

04 March 2020

Senator Andrew Bragg
Suite 23.03, Level 23
56 Pitt Street
Sydney NSW 2000

Dear Senator,

Response to question on notice for the Select Committee on Fintech and Regtech

Thank you for giving Finder the opportunity to speak at the recent hearing for the Select Committee in Sydney. We are excited about the role this Select Committee can play in empowering Australian consumers with the information they need to make better financial decisions, and we are happy to help in any way possible.

[Finder.com.au](https://finder.com.au) (“Finder”, “we”) is Australia’s most visited comparison website with more than 2.6 million Australians using our site per month¹. Finder compares products across more than 100 categories including credit cards, home loans, transaction accounts, savings accounts, insurance products, superannuation, telecommunications and energy.

A framework for introducing the Consumer Data Right (CDR) to the market for superannuation

During the aforementioned hearing of the Select Committee held in Sydney on 20 February 2020, the Chair requested Finder to take on notice a question about the practicalities of implementing the CDR in the market for superannuation in Australia. Currently, the Select Committee is exploring three components of a possible Open Super roadmap. First, the technical side of making it happen (i.e. how the data pipes connect). Second, the legal changes required to make it happen, and third, how Australian consumers would interface with the new system. The Chair requested Finder provide a top-level view on how these three components could be implemented.

As we stated in our initial submission, Finder has been helping Australians make decisions about their superannuation for many years. We have curated a specific section of our website to assist consumers with [comparing superannuation funds](#), and we have also undertaken a significant amount of consumer research on the topic. We have consistently found that engagement in this category is relatively low compared to the other categories covered by Finder. We’ve highlighted some of our key findings below:

- 36% of Australians with money in a superannuation fund either do not believe they are getting a good deal or are not sure if they are or not. However, just 6% of Australians with money in a superannuation fund plan on switching to a different fund in the next six months (October 2019 survey with 1,474 respondents).

¹ 2.6 million average unique monthly audience (Oct-Dec 2019), Nielsen Digital Panel

- Only 18% of Australians make extra contributions to their superannuation above the mandated employer contribution (February 2019 survey with 2,027 respondents).
- More than 82% of Australians opted for their employer's preferred superannuation fund or stayed with their existing fund when they started their current role (July 2018 survey with 2,011 respondents).

As a result, we agree with Recommendation 13 from the [Productivity Commission inquiry into superannuation](#) that the CDR should be rolled out to superannuation. As noted by the ACCC, CDR is intended to “improve consumers’ ability to compare and switch between products and services. It will also encourage competition between service providers, leading not only to better prices for customers but also more innovative products and services”. We believe that increased competition and innovation in the superannuation industry will be hugely beneficial to Australian consumers.

With regards to a possible roadmap for bringing Open Super to life, we welcome the three components raised by the Select Committee, and we believe that if we get these right, it would put us on the right path for a successful implementation of CDR in the market for superannuation. Finder is better placed to comment on the technical and consumer components than the legal component so this response will focus on these two areas.

Component One: Technical implementation of Open Super

Many of the technical implementation questions surrounding CDR for superannuation have already been answered by the [CDR rules](#) and the associated [Data Standards](#) created by the Data Standards Body for the implementation of CDR for banking. The Data Standards, in particular, specify that data transmission should occur via an application programming interface (API) and outline a number of [principles](#) that these CDR APIs should meet. We see no reason why this approach and these principles should not be replicated in CDR for superannuation especially because creating technical consistency across disparate industries is one of the key reasons for taking an economy-wide approach to CDR.

One live technical debate relating to the introduction of CDR into new sectors is the data access model. This largely revolves around whether the industry needs an “accredited gateway” or not. The accredited gateway role has been legislated for in the CDR rules and can be used as a central repository for the data being shared between accredited entities for the implementation of the CDR regime within a particular industry. For banking, the decision was made for no gateway to be implemented as most use cases allow for an accredited data recipient (e.g. a comparison website) to interface directly with the data holder (e.g. the bank) once the consumer has given consent for this to occur. However, in the energy sector, there are many more data holders (e.g. retailers, metering service providers, AEMO, distributors etc), so introducing the accredited gateway role made sense as it gives data recipients a single point of contact for accessing all the various datasets. Appendix 1 and Appendix 2 of this document provide a visualisation of the flow of data in these two data access models. As a result, the ACCC has decided to make AEMO the accredited gateway for CDR in energy after a [consultation](#) on the topic.

For superannuation, there seems to be less of a need for an accredited gateway model as there will not be as many data holders as there are in the energy sector. However, we would welcome further consultation on the datasets that could be included in the Open Super regime to better understand the possible data holders that can add value for consumers in this industry.

Component Two: Consumer interface for Open Super

Similarly to the technical aspects, many of the consumer-experience questions for Open Super have also been answered by the work undertaken for CDR for banking. As a reference point here, we point the Select Committee towards the [Consumer Experience \(CX\) Standards and Guidelines](#) produced for the banking CDR implementation. Significant consumer testing went into these guidelines with a particular focus on vulnerable customers. As a result, the standards are robust and many things can be replicated for CDR in superannuation.

However, as stated in our hearing to the Select Committee, we believe that the flow for transferring data in CDR (in all sectors) could be made simpler while maintaining a high level of security and consumer understanding. This was the experience in the UK where CX guidelines have evolved to a point where sharing access to banking data under their Open Banking regime is as smooth as a single click on your phone. We strongly believe that the easier CDR is to engage with, the more people will use the services that the data empowers. In turn, this will result in more competition in the markets in question and more consumers making better financial decisions. This is the outcome we're all looking for from CDR.

As stated in our initial submission to this Select Committee, we think that product reference data should be prioritised over consumer-level data in the roll-out of CDR to the superannuation industry. We would welcome the Select Committee launching the Open Super regime with a recommendation for a swift introduction of publicly available, machine-readable product reference data for all superannuation funds. If further prioritisation is needed then we suggest that product reference data for MySuper funds should be the initial focus. This alone could let consumers access accurate and up-to-date information on fund performance, fee structures, asset allocation, investment details and other feature information for all super funds in Australia. This would make it easier for platforms like Finder to provide Australians with tools to compare their current fund with others available to see if they're getting a good deal. It would also help consumers that already want to switch to choose the fund that is most suitable for them.

Product reference data was the first thing made available under CDR for banking and we would advocate for a similar approach in superannuation. As with CDR for other sectors, we would be happy to assist the Select Committee and/or the Data Standards Body with creating a format for this product reference data that maximises the utility of the dataset.

One key area where we believe Open Super can improve consumer experience in the market for superannuation is in relation to the insurance that is routinely packaged up in superannuation products. These insurance products can be difficult for consumers to understand, particularly when trying to understand what they're paying for this cover and the value of what the cover provides. This

information is often buried in the Product Disclosure Statement and is presented in a variety of ways from fund to fund. We would advocate for this insurance information to be clearly broken out in any product reference dataset created as part of the Open Super regime. This would enable an accredited data recipient like a comparison website to use this information to clearly show a consumer the insurance product they are paying for and to compare it with like-for-like products from competing superannuation and insurance providers. Again, this outcome could be achieved with low-risk product reference data alone.

Once the product reference data problem has been solved, we would also advocate for giving consumers the right to share their individualised superannuation balance and transaction data to an accredited data recipient. We envision a future where Australians can see all of their finances in one place, and we think that superannuation is an important part of this. Budgeting and personal finance tools make this possible, and the inclusion of superannuation in these tools will give people a better overall picture of their finances and help to improve basic understanding of superannuation products. We also believe it will help people to be more engaged in important parts of the superannuation process. This could mean checking their employer is paying in the right amount at the right time or it could mean more people ensuring that they are not paying duplicate fees across various super funds they might not be aware they had. If an adequate level of information was shared under the Open Super regime, then it could even be possible for accredited data recipients to do some of these checks on behalf of the consumer to ensure that their superannuation balance continues to grow.

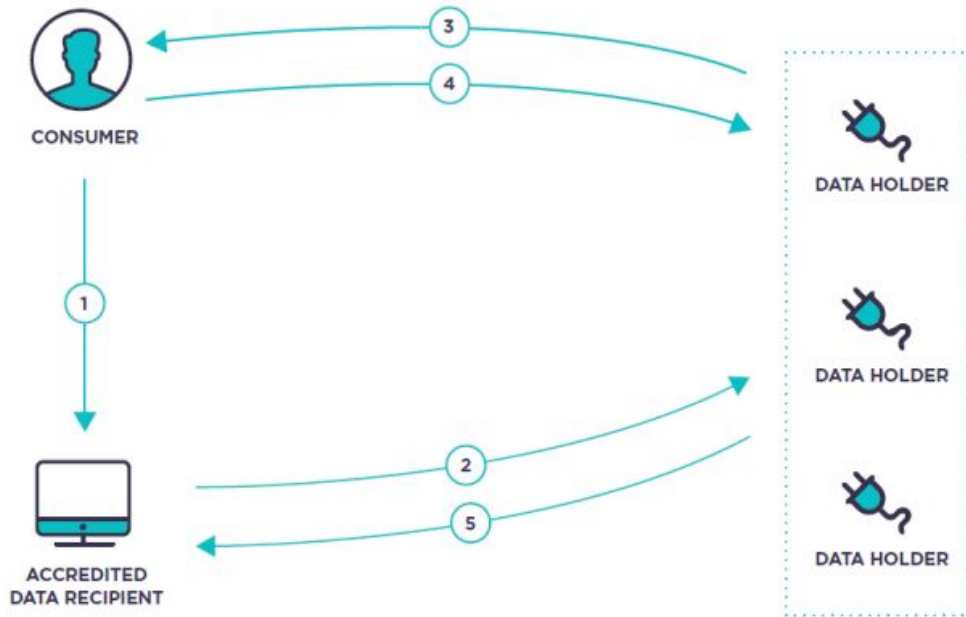
To conclude, we remain fully supportive of the work being undertaken by the Select Committee, and we are particularly supportive of the desire to introduce CDR into the market for superannuation. Superannuation is a market with low levels of engagement where the scope for improved decision making is significant. Ultimately, we believe that improved access to data in this space could and should lead to more Australians with enough in their superannuation for a happy and comfortable retirement. As with all parts of this discussion, we are supportive of any policy that helps everyday Australians take control of their financial future today. Please do not hesitate to get in touch if you have any further questions.

Yours sincerely,

Ben King
CSR & Public Affairs Manager, Finder

Appendices

Appendix 1: CDR data access model with no gateway



Appendix 2: CDR data access model with a gateway

