by data holders:** The language employed by some data holders around data sharing is unnecessarily cautionary, creating a climate of distrust and hesitation among consumers.
7. **Technical errors:** Our customer support logs reveal frequent issues relating to technical glitches during the data-sharing process.
8. **Unreliable OTP delivery:** One-time password (OTP) failure rates have been significant, causing delays and disengagement.

WeMoney strongly encourages The Treasury, and Data Standards Body to consider prioritisation of further operational enhancements that will bring further streamlined benefits to the CDR not covered in this consultation as these will bring further consumer, ADR, and Data Holder benefits strengthening the CDR.

WeMoney welcomes and looks forward to further positive and constructive consultation with the The Treasury and Data Standards body on the positive future progression of the CDR helping Australians achieve the benefits of the regime.

## Derived Data Issue

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The current treatment of derived data within the Consumer Data Right (CDR) regime presents a significant challenge to its overarching purpose of empowering consumers and fostering innovation, whilst simultaneously enhancing consumer protections. The broad definition of derived data, encompassing any data wholly or partly created from or based on CDR data, creates uncertainty and complexity for CDR participants. This ambiguity hinders innovation and the development of new products and services, as businesses grapple with the risk of their value-added data being subject to the same stringent sharing and consent requirements as the original CDR data.

This initially well intended initial approach to data safeguards to derived data, the continued progress of the CDR has revealed this has prevented data holders from utilising CDR data, impeding the growth of the CDR ecosystem. It also stifles competition, as businesses hesitate to invest in CDR-based products and services due to the potential for their intellectual property to be shared with competitors. Ultimately, consumers lose out

on the benefits of a more dynamic and competitive market, with fewer innovative offerings and limited choices.

To unlock the true potential of the CDR and promote a thriving data-driven economy, we propose two key reforms to the treatment of derived data:

1. **Remove derived data from the definition of CDR data:** This decisive change would provide much-needed clarity and certainty for CDR participants, alleviating concerns about compliance costs and data sharing obligations. By clearly distinguishing between raw CDR data and value-added derived data, businesses would be given an even playing field whereby comparative data is governed by existing laws covered in the Privacy Act.
2. **Introduce exemptions for certain use cases or classes of derived data:** This targeted approach would offer a more nuanced solution, allowing for flexibility and tailoring within the CDR framework. By exempting specific low-risk or priority use cases, such as budgeting tools, lending applications, or energy comparison and switching services, the CDR can strike a balance between consumer protection and fostering innovation.

These proposed reforms would encourage greater participation in the CDR ecosystem, stimulating competition and innovation. With the removal of the current disincentives associated with derived data, businesses would be more likely to invest in CDR-based products and services, leading to a wider array of choices and improved outcomes for consumers. By embracing a more flexible and forward-thinking approach to derived data, the CDR can truly fulfil its promise of empowering consumers and driving economic growth in the digital age.

WeMoney recognises that many industry participants within the CDR also express similar views, and in light of governments position of focusing on consumer benefits this reasonable change would be a welcomed benefit by many CDR ecosystem participants.

## Sources

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