



Submission on Treasury Laws Amendment (Consumer Data Right) Bill 2019

Visa's Perspectives

February 2019





February 28, 2019

Mr Mark Fitt
Committee Secretary
Senate Economics Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

RE: Submission on Treasury Laws Amendment (Consumer Data Right) Bill 2019

Dear Mr Fitt,

Visa Inc. (“Visa”) welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee’s inquiry into the provisions of Treasury Laws Amendment (Consumer Data Right) Bill 2019. Visa welcomes the inquiry, given that consumer control over how and when data can be shared is an important factor in the ongoing development of a transparent, equitable and innovative payments ecosystem. Below we offer our views on data use in the payments industry and provide a brief overview of Visa.

Visa’s perspectives on data use

The payments industry is evolving at a rapid pace. In 2016, electronic payments surpassed worldwide cash usage for the first time,¹ in large part driven by new technology, rapid consumer adoption of mobile wallets and e-commerce growth. Payments providers are no longer constrained by wired infrastructure, enabling firms to reach the unbanked, the underserved, and entirely new merchant segments as well as ushering in a new era of commerce.²

At the same time, data usage around the world is exploding. By some estimates, 90 percent of the world’s data was created in the last two years alone; by 2020, it is estimated that for every person in the world, 1.7MB of data will be created every second.³ Continued advances in artificial intelligence (AI) and cloud technologies, together with growth in connectivity through the proliferation of Internet of Things devices, could have profound impacts on global commerce, creating new use cases for payments and Visa technology. In such an environment, common understanding about the treatment of personal data is essential.

With new technologies comes new risks, and new policies necessitating the sharing of sensitive financial data should be cautiously implemented and reviewed before further phases of implementation are undertaken. As fraud and cyberattacks grow in sophistication and become

¹ Euromonitor Communications, *Consumer Card Transactions Overtake Cash Payments for the First Time in 2016*, <https://blog.euromonitor.com/consumer-card-transactions-overtake-cash-payments-first-time-2016/>

² In the U.S., the “gig economy,” represents more than a quarter of the workforce, according to McKinsey. <https://www.mckinsey.com/featured-insights/employment-and-growth/independent-work-choice-necessity-and-the-gig-economy?reload>

³ Domo, Data Never Sleeps 5.0 and 6.0, <https://www.domo.com/learn/data-never-sleeps-5> and <https://www.domo.com/learn/data-never-sleeps-6>.

more widespread, robust data protection measures are critical to consumer protection. Furthermore, clear accountability rules between financial institutions and emerging players are also important in providing a level of certainty in the event of a security breach, fraud or other unlawful activity. If new policies unintentionally put consumers at risk, they can threaten the safety and security of, and trust in, the financial system.

For Visa, consumer trust in the payments system is paramount. Similarly, the Treasury Laws Amendment (Consumer Data Right) Bill 2019 Explanatory Memorandum notes that strong privacy and information security provisions are a fundamental element of the CDR (1.20). To this end, Visa is relentless in fortifying the security of our network. Indeed, Visa was founded on the principle of secure innovation, and we strongly believe that businesses that facilitate digital transformation have a shared responsibility to work together. For us, this means an ambitious level of investment in innovative technologies, creating and sustaining world-leading security and ensuring a responsible approach to data.

Given the importance of informed consumer consent to the CDR, Visa believes in enabling consumers to be fully informed about associated risks, including data security risks. Understanding the sensitivity of financial data, consumers must know and understand the implications of opening account access to third parties, and third parties must take the necessary steps to protect the information being shared.

On Privacy Safeguards

Visa supports the commitment to protect consumer privacy through the CDR and shares its high expectations for data quality and security. As already highlighted, Visa recognises that consumer trust is paramount to our business, which is why we continue to invest in technologies that devalue sensitive data, utilise data intelligence, protect data systems from cyber threats, and empower consumers to monitor their transactions. Rules relating to data privacy safeguards should take the consumer perspective into account, and include a clear model of consumer permissions, controls and safeguards to avoid damaging the trust that consumers place in the payment ecosystem as a whole.

When handling consumer data, Visa's data policies and procedures ensure that consumers and their data are protected and treated with respect. Therefore, Visa supports efforts to ensure that all participants follow privacy safeguards through assessments to be determined by the Information Commissioner.

On Data Standards and the Importance of International Standards

Visa also support efforts to encourage standardisation of financial data disclosures with the CDR. We believe that international data standards are essential to maintain interoperability, efficiency and security among the financial technology community. We would, therefore, encourage the adoption of international data standards, but also caution against being overly prescriptive in assigning a single standard for disclosing data between CDR participants.

International standards form the backbone of the digital payments industry, enabling ubiquity by maximising global interoperability and acceptance across digital payment systems. This creates a common approach, yet provides enough flexibility in implementation that preserves vigorous competition and the ability for differentiation across the various digital payment systems.

Many financial technology companies already use international standards developed by the private sector, so it is important that any future guidelines on standardisation do not unintentionally impede these efforts. International standards bodies—such as the International Organization for Standardization (ISO), the Payment Card Industry Security Standards Council (PCI

SSC) and EMVCo—are creating standards that meet the ever-changing world of digital commerce. For instance, the Payment Card Industry Security Standards Council has standards for how sensitive personal information can be shared in an online environment safely and securely, and ISO has standards for how PINs data can be stored without compromising security.

Mandating domestic standards would make it very difficult for international companies to do business with Australian firms. The costs of meeting these standards may deter businesses from investing in new products and services for Australian consumers. In addition, adhering to internationally-recognised standards enhances innovation by enabling new players and products to get to market faster. For consumers, international standards allow for a consistent consumer experience, where people can expect the same ease-of-use and security anywhere in the world.

Conclusion

As financial technology evolves, we fully understand the importance of empowering consumers to share their data while maintaining data security and privacy. We believe that setting smart privacy guidelines and data standards protects consumer data, but they also promote innovation and competition. This is an important first step in empowering consumers.

Visa has welcomed the opportunity to provide our perspectives to the Senate Economics Legislation Committee for its inquiry into the provisions of Treasury Laws Amendment (Consumer Data Right) Bill 2019, and is available to provide further details to the Committee if needed.

Yours faithfully,

Group Country Manager
Australia, New Zealand & South Pacific
Visa AP (Australia) Pty Ltd

About Visa

Visa is a global payments technology company that enables fast, secure and reliable electronic payments for clients around the world. Visa is not a bank and does not issue cards, extend credit or set rates and fees for account holders on Visa products. Rather, our advanced transaction-processing network facilitates authorisation, clearing and settlement of payment transactions. Today, Visa connects more than 3.3 billion Visa accounts and 53.9 million merchant locations in 200 countries and territories. Each transaction is enabled by a global network of over 16,000 financial institution partners. In 2018, Visa's global network managed \$US8.2 trillion in payments volume and over 182.3 billion transactions.

Visa supports fair and open regulatory environments. We believe that the ongoing development of a safe, efficient, competitive and stable electronic payments system is essential to the growth and stability of the Australian economy. Electronic payments platforms, including Visa, contribute significantly to economic growth, development and the financial inclusion of all Australians.

We also support expanding the payments ecosystem to foster competition and innovation. Opening application programming interfaces (APIs) to third parties contributes to promoting competition and innovation. In 2016, we launched the Visa Developer Platform (VDP), transforming our proprietary technology network, VisaNet, into the world's largest open commerce platform. VDP provides simplified access to many of Visa's most in-demand products and services through an open network of Visa APIs, allowing anyone to transform great ideas into new digital commerce experiences.