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Director
CDR Framework Unit
Treasury
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Submitted by email to:
CDRRules@treasury.gov.au

Re: PropertySensor's response to Consumer Data Right Rules – non-bank lending and banking data scope

PropertySensor appreciates the opportunity to contribute our views on the proposed amendments to the Consumer Data Right (CDR) Rules 2020, which aim to:

1. Extend the Consumer Data Right framework to include the Non-Bank Lending (NBL) sector and
2. Refine and narrow the scope of CDR data applicable to the banking sector.

The NBL sector plays a critical role in Australia's financial ecosystem, having experienced significant growth driven by robust competition. These draft rules represent a significant step towards establishing Open Finance within the CDR framework, facilitating enhanced product and service comparisons across the financial sector.

The proposed amendments effectively align with the banking sector's CDR implementation while achieving a balanced approach tailored to the unique needs of the NBL sector. Given that CDR is a comprehensive, economy-wide reform, it is essential to minimise the use of sector-specific rules. This approach ensures consistency and flexibility for all participants and consumers, fostering the intended outcomes of the initiative.

About PropertySensor

PropertySensor offers data-backed insights that empower property professionals to quantify risks, maximise returns and identify opportunities. For property developers,



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PropertySensor provides access to historical data on council permits, approvals and lodgement application times. It enables the identification of underdeveloped areas by comparing suburbs and helps locate properties with swimming pools and established trees prior to site inspections.

For real estate agents, PropertySensor aids in marketing future development opportunities for listed properties to potential buyers. It also helps understand the demand for different property types, enhancing sales campaigns.

For property investors and developers, the team also offers help sourcing finance for a range of property development projects including the construction of new residential or commercial properties and the purchase of land for development. Sourcing finance can either be debt funding from banks and non-bank lenders or equity raising from wholesale investors.

Executive Summary

PropertySensor strongly supports the Government's Open Finance initiative and its efforts to extend the CDR to the broader lending sector. This initiative aims to enhance data accessibility, drive innovation in financial technology and assist SME lending customers in better managing their finances.

While PropertySensor recognises the potential advantages of extending CDR to non-bank lenders, it remains concerned about the substantial compliance costs associated with meeting the regulatory requirements within the proposed timelines and thresholds. PropertySensor is particularly worried that these significant compliance costs could adversely affect Small and Medium Enterprises lending customers by hindering product innovation, reducing investment and limiting competition in the market.

In light of these concerns, PropertySensor recommends further industry collaboration to ensure compliance costs are thoroughly understood and effectively addressed for non-bank lenders, especially for smaller, rapidly growing and newer market entrants.

The Case for Expanding the CDR to Non-Bank Lending

The non-bank lending sector plays a vital role in the Australian economy, offering a diverse range of credit products to consumers and businesses. However, this sector operates with less regulatory oversight than traditional banks and consumers often face challenges in accessing and comparing loan products from different providers. Expanding the CDR to non-bank lenders will address these challenges by:

- **Increasing Transparency and Comparability:** CDR will mandate standardised data sharing, enabling consumers to easily compare interest rates, fees and other key features of loan products across various non-bank lenders. This

transparency will empower borrowers to make informed decisions and choose the most suitable product for their needs.

- **Promoting Competition:** By facilitating easier comparison, the CDR will encourage greater competition among non-bank lenders. This will likely lead to lower interest rates, improved product offerings and better customer service as lenders strive to attract and retain borrowers.
- **Streamlining the Application Process:** With consumer consent, brokers and lenders can access a borrower's financial data through the CDR, eliminating the need for repetitive paperwork and manual data entry. This streamlined process will save time and effort for both consumers and brokers, facilitating faster loan approvals.
- **Enhancing Financial Inclusion:** The CDR can help improve access to credit for underserved segments of the population, such as those with limited credit history or those who rely on alternative credit sources. By providing a more comprehensive view of a borrower's financial situation, lenders can make more informed credit assessments, potentially expanding access to affordable credit.

The Need to Narrow the Scope of CDR Data for Banks

While expanding the CDR to non-bank lending is crucial, it's equally important to refine its application within the banking sector. Currently, the broad scope of CDR data required from banks can lead to significant compliance costs and potential privacy concerns. Narrowing the scope of CDR data for banks will:

- **Reduce Compliance Burden:** Limiting the data sets required under the CDR will alleviate the compliance burden on banks, particularly smaller institutions. This will free up resources for innovation and investment in customer service ultimately benefiting consumers.
- **Address Privacy Concerns:** By focusing on essential data for credit assessments and product comparisons, the CDR can minimise the risk of unnecessary data exposure, safeguarding consumer privacy.
- **Improve Efficiency:** Streamlining data sharing requirements will improve the efficiency of the CDR system enabling faster data retrieval and analysis. This will benefit both consumers and brokers by accelerating the loan application and approval process.

Our recommendations

- The CDR Rules and data standards should be finalised and released simultaneously. This approach ensures that when the data standards are developed, systems for sharing data in line with the CDR Rules can be built with



greater precision¹. For example, real-time data is not a feasible standard for non-bank lenders, as they do not hold transaction accounts like Authorised deposit-taking institutions (ADIs).

Non-bank lenders are solely providers of credit and typically receive transaction data only once per day. While this is not expected to disadvantage consumer data requests and should align with the CDR regime and customer portals, it cannot match the frequency of data updates seen in transactional banking within the ADI sector.

- There should also be alignment between data standards and other regulatory requirements for product-related disclosures. Some products not offered by ADIs are subject to similar regulatory requirements for specific product disclosures. It would be counterproductive for both data providers and consumers if vastly different product disclosure requirements arose between the CDR framework and other applicable laws or regulations.
- A reasonable transition period for non-banks to adapt to the CDR requirements might be necessary and outlined from the start, considering the diversity of systems and products in the sector. As non-bank lenders generally do not have as much resources as ADIs, the timeframes noted for non-bank lenders may need to be reconsidered.²
- PropertySensor recommends that the final CDR Rules for non-bank lenders remain provisional until the data standards are fully finalised and once the CDR rules are finalised, a reasonable transition period be set in place to allow non-bank lenders to get used to it.

Closing Remarks

Expanding the CDR to non-bank lending and narrowing its scope for banks is a crucial step towards creating a more competitive, transparent and consumer-centric financial landscape in Australia. This strategic approach will empower consumers with greater control over their data, facilitate informed decision-making and promote greater innovation and efficiency within the financial services industry.

PropertySensor believes these changes will not only benefit consumers but also enhance the role of data providers in supplying valuable advice and facilitating access to credit for all Australians. By embracing the CDR and its potential, significant benefits can be unlocked for the economy and ensure a more inclusive and dynamic financial future for all.

¹ Australian Securitisation Forum (2023), [Consultation on Non-bank Lending Draft Rules](#)

² Mortgage & Finance Association of Australia (2024), [Consumer Data Rules](#).





PropertySensor sincerely thank the CDR Framework Unit for meeting with us to discuss these important matters and appreciate the opportunity to provide input on this subject. Should you require any further assistance or wish to discuss any aspects in more detail, please feel free to contact me directly.

Yours sincerely,

Andy Wong

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