



10 February 2020

Committee Secretary  
Select Committee on Financial Technology and Regulatory Technology  
Department of the Senate  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

*Sent via email: fintech.sen@aph.gov.au*

Dear Committee Secretary

I write with regard to recent claims made by Raiz Invest in the media and in Raiz Invest's correspondence to the Senate Select Committee on Financial Technology (**FinTech**) and Regulatory Technology (**RegTech**), dated 3 February 2020.

Commonwealth Bank operates in a highly competitive environment, where organisations of all sizes are investing in digital capabilities to attract and retain customers. In this context, we continue to expand and refine our offering. In 2019, the Australian Financial Review awarded Commonwealth Bank most innovative company, and Canstar rates Commonwealth Bank number one for our online and mobile banking services. Protecting our customers' data, including our 7 million active digital customers, is of the utmost importance to us.

The Consumer Data Right (CDR) is an important Government reform that has the potential to drive significant economic benefit for consumers and the Australian economy. It will give customers greater control of their data as held by banks, enabling the delivery of new services, increasing transparency and delivering more choice and competition among financial products.

Fundamental to the success of the CDR is having a framework and rules that provide consumers with the ability to participate without putting their privacy or the security of their data at risk. Building consumer trust in the CDR will be critical to its success and underpinning this is the need to ensure their data is secure.

On this basis, we provide the following clarifications relating to public statements of Raiz:

- Raiz has claimed that Authorised Deposit-taking Institutions (ADIs) do not require accreditation to participate in the CDR. This is incorrect. Commonwealth Bank must follow the CDR's streamlined accreditation process to allow consumers to transfer banking data to Commonwealth Bank. Government determined that a streamlined process of accreditation was appropriate for ADIs. There are extensive regulatory instruments that mandate obligations on those entities for managing information security, such as APRA's Prudential Standard CPS 234 on Information Security.
- Raiz has asserted that Klarna, with which the Commonwealth Bank has entered into partnership, will become automatically accredited under the CDR. This is incorrect.

Should Klarna wish to access data available under the CDR, it will also need to gain accreditation. This process will not be automatic, nor does the association of Klarna with CBA have any relevance to it. If Klarna becomes accredited, it will be subject to the same CDR privacy safeguards as other participants.

- Raiz has suggested that ventures that are part of CBA's recently announced venture builder x15 will be automatically accredited under the CDR. This is also incorrect. If any of those ventures seeks access to data under the CDR they will also need to seek accreditation.
- The CDR regime allows a customer to elect to share their banking data with any accredited third party, who will be subject to appropriate safeguards for consumers. The choice provided under this legislative initiative will provide transparency and deliver more choice and competition making it a fundamentally pro-competitive reform.
- Raiz has asserted that the Government's Financial System Inquiry (FSI) led to the legislation of anti-competitive arrangements that privilege incumbent ADIs. This is incorrect. The FSI recommended that the Productivity Commission conduct an Inquiry into data availability and use. The recommendations of the resulting Productivity Commission Inquiry led to the development of the CDR, a pro-competitive reform.
- Separate to the CDR, the promotion and provision of new services to customers through Commonwealth Bank's partnership with Klarna is subject to the all the safeguards in the Privacy Act, is supported by comprehensive formal arrangements between the parties, and is dependent on the consent of the customer.

As one of the first organisations to be delivering the CDR for our customers, CBA is committed to building trust in the regime and maximising its benefit for all Australians. We note from submissions to and appearances before the Committee that there is widespread support for protecting consumer data through the CDR regime, its framework and rules. This includes views from consumer representatives, a range of industry associations and financial service providers both large and small.

We welcome the opportunity to host the committee at our Innovation Lab and Cyber Security Centre to provide further background on our activities in digital innovation, protecting our customers' data, and combatting fraud. Should you require more information or would like to follow up on any point raised, please contact me.

Yours sincerely

**Brendan Hopper**  
General Manager  
Cyber Security Centre