

23 May 2022

Secretariat
Statutory Review of the Consumer Data Right
The Treasury
Langton Crescent
Parkes ACT 2600

Via email: CDRstatutoryreview@treasury.gov.au

Re: Statutory Review of the Consumer Data Right

To Whom it May Concern:

Digital Service Providers Australia New Zealand (DSPANZ) welcomes the opportunity to make this submission on behalf of our members and the business software industry.

We have been closely following the rollout of the Consumer Data Right (CDR) over the past few years to ensure that rules and requirements surrounding the CDR are suitable for Digital Service Providers (DSPs) along with other participants in the system.

In summary, our submission addresses the following:

- Revising the definition of CDR derived data to create a clear boundary between when data is or is not acting as CDR-related data;
- Reasonably participating in the CDR continues to be a complex and costly process which may make it inaccessible to smaller players interested in accreditation;
- Moving forward, the ACCC and Treasury should proactively consult with payroll, accounting and superannuation software providers to limit the unintended consequences and ensure that the outcomes are workable for the different parties in the CDR ecosystem; and
- The Treasury and ACCC should be more transparent about what is and what is not working in the rollout of the CDR.

DSPANZ would appreciate the opportunity to engage further on this submission. For further information, please contact Maggie Leese.

About DSPANZ

Digital Service Providers Australia New Zealand is the gateway for the government into the dynamic, world class business software sector in Australia and New Zealand. Our members range from large, well-established companies through to new and nimble innovators who are working at the cutting edge of business software and app development on both sides of the Tasman.

Formerly **ABSIA**



Yours faithfully,

Simon Foster,
President & Director,
DSPANZ

Maggie Leese,
Manager - Communications & Advocacy,
DSPANZ

1. Are the objects of Part IVD of the Act fit-for-purpose and optimally aligned to facilitate economy-wide expansion of the CDR?

The intent of Part IVD of the Act was to empower consumers with access to their data and create more choice and competition in designated CDR sectors. From our experience, Open Banking moved away from this focus and started reaching beyond the core purpose which has led to unintended consequences for Digital Service Providers (DSPs)¹. More information about the impacts to DSPs is detailed in our answer to question 2.

Before further expanding the CDR, we recommend revising the definition of derived CDR data to create a clear boundary between when data is or is not acting as CDR-related data. This will help to limit disruption within existing ecosystems while still allowing for innovation within designated CDR sectors.

Some of our members have raised concerns about it being difficult for trusted advisors, for example the bookkeeping community who work closely with our accounting software members, to participate and access CDR data. We recommend working directly with accounting, bookkeeping and relevant professional bodies to examine ways to make it easier for these trusted advisors to access CDR data.

Further, one of the principles set out in the final report of the *Review into Open Banking* was that the CDR should “be efficient and fair ... without being more complex or costly than needed.” What we have learned so far from the Open Banking experience is that it is a costly and complex process to become accredited and participate in the CDR. We believe that this is stifling innovation within the CDR space and making it inaccessible to smaller players who may not have either the resources or budget to allocate to becoming accredited. While we understand that some organisations are offering more affordable services and readiness tools, overall the costs make it difficult for some to reasonably participate.

2. Do the existing assessment, designation, rule-making and standards-setting statutory requirements support future implementation of the CDR, including to government-held datasets?

The definition of CDR derived data created unintended consequences for our members during the Open Banking rollout. It meant that the Schedule 2 requirements would apply to accounting software, in addition to their ecosystems, and add significant regulatory burden given these software providers already meet high level security requirements under the DSP Operational Security Framework (OSF)². The real issue here is that there was limited consultation with the third parties who were going to be impacted by these rules (e.g. accounting software, accountants and bookkeepers) before they were released. If the ACCC and Treasury consulted with the likes of ourselves and similar organisations ahead of time, some of the issues around how Schedule 2 applied could have been avoided.

¹ Digital Service Providers, also known as DSPs, create and sell software, apps and platforms that securely capture and share information and are commonly used in the day to day management of a business.

² https://softwaredevelopers.ato.gov.au/operational_framework

Moving forward, we encourage the Treasury and ACCC to proactively consult with payroll, accounting and superannuation software providers on the rules, standards and requirements for CDR designated sectors to limit the unintended consequences and ensure that the outcomes are workable for the different parties involved in the CDR ecosystem. For the rollout of Open Finance datasets, we recommend working with DSPANZ and similar industry bodies such as professional accounting bodies and superannuation associations.

DSPANZ has heard specific feedback from our members on the quality of Open Banking data. Some members have reverted back to screen scraping methods (where they do not have access to direct bank feeds) due to the quality of the data. We believe this has resulted from a lack of focus on the quality and accuracy of data in the Service Level Agreements. DSPANZ recommends consulting current Accredited Data Recipients (ADRs) and end users to better understand the current issues around data quality and to ensure the quality and accuracy of data moving forward.

In our view, the Government tends to take a bilateral approach to CDR data sharing (i.e. the approach for Open Banking) rather than a hub approach (i.e. the approach for Open Energy). We would appreciate some transparency around this decision making to allow for a better understanding of why this seems to be the preferred approach when a hub approach (where it is practical) could significantly reduce implementation costs and time. Further, we are interested in what approach the Government will take for data sharing across Open Finance datasets.

Overall, we believe there is a lack of transparency around what is and what is not working in the CDR program of work. We would appreciate greater transparency to allow industry to better understand the success of the CDR rollout across the designated sectors.