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Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

To the Select Committee on Financial Technology and Regulatory Technology

We appreciate the opportunity to respond to the recently published Issues Paper relating to current challenges facing the FinTech and RegTech industries. As innovators in the FinTech space, we are very much interested in several issues highlighted in this paper which we would like to respond to below.

About SISS Data Services

SISS Data Services (SISS) is an Australian owned and based FinTech which currently offers open, secure and consented access to data from Financial Institutions such as banks.

Over 350,000 Australians use SISS to access their data from all major & second-tier banks.

We aim to reduce the cost and complexity for FinTechs, Banks, Super Funds, Brokers, Investment Platforms, Insurers and any other data holder wanting to share consumer data securely.

About our submission

Firstly we would like to thank the Senate for the opportunity to make a submission. In this regard, we would like to address the following specific issues:

Section 1 – Regulation – Consumer Data Right

- CDR Cost Issues
- CDR & Screen Scraping
- CDR in Superannuation



Regulation – 1 CDR Cost Issues

A trusted and secure environment will drive the uptake of CDR. Compliance and audit requirements are in place to ensure data security for consumers, but there is a significant expenditure for participants relating to these activities, especially for Data Recipients.

Costs incurred for CDR will not be of the one-off variety. The ongoing compliance and maintenance expenditure will be significant for smaller FinTechs. Imposing a sector-wide CDR may place unfair pressure on smaller industry participants creating a barrier to entry and giving an unfair advantage to dominant industry participants who have the resources to comply with the CDR.

Recommendation 1.1 - CDR Cost Issues

Develop a robust Intermediary industry to support CDR participants.

Intermediaries are enablers of the CDR and will reduce the cost and the complexity of CDR for Data Holders and Data Recipients, specifically smaller participants. This is achieved by the intermediary developing innovative prebuilt, accredited and secure CDR solutions which the industry participants plug into their environments at a low cost.

Recommendation 1.2 - CDR Incentive

The senate to provide a financial incentive to FinTechs who have successfully attained accreditation under the Consumer Data Right. This payment would help offset the initial and ongoing costs (compliance, audit and development) of complying with the CDR. To minimise the potential abuse of this incentive, payments would be paid in equal instalments, over a period of time, and only available to FinTechs if they attained and maintained their CDR accreditation.

Regulation – 2 CDR & Screen Scraping

Screen scraping is a contentious issue within the FinTech industry and needs to be re-examined as a priority. At SISS, we support the safe, secure and consent driven sharing of data where a customer is well informed and in control of their data. We support the need for FinTechs to access consumer data via well-formed API's.

Screen scraping was initially partly driven by the FinTechs need for data to build apps which improved the lives of consumers. FinTechs were met by the reluctance or inability for data holders to make consumer data available. The result was a technical workaround, screen scraping.



Reasons screen scraping appeals to FinTechs include but limited to:

- **Coverage** – Screen scraping systems can cover a greater spread of Data Holders.
- **No or limited Data Holder involvement** – In the majority of cases, the implementation of screen scraping occurs without the knowledge, awareness or approval of a data holder. This means adding a new data holder is quick and with no visibility or oversight.
- **Costs** – Screen scraping can cost between \$5-15 per year compared to the current direct feeds at over \$60 per year. After the implementation of CDR, the accreditation for Data Recipients is estimated to be over \$100,000 upfront and ongoing compliance of \$10,000 to \$30,000 per year. A critical consideration for the CDR cost is that they are fixed and will not vary significantly based on volume. By contrast, the pricing for screen scraping is variable as it is a volume or a tiered base model. CDR accreditation is therefore expensive for small volume or startup FinTechs, whereas for large Fintechs the marginal cost for connecting consumers is insignificant.

Consumers misunderstand screen scraping. In our experience, over 86% of customers did not know or understand how the screen scraping model works, and therefore the potential security risks associated with sharing their username and passwords. Consumers also don't appreciate the legal implications, such as voiding an indemnity provided by a data holder.

Our concerns with screen scraping include:

- **No or limited disclosure to Consumer** – In many cases, screen scraping does not include mandatory disclosure of the risk associated with sharing data.
- **Limited or No Consumer Protection** – Does not include protections for consumers in the event of a data breach or unpermitted use of data.
- **Limited or No Traceability and Accountability.** Because implementing screen scraping is done without the knowledge of the Data Holder, there is no visibility of data egress.
- **Limited Consumer visibility and control.** The consumer has no overall dashboard of where their data is going. Consumers have to remember all the services provided with their credentials for data collection. The consumer cannot simply sign into their Financial Institution and turn off a specific service, as the Financial Institution is unaware of the consent.

Recommendation 2.1 – Sunset date for Screen Scraping

Introduce a sunset date to phase out screen scraping allowing the industry to focus on the CDR data-sharing model. Without a sunset date for screen scraping, there is no incentive for FinTechs to adopt the new CDR data sharing.



Regulation – 3 CDR in Superannuation

The secure sharing of superannuation data (product, member, transaction & investment data) has the opportunity to deliver significant benefits to members (consumers) including, but not limited to:

- Super Fund Comparison
- Switching Funds
- Retirement/Investment planning
- Seeking Financial advice
- Enforcement of employer contributions
- Income verification
- Monitoring of fees and insurance levels

At present consumers can access this data via their funds' website or mobile app. Meaning Fintechs can only access consumer data electronically via screen scraping technology, creating the same issues we called out earlier. It is worth noting that access to Superannuation data carries additional risk. Members Superannuation accounts include other sensitive data such as Personally Identifiable Information (PII) on spouses and dependents (minors), employer details and insurance details.

Recommendation 3.1 – Share Super data now

Treasury could evaluate the economic benefit of including the Superannuation industry in the CDR framework. If needed Treasury & ACCC can designate the Superannuation industry as Data Holders under CDR. The ACCC will also be required to consider the dataset for Superannuation; however, there are long-held standardised requirements for annual member statements and the data contained within these statements meet the needs of most FinTechs.

Recommendation 3.2 – Sunset date on Screen Scraping

Introduce a sunset date to phase out screen scraping allowing the industry to focus on the CDR data-sharing model. Without a sunset date for screen scraping, there is no incentive for FinTechs to adopt the new CDR data sharing.

Regards

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