

Consumer Data Right Strategic Review

July 2024



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Consumer Data Right Strategic Review

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Executive summary

Key findings

- July 2024 marks 4 years since Australia's Consumer Data Right was launched. Disappointingly, overall customer engagement with the CDR has been low and CDR enabled innovation has struggled to resonate with consumers.
 - At the end of 2023, **0.31% of bank customers had an active data sharing arrangement**. This compares unfavourably with consumer adoption of other digital innovations in banking.
 - The CDR rollout has required substantial investment from both government and industry participants and continues to incur significant ongoing costs. **The banking industry alone is estimated to have spent ~\$1.5b since 2018.**
- Low customer adoption and significant compliance costs are driving unintended outcomes:
 - Diminished ability for data holders to invest into ADR functionality as **compliance costs are crowding out strategic investment**.
 - Resourcing requirements for CDR compliance have **limited the capacity for other technology investments** that are more aligned to consumer demand (e.g. payments, app)
 - **Competition within the banking sector is being negatively impacted** as Mid-Tier banks (which have lower overall capacity for technology delivery) incur disproportionately higher relative costs compared with Major banks (**more than twice the cost per customer sharing their data**).
- The banking industry recognises the benefits CDR infrastructure can enable. However, challenges in policy and standards design, and implementation have impeded the CDR's success. These include **unsubstantiated consumer propositions**, an **absence of a robust cost/benefit governance framework**, and **excessive complexity and prescriptiveness** in compliance obligations.
- Analysis of open data regimes globally indicates there are additional factors external to the policy environment that contribute to or hinder overall success. Successful data sharing regimes (e.g. Brazil, India, Singapore) typically exhibit enabling infrastructure and clear consumer propositions – factors recognised in the design of their respective data sharing models. This suggests there is not a 'one size fits all' model to open data, and that policy design can improve adoption when responsive to national endemic factors.
- The Farrell Review into Open Banking outlined guiding principles for the CDR's implementation: '*customer focus*', '*promote competition*', '*encourages innovation*', '*efficient and fair*'. **When measured against these, the CDR has fallen short of expectations.**

01

CONTEXT



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The Consumer Data Right (CDR) is a legislative, regulatory, and standards framework established to give consumers greater ownership over their data

Inception

CDR was introduced in response to several government reviews. The Murray, Harper, Coleman and Finkel inquiries all recommended that Australia develop a right and standards for consumers to access and transfer their information in a usable format.

In May 2017, the Productivity Commission released *Data Availability and Use* report. The report made 41 recommendations, including for the creation of a new economy-wide 'comprehensive data right'. The report highlighted the benefits of consumer data sharing – namely empowering consumers with greater control over their data, fostering competition among businesses, and stimulating the development of new products and services.

In November 2017, the Australian Government announced plans to legislate a national 'Consumer Data Right' (CDR), which would allow customers open access to their banking, energy, phone and internet transactions data.

Design

The initial design of CDR was to be informed by the *Open Banking Review* ('the Review'). Published in 2018, the Review surfaced several recommendations to implement CDR – starting with the Banking sector, but applicable to all sectors. The Review made recommendations spanning the regulatory framework, the data transfer mechanism, and the implementation timeline. The government agreed to the Review recommendations, both for the framework of the overarching Consumer Data Right and for the application of the right to the Banking sector – with a phased implementation from July 2019, starting with the publication of product reference data by the big four banks.

Legislation

In 2019, the Australian Government passed *Treasury Laws Amendment (Consumer Data Right) Bill 2018/19* to create the CDR. The CDR is established primarily through amendments to the *Competition and Consumer Act 2010* and the *Privacy Act 1988*. This amendment:

- Set out the role, functions and powers of each of the Australian Competition and Consumer Commission (ACCC), Office of the Australian Information Commissioner (OAIC) and Data Standards Body (DSB)
- Outlined the overarching objectives and principles for the Consumer Data Right
- Created a power for the Treasurer to apply the Consumer Data Right to new sectors
- Enshrined a guaranteed minimum set of privacy protections, which are built upon in the ACCC rules

Fundamentally, CDR seeks to enhance the confidence, desire, and ease for consumers to share their data, stimulating greater innovation, competition, and market efficiency

UNDERLYING DRIVERS OF CHANGE

The underlying motivations for CDR include:

- Supporting Australia's transformation to modern and digital economy to drive future prosperity
- Ensuring Australia's economy remains competitive on a global stage by fostering a thriving Australian digital ecosystem
- Asserting what data Australian consumers have ownership and control over
- Facilitating data mobility throughout the Australian economy through safeguards and trust
- Creating an environment based on transparency and confidence in data processes, rather than one based on risk aversion and avoidance – treating data as an asset and not a threat

CDR OBJECTIVES

01

Benefit consumers

To provide consumers rights over their data so that they have better product/service choice, better control over who can use their data, and more convenience/efficiency when transacting with products/services.

02

Promote safer & more secure data sharing

To facilitate trust in data sharing through stronger consumer data privacy and security protections – including data holder/recipient accreditation, technical and data standards, and data privacy/security requirements.

03

Drive innovation

To encourage the development of new ideas/products/services that reach more consumers and are better tailored to their needs, while also creating a vibrant and creative environment new players to participate and grow.

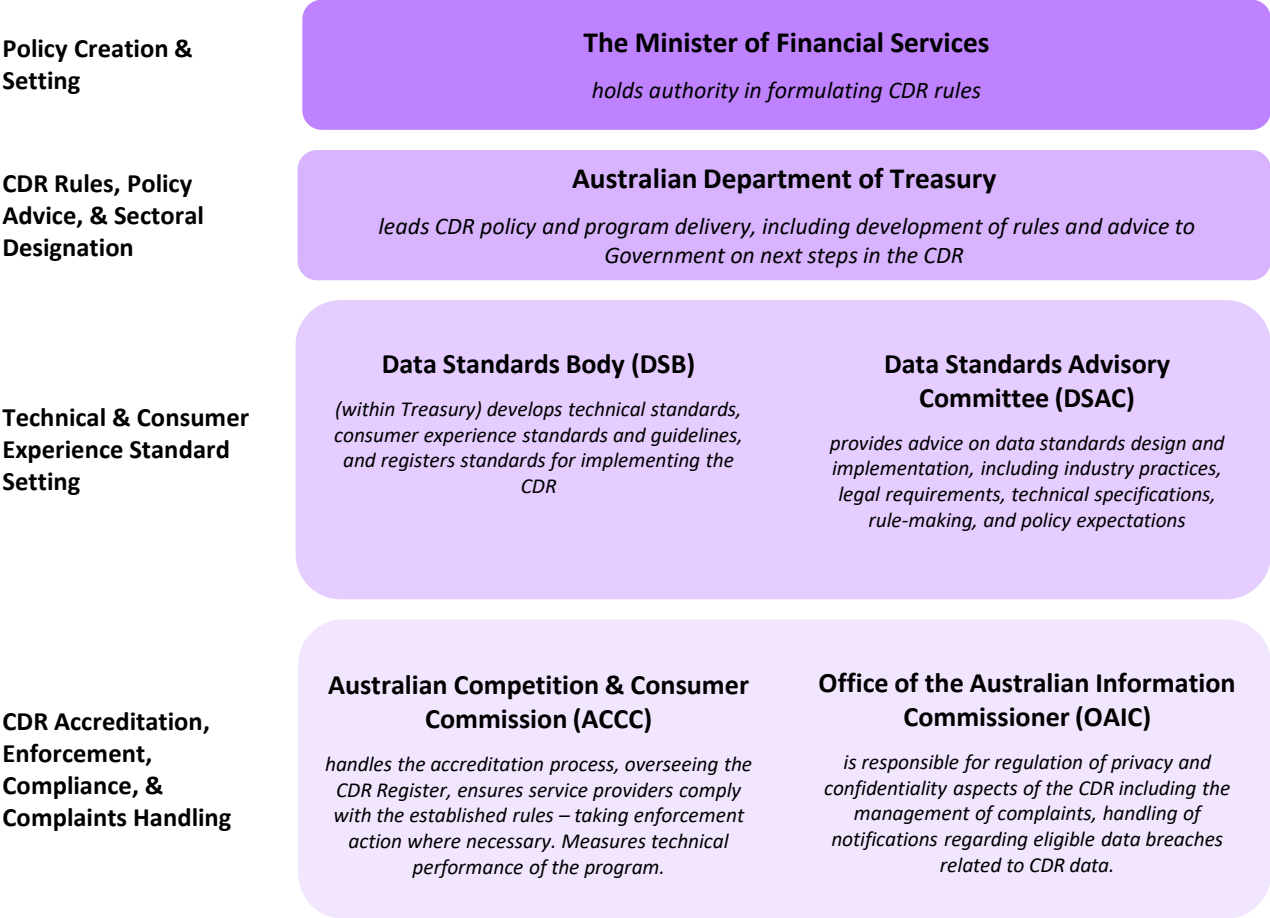
04

Enhance competition & market efficiency

To enable easier consumer product (and price) comparison and provider switching and supporting new and small businesses market participation that create high-value jobs in Australia.

CDR governance broadly consists of four layers that work together to evolve and enforce the CDR in line with policy objectives

Governance Structure



Stakeholder Overview

The Minister provides policy direction, overseeing legislative and regulatory frameworks for the CDR initiative.

The Treasury in collaboration with ACCC and OAIC takes charge of policy development, rule formulation, and advising the government on potential sectors for future CDR application.

Internally, within the Treasury, **the Data Standards Body (DSB)** is responsible for developing the standards that dictate the procedures for data sharing under the CDR.

Established to oversee the development and maintenance of CDR data standards to address the evolving needs of consumers, the **Data Standards Advisory Committee (DSAC)** is composed of industry experts, consumer representatives, regulators, and other stakeholders. **DSAC provides guidance and recommendations** to regulatory authorities and industry bodies. It fosters collaboration among diverse stakeholders, contributing to the **development of robust data standards** that enhance transparency, security, and consumer control over their data.

The CDR is co-regulated by the **Office of the Australian Information Commissioner (OAIC)** and the **Australian Competition and Consumer Commission (ACCC)**. Each agency possesses defined investigation and enforcement powers, working in tandem to ensure compliance and safeguard consumer interests within the CDR framework.

02

ADOPTION



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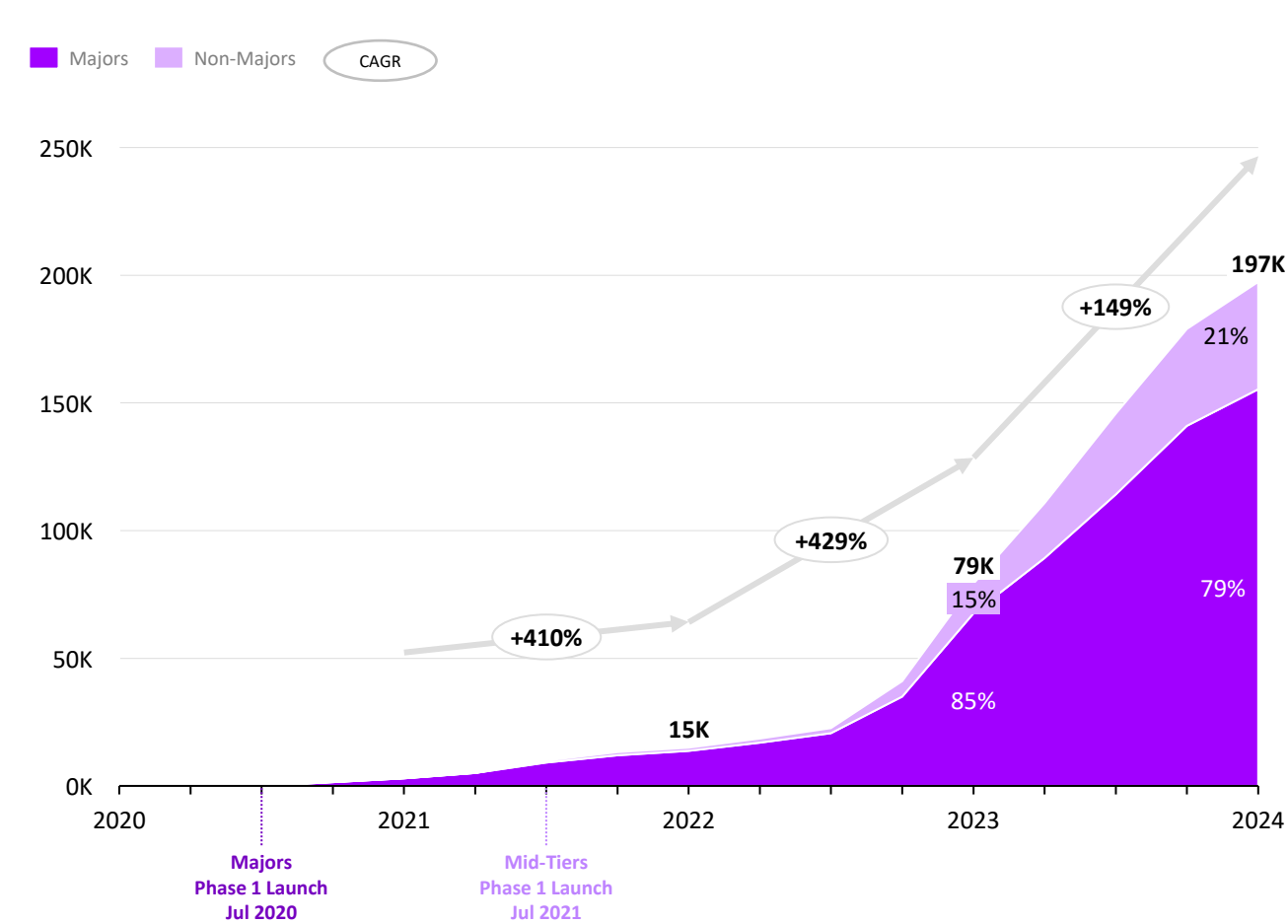
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Starting with a zero base in 2020, CDR has not resulted in impactful arrangement volumes and already is showing early signs of decelerating growth

2.1.1 CDR Arrangement Uptake

Number of CDR active arrangements at end of period with Banks,¹ 2021-2024



Key Observations:

- Total CDR active arrangements reached 197K at the beginning of 2024, with 79% of the arrangements with Majors and 21% with Mid-Tiers
- CDR active arrangements have an average CAGR of 263% between 2021 – 2024, albeit off a low base
- Importantly, there is a **stark reduction in growth rate between 2022-23 and 2023-24**

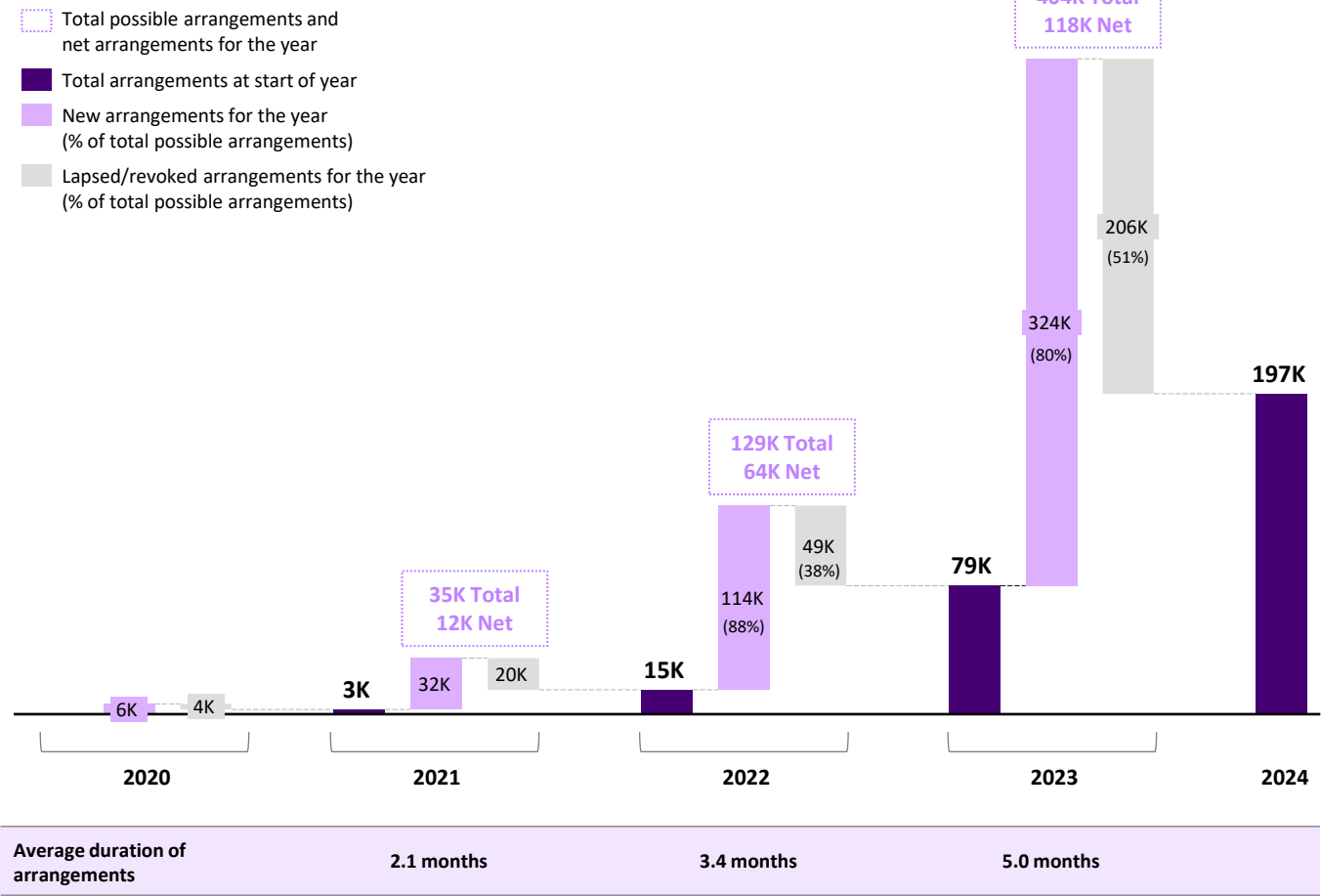
Key Insights:

- The uptake of CDR remains limited when compared to other large-scale digital initiatives in Australian banking:
 - **New Payments Platform (NPP):**
3 years since launching in February 2018, the number of registered PayIDs had grown to **10.0M by 2021** and continued to grow to **18.6M by 2023²**
 - **Mobile Wallets:**
3 years after Apple Pay’s market entry in Dec 2015, the number of cards registered to mobile wallets had grown to **5M in 2019** and reached **15.5M by 2022³**

The profile of arrangements across the years also shows lapsing/revocations are significant, either due to one-off short-term use cases (e.g. digital lending) or limited customer value propositions

2.1.2 CDR Arrangement Profile

Number of active CDR arrangements at end of period with Banks, 2020-2024



Key Observations:

- The net arrangements has a CAGR of 213% across 2020-2024
- The majority of arrangements are not maintained on an ongoing basis, with a 51% rate of lapsation/revocation in 2023

Key Insights:

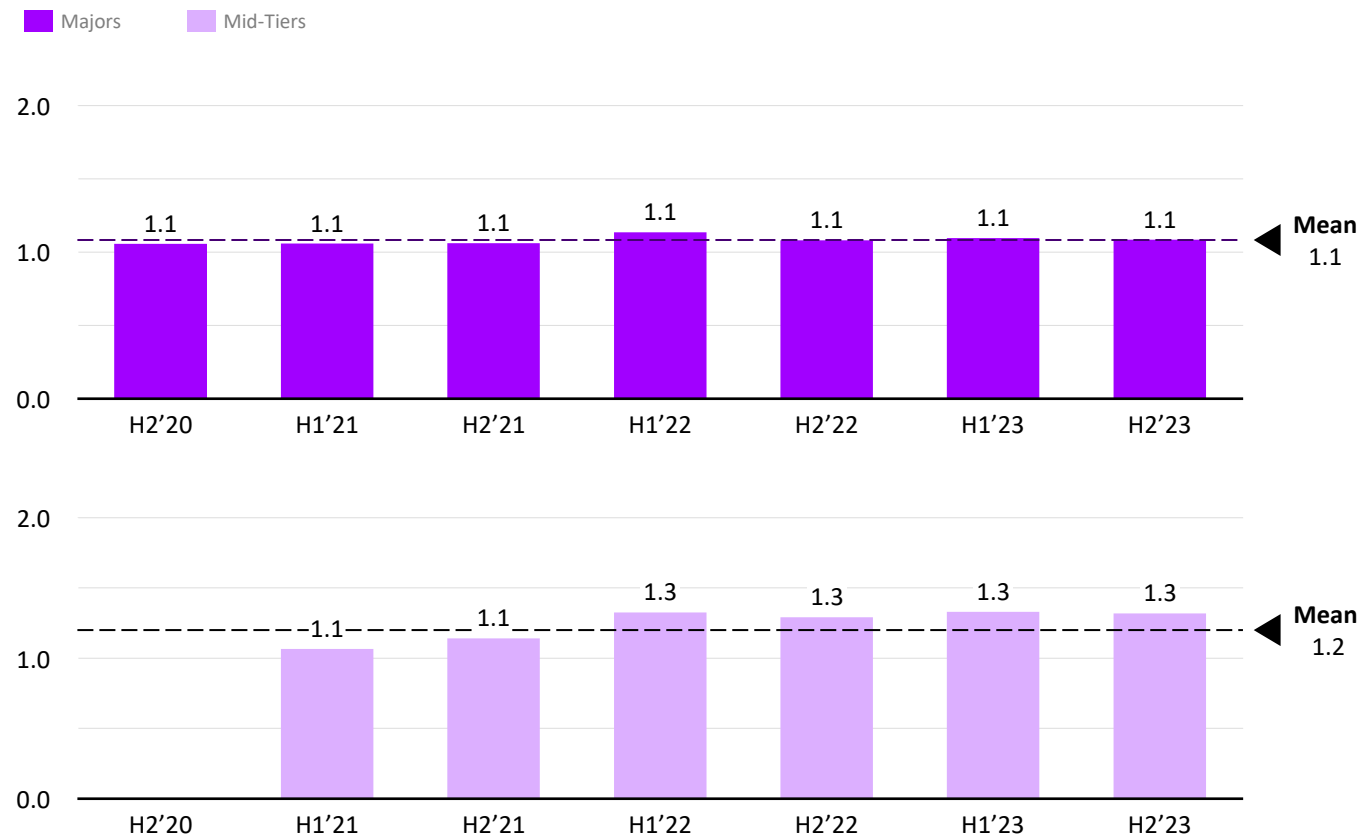
- There are three underlying drivers for lapsing/revoking of arrangements:
 - Use cases have limited value proposition
 - Use cases are not renewed/rolled-over at a high rate
 - Use cases have a once-off use – e.g., Digital Lending
- The former two are more likely given that few ADRs currently offer digital lending or other offerings with once-off use cases – see Exhibit 2.2.3
- The relatively high lapsed/revoked arrangements contributes to the relatively short arrangement duration (5-months)

Note: The arrangement profile cannot capture the activity intensity of arrangements and track whether lapsed customers subsequently return.

The diversity of CDR usage by active customers is low, contributing to low engagement

2.1.3 CDR Usage per Customer

Average number of active arrangements at end of period per active customer at end of period,¹ 2020-2023



Key Observations:

- On average between H2'20 to H2'23, there are 1.1 arrangements per unique customer for Majors, and 1.2 arrangements per unique customer for Mid-Tiers
- There is stability in the arrangements per customer given the relatively tight bound around the mean – i.e., Major and Mid-Tiers have a standard deviation of 0.03 and 0.11 respectively

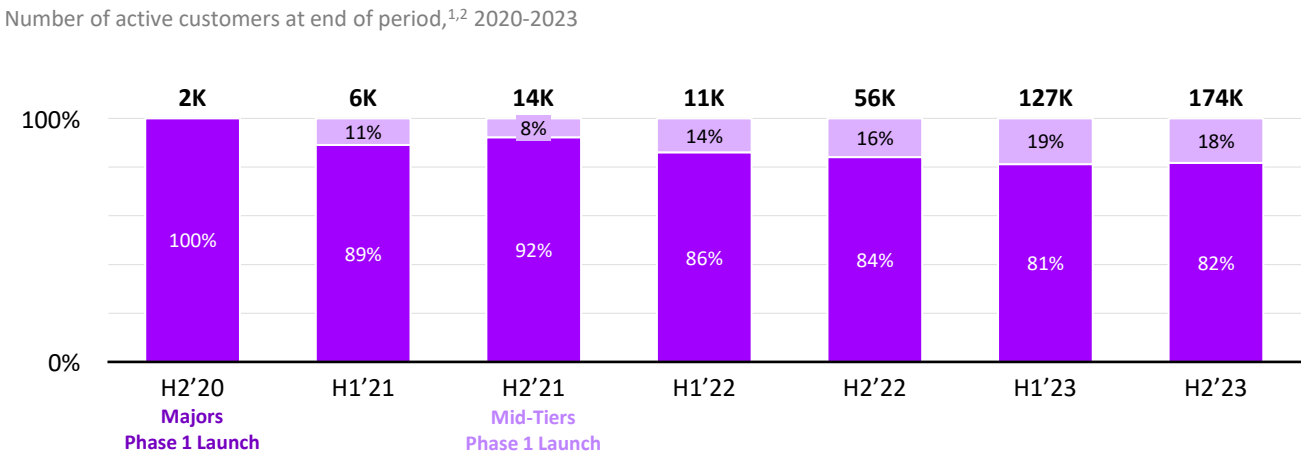
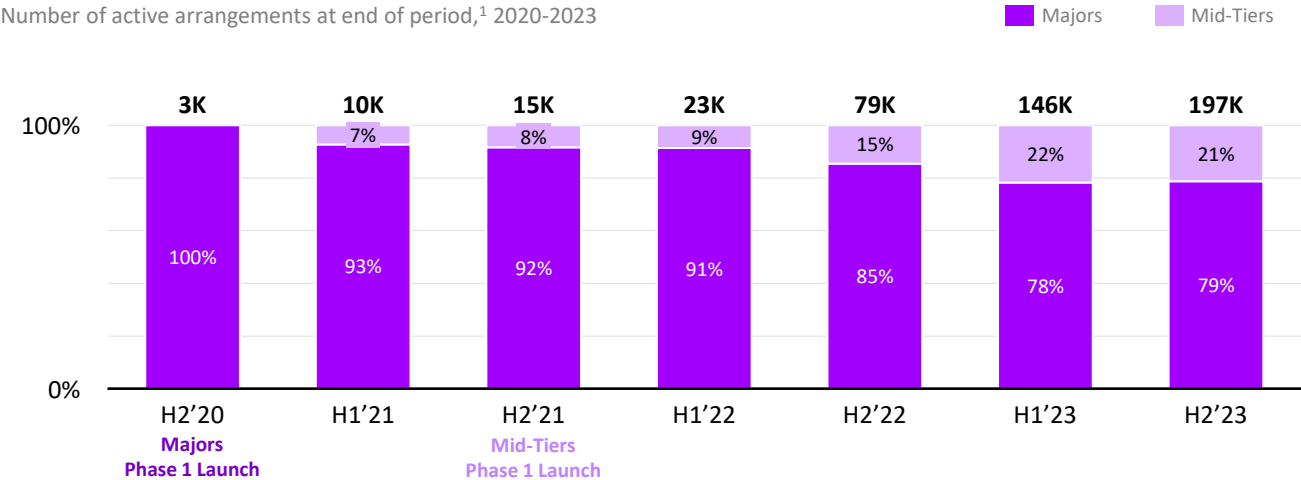
Key Insights:

- An average arrangements per unique customers ratio close to one suggests most consumers are sharing data on a single product only
- The lack of growth in arrangements per customer suggests limited CDR innovation and absence of the development of ‘category killers’

Note: The current dataset does not show how frequently a consumer engages with their shared data once consent is granted – ‘*intensity of use*’

The profile of CDR engagement split by Majors and Mid-Tiers is reflective of their underlying customer profiles and retail bank market dynamics

2.1.4 Proportion of CDR Activity between Major & Mid-Tier banks



Key Observations:

Arrangements

- The share of total CDR arrangements appears to be stabilising at ~80% for Majors and ~20% for Mid-Tiers

Customers

- Similarly, the share of total CDR customers appears to be stabilising around ~70% for Majors and ~30% for Mid-Tiers (see key insights below)

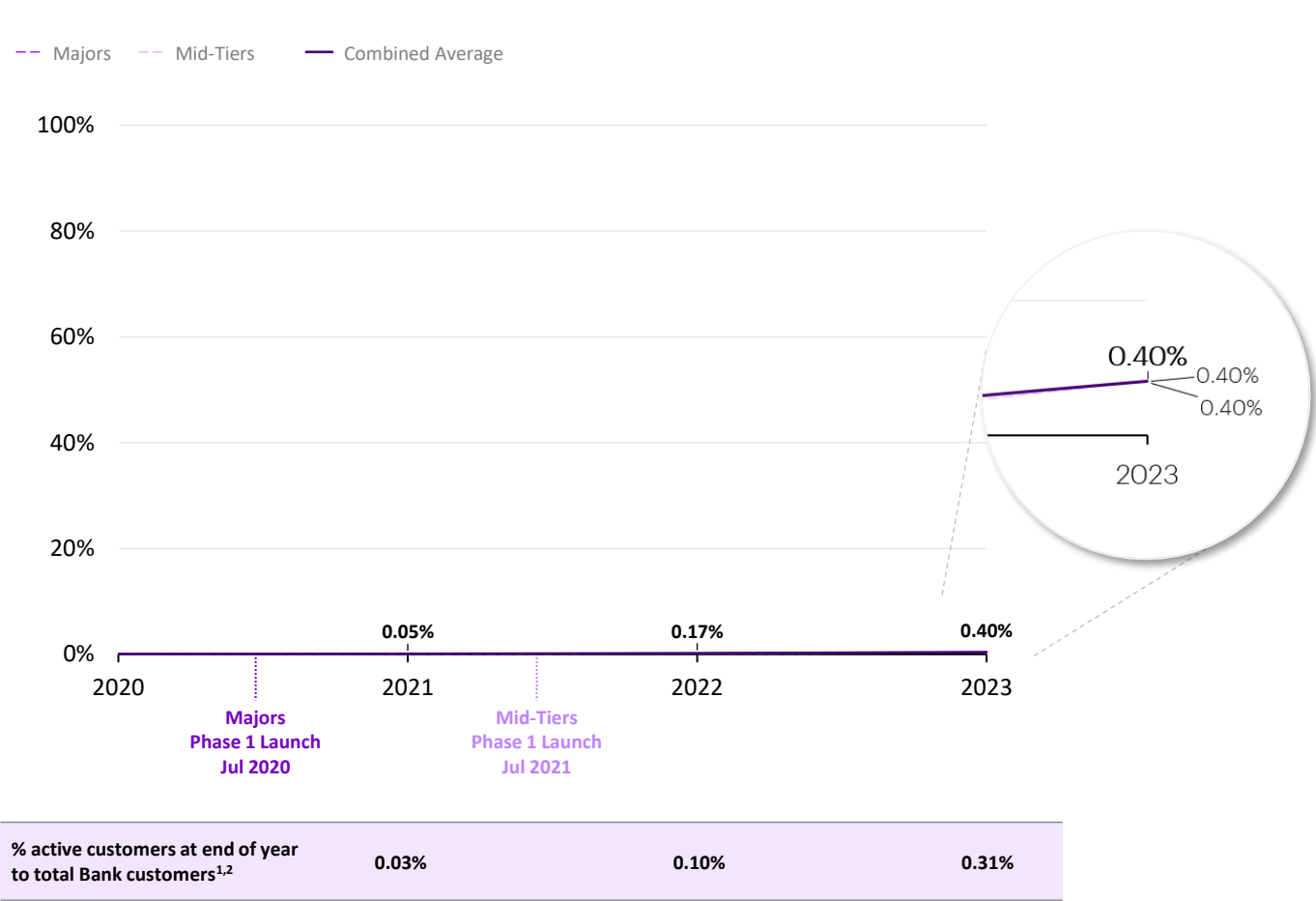
Key Insights:

- The split between Major and Mid-Tier for arrangements and customers is largely in line with the underlying market dynamics in retail banking
- These two underlying drivers shape the arrangement per customer profile seen in Exhibit 2.1.3

Uptake of CDR amongst bank customers remains insignificant, in large part due to limited stickiness of arrangements

2.1.5 CDR Customer Uptake

Average % of new CDR customers for the period to total Bank customers,^{1,2} 2020-2023



Key Observations:

- **New CDR customers** for 2023 represent **~0.40%** of total banking customers
- **Active CDR customers** at the end of 2023 represent **~0.31%** of total banking customers

Note: CDR customer ratio analysis is based on using *total* bank customers for the period in question given by bank publications due to limitations in obtaining and comparing more granular customer data breakdowns²

Key Insights:

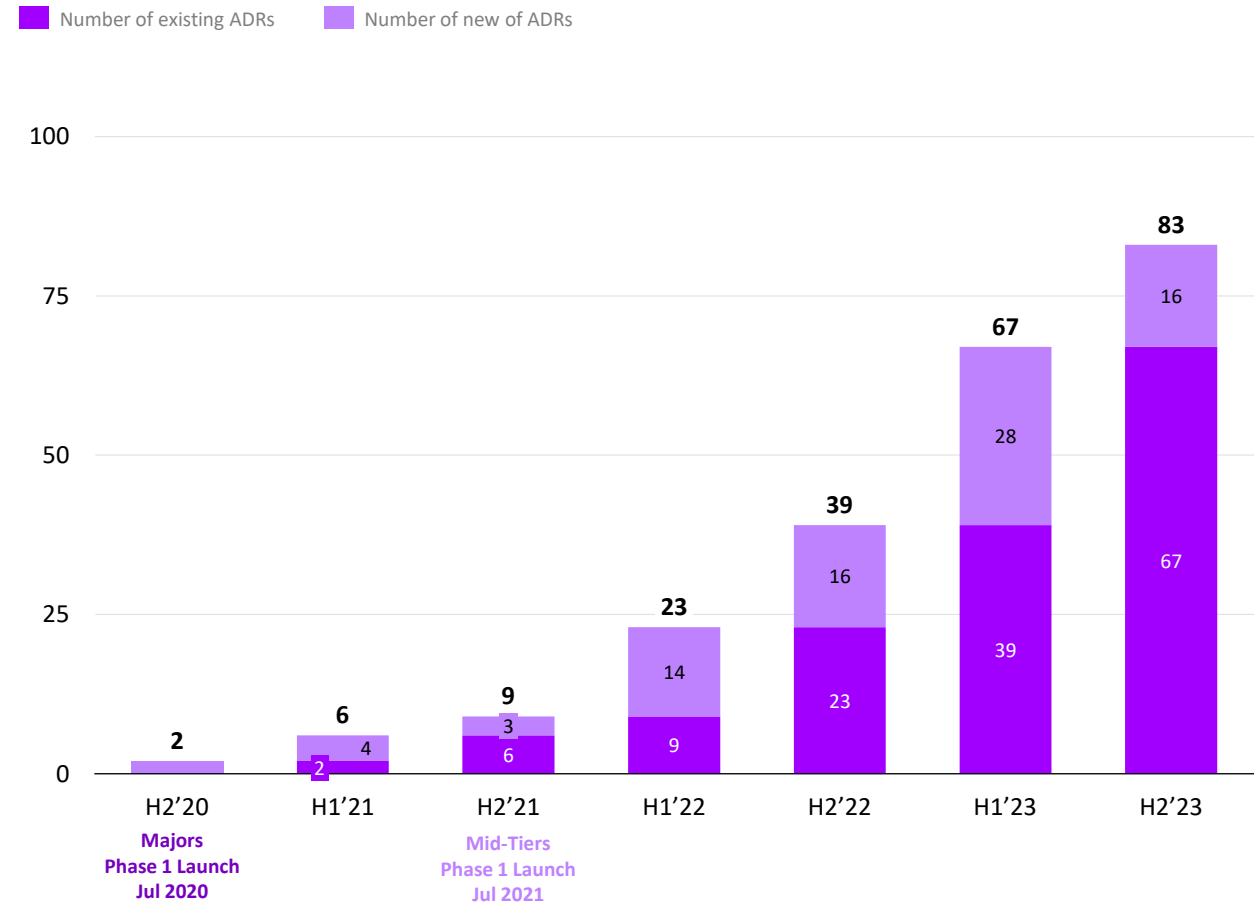
- Penetration of CDR amongst bank customers remains insignificant, in large part due to limited stickiness of arrangements (see Exhibit 2.2.1) – increasing growth in new customer acquisitions is required to grow the active customer base
- Customer uptake is particularly low when considering mobile wallets in Australia which reached 10% user adoption in 2019 (3 years since Apple Pay entered in end of 2015), and continued to accelerate in growth to 36% user adoption in 2022⁴

Note: Calibrating for retail bank customers only would result in higher CDR customer penetration rate for Major banks (given they have a higher percentages of non-retail customers as part of their total customer base vs Mid-Tier banks)

The slowing of ADR growth in the market reflects a low level of consumer demand and ADR propositions that are not sufficiently appealing for consumers

2.2.1 ADR/CDR Representatives Profile & Activity

Number of reported ADRs,¹ 2021-2023



Key Observations:

- Of banks who have reported on ADRs, 84 ADRs have entered the market after the initial launch of CDR, exhibiting a 248% CAGR
- The growth of ADRs has been steady, **but quarter-on-quarter analysis shows new ADRs entering the market is slowing down**

Note: ADR includes both ADRs and CDR representatives (intermediaries)

Key Insights:

ADRs

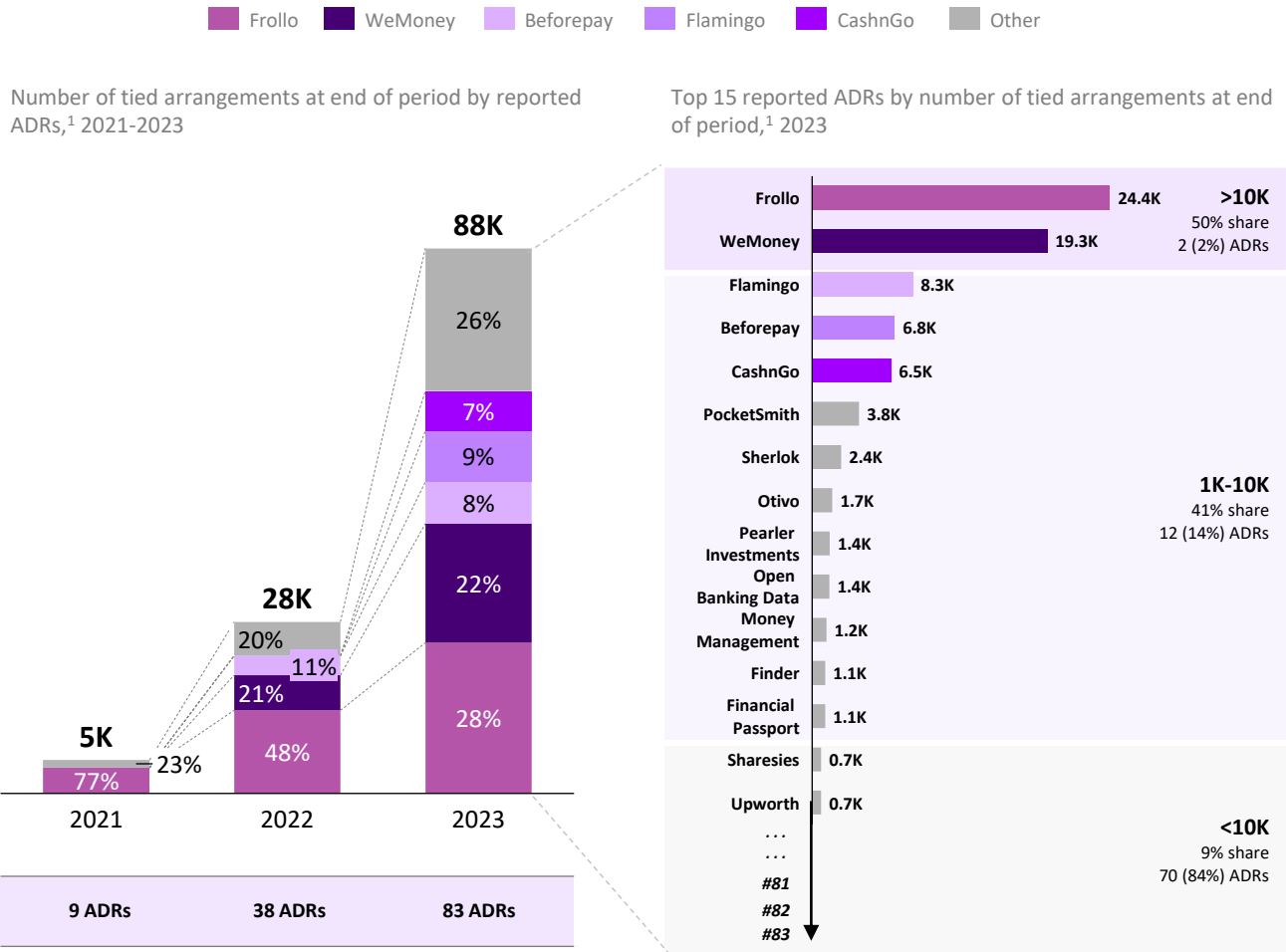
- In contrast to the UK in 2021 (3-years since the launch of PSD2), there were 145 third party providers (TTPs) and 3M customers; this suggests greater ADR and arrangement activity in comparison to Australia
- At the end of 2023, there were ~151 TPPs and 7M customers; this suggests a plateauing of ADRs, but sustained arrangement activity

Arrangements per ADR

- As exhibit 2.2.2 shows, the ADR market is highly concentrated and average arrangements per ADR is skewed by the largest players

Despite new entrants, the ADR ecosystem remains highly concentrated with the top 5 players making up ~75% of arrangements

2.2.2 ADR/CDR Representatives' Share of Arrangements



Key Observations:

- Of banks who have reported on ADRs, the 83 ADRs are associated with 88K arrangements in 2023
- Competition appears limited with **the top 5 players making up ~75% of the market** (by number of arrangements) in 2023
- 70 (84%) of total ADRs** in 2023 have less than **1000 arrangements**
- Frollo (PFM, CDR Connectivity Services) has been the earliest entrant and continues to be the largest player with 28% of arrangements in 2023; WeMoney (PFM) is the 2nd largest player at 22% share

Note: ADR includes both ADRs and CDR representatives

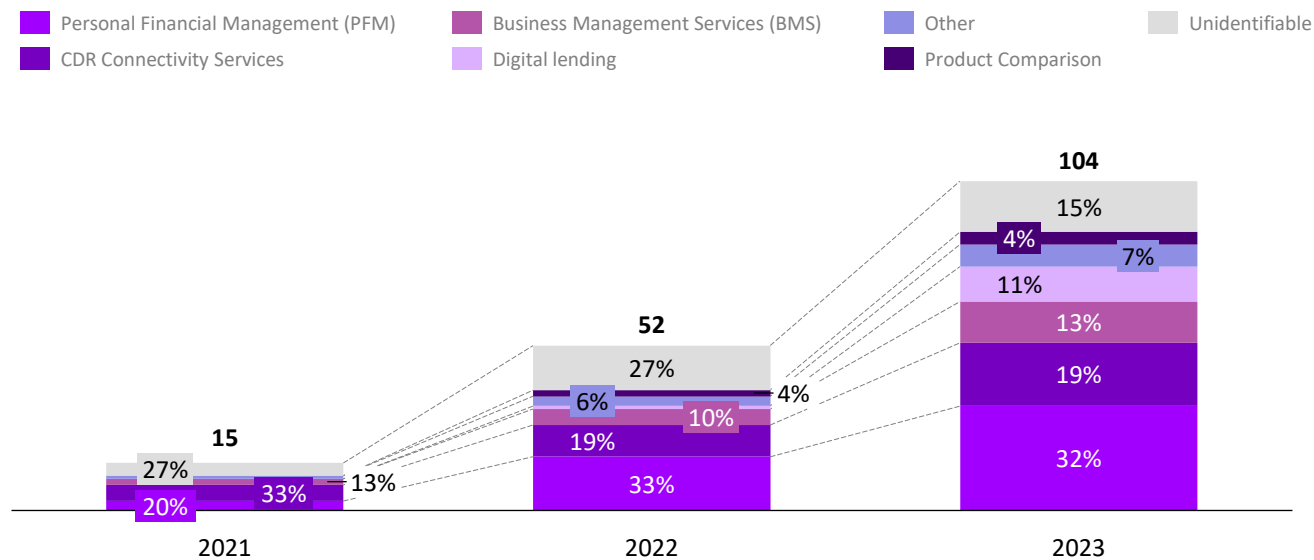
Key Insights:

- Although there are 83 reported ADRs, only the top 5 players have significant CDR arrangement activity **suggesting market conditions are not suitable for new entrants to grow viably**
- Several players have exited or have been acquired by established financial services companies (E.g., Frollo, Basiq, Adatree, etc.)

Despite attempts by ADRs to innovate and grow the market, they are struggling to uncover compelling use cases and gain traction with consumers

2.2.3 CDR Use Case Categories Profile

Number of correlated use case categories for reported ADRs,¹ 2021-2023



ADR/CDR Representative	Market Share, 2023	Use Cases Category
Frollo	28%	PFM, CDR Connectivity Services
WeMoney	22%	PFM
Beforepay	8%	PFM, Digital Lending (Payday Lending)
Flamingo	9%	PFM
CashnGo	7%	Digital Lending (Micro-loans)

Key Observations:

- There are five key use case categories provided by ADRs identified in the reported ADR dataset: PFM, BFM, Connectivity Services, Digital Lending, and Product Comparison
- Across 2021-23, these five categories generally account for ~70% of total use cases offered by ADRs – which is a proxy for customer use case usage
- Use case category diversity appears to be increasing as evidence with the introduction of Digital Lending in 2022

Use Case Category Examples:²

- PFM:** budgeting, micro-investing, loyalty/rewards
- BFM:** ledger management, automated reconciliation
- Connectivity Services:** CDR build outsourcing, white-labelling
- Digital Lending:** peer to peer lending, micro-loans
- Product Comparison:** interest monitoring, credit card comparison

Key Insights:

- While use case introduction appears slow, there appears to be feature/function innovation within each use case category
- However, this has not yet converted into increased customers suggesting diminishing returns on product innovation and diversity

1. Sources: ABA Member Survey (2024); Accenture analysis; Chart shows 'reported' ADRs – a subset of Member Survey data consisting of 2 Majors and 6 Mid-Tiers where arrangements have been tied to ADRs; Number of use cases is derived by associating the reported ADR with a use case category based on primary research; reported ADRs may provide multiple CDR use cases – hence totals number of use cases will be greater than number of ADRs.
2. See Appendix C for use case categories definitions and further examples.



03

EXPENDITURE ASSESSMENT



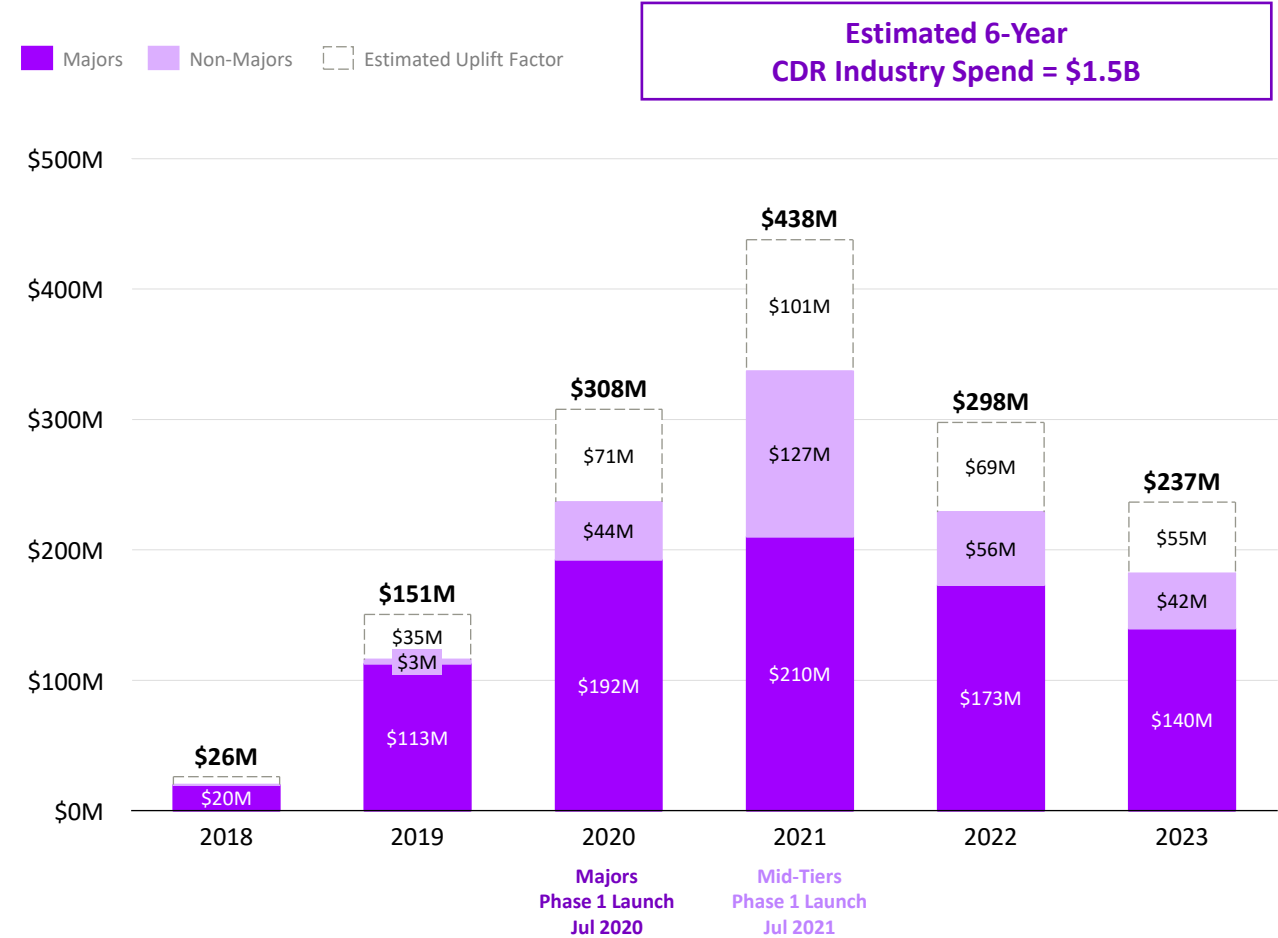
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The banking industry is estimated to have spent ~\$1.5b on CDR to date, with a relatively high proportion of expenditure incurred by Mid-Tier banks

3.1.1 Total CDR expenditure – Major vs. Mid-Tiers

Identified and estimated CDR expenditure, 2018-2023^{1,2}



Key Observations:

- The total industry spend has been augmented by ~30% based on detailed spend analysis to account for:
 1. CDR expenditure by banks not participating in survey
 2. CDR expenditure by subsidiary brands of banks participating in survey
 3. Participating banks noting that 100% direct cost attribution is not possible and therefore there is likely underreporting of actual/indirect CDR expenditure
- From 2018 – 2023, surveyed Banks have reported a total expenditure of \$1.1B, with ~75% (\$847M) incurred by Majors and ~25% (\$273M) by Mid-Tiers
- ~60% of investment occurred by 2021 as Majors and Mid-Tiers prepared to become compliant

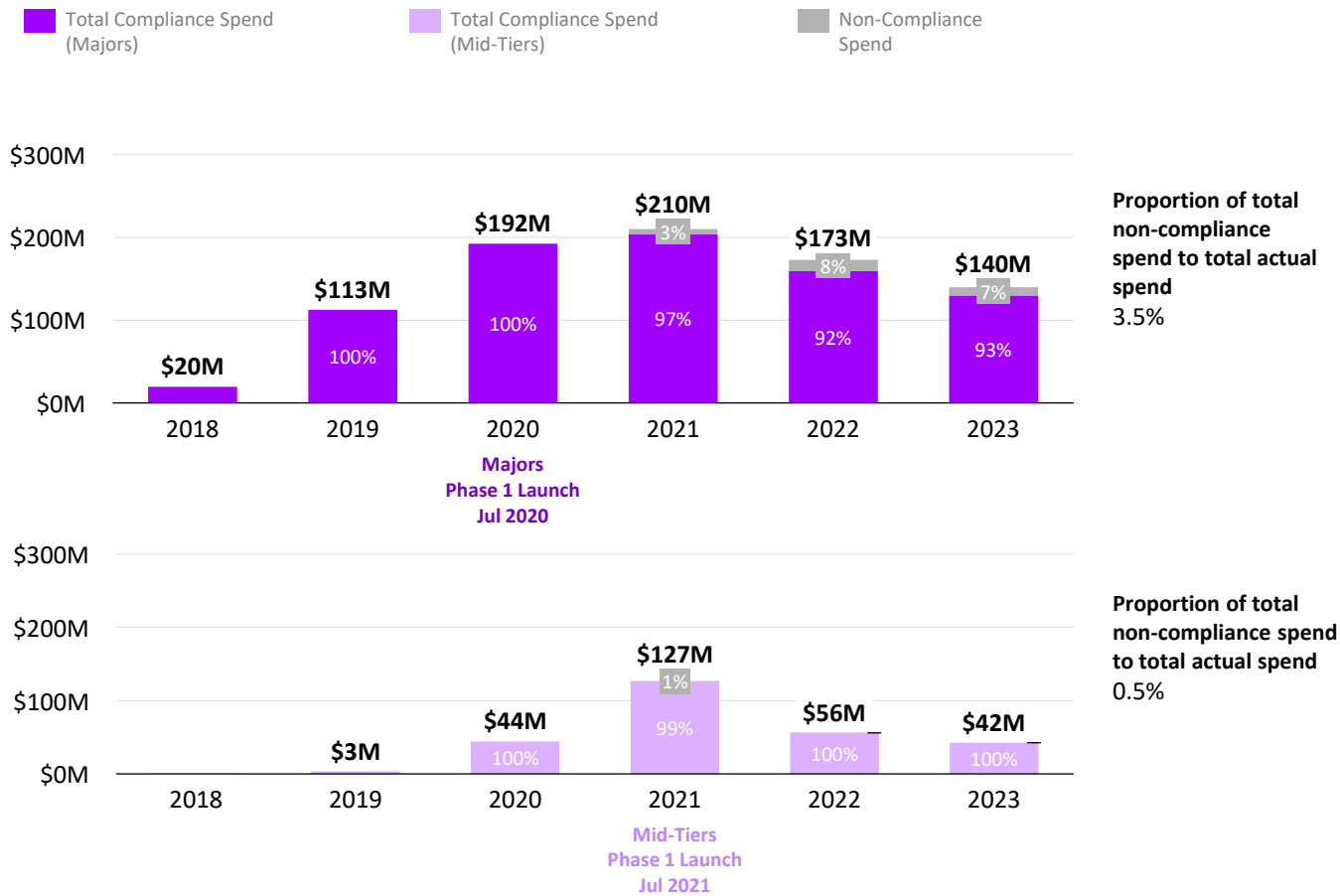
Key Insights:

- The proportional split of reported CDR spend between Majors and Mid-Tiers is **not aligned with relative CDR arrangement and customer volumes** (see Exhibit 2.1.4)
- Taking 2021-23, CDR costs have been disproportionately higher for Mid-Tier banks.
 - Indicative % CDR Spend to Operating Revenue is:
~0.2% for Majors, and ~0.7% for Mid-Tiers
 - Indicative % CDR Spend to Operating Costs is:
~0.4% for Majors, and ~1.1% for Mid-Tiers

The high level of compliance spend required by the banking industry has severely limited capacity for investment into ADR functionality – particularly for Mid-Tier banks

3.1.2 CDR Compliance Vs. Non-compliance Expenditure

CDR expenditure by type, 2018-2023



Key Observations:

- Of the reported CDR expenditure between 2018-2023 **97% was on compliance**
- In total the **Majors spent ~3.5%** of their CDR budget on non-compliance initiatives, while the **Mid-Tiers spent ~0.5%**

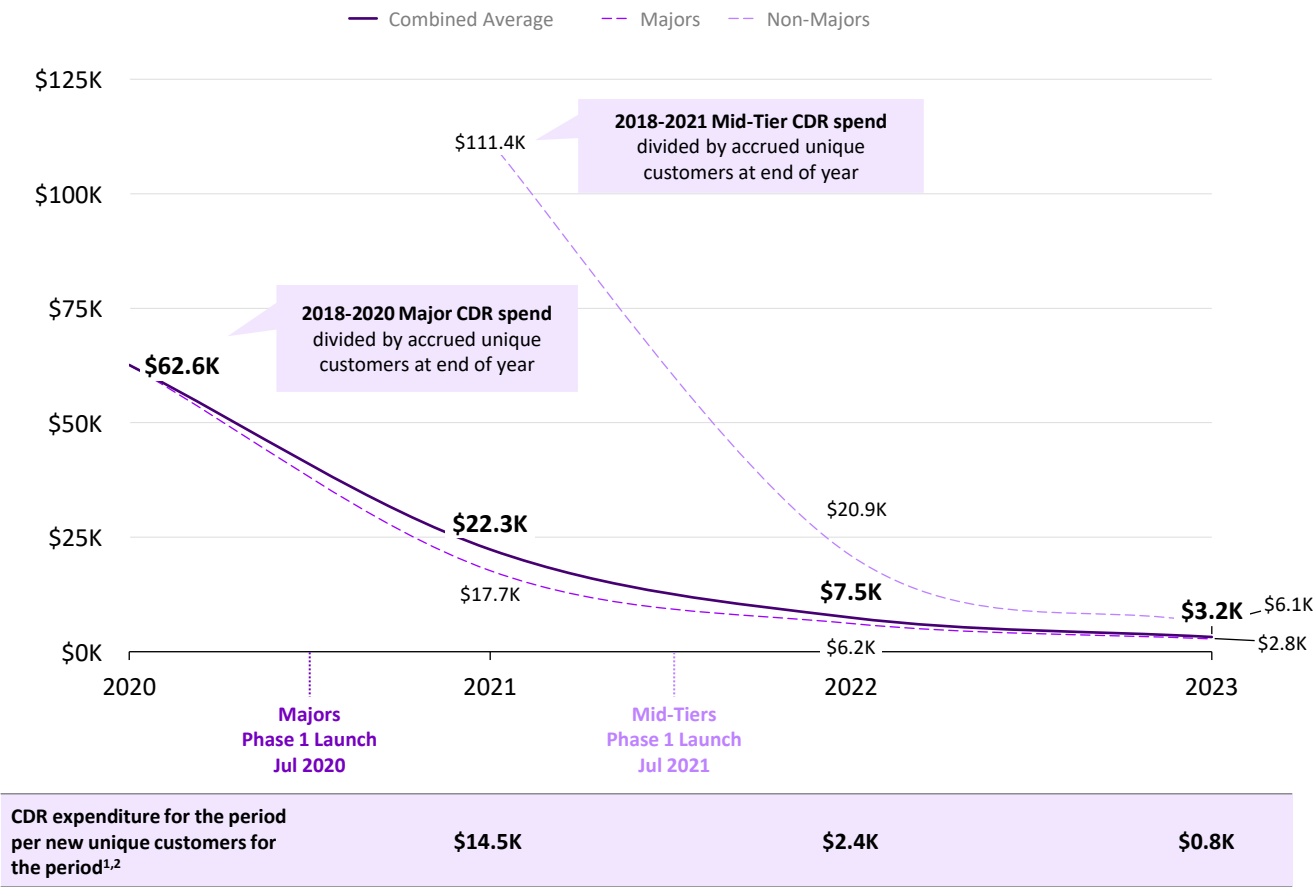
Key Insights:

- The level of CDR expenditure required by data holders to meet compliance obligations has crowded out meaningful investment into ADR functionality
- Persistently high compliance spend will continue to limit the capacity of data holders to invest in strategic CDR initiatives, impacting the overall availability and appeal of ADR functionality for consumers

Despite a decline in the cost of CDR per customer over time, it remains economically unsustainable

3.2.1 CDR Spend per Customer

Total accrued CDR expenditure at end of period per accrued customers at end of period,^{1,2,3} 2018-2023



Key Observations:

- The accrued CDR cost per accrued customer has declined from 2020 at \$62.6K to \$3.2K in 2023
- In 2023, the accrued CDR cost per accrued customer is **\$6.1K for Mid-Tiers which is double that of Majors at \$2.8K**
- The deceleration rate is 67% between 2021-22, and 57% in 2022-23
- The CDR cost for the year per new customers for the year has declined from \$14.5K in 2021 to \$0.8K in 2023

Key Insights:

- While the cost of CDR per customer has declined, it appears to be settling at a **relatively high level (~\$3K per customer)**
- On a cost per customer basis **the disproportionate impact for Mid-Tiers is likely to be structural**
- The limited customer uptake of CDR has resulted in a very high accrued cost per customer and implies a long payback period

04

DATA HOLDER PERSPECTIVES



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Australian banks recognise the CDR's potential, however, stakeholder interviews surfaced issues across design and implementation that have inhibited success

DESIGN



At the system level, there has been an **insufficient focus on cost and substantiation of benefits** – with the resultant scope, standards, and obligations often being too extensive, complex, and excessively expensive to implement

IMPLEMENTATION



Interpreting and aligning on the numerous technical and data standards, along with scheme changes, has resulted in **additional costs and re-work – putting pressure on compliance and limiting efficiency**

OBJECTIVE OUTCOMES



The CDR objectives have largely not been achieved, and in some cases have had adverse outcomes – namely **disproportionate impacts for Mid-Tier banks**

OTHER OUTCOMES



Banks have incurred **significant opportunity cost** in implementing CDR with little overall benefit – for some this has necessitated difficult trade-offs, stagnating progress across a range of key strategic priorities that would have otherwise benefited consumers

In design, there was an insufficient focus on cost and benefits for the system – with the resulting scope, standards, and obligations being too extensive and prescriptive

WHAT WORKED ...

- **Vision & Objectives:**
Banks recognise the CDR's intent and its overall role in helping position Australian as a leading digital economy
- **Consultation:**
High level consultation with and representation by the banks at all stages, albeit with limited impact on CDR design

WHAT DIDN'T WORK ...

- **Uses Case Specification:**
Limited engagement with industry and consumers to surface data-sharing use cases with compelling (cross-industry) value propositions
- **Commercial Lens:**
No apparent cost/benefit analysis in (use case and product) scope decisions
- **Scope:**
Product and data scope seen as too broad, resulting in comparatively significant implementation costs with little consumer benefit
- **Standards/Obligations:**
Comparatively, large number of standards and obligations to comply with (~1,400)
- **Data Standards Advisory Committee:**
Committee unable to create mechanisms to appropriately balance voices/considerations

IMPLICATIONS ...

System not attracting customers and not facilitating ADRs to innovate at pace, resulting in limited value created, at great costs for banks

'Where is the data that drives policy? ... Seems like a knee jerk reaction – unqualified and unsubstantiated with data and customer feedback'
– **Major Bank**

'There appears to be little thinking about customer experience to drive up take'
– **Mid-Tier Bank**

Interpreting and aligning on the numerous technical and data standards, along with scheme changes, has resulted in additional costs and re-work – creating significant compliance complexity

WHAT WORKED ...

- **Collaboration:**
Initial market participant collaboration was productive, largely due to fewer participants
- **Governance:**
Regulatory dialogue seen as productive, with major governance bodies providing prescriptive guidance and early pragmatism to help facilitate compliance – E.g. taking on feedback on obligations/standards, helping devise compliance rectification schemes, etc

WHAT DIDN'T WORK ...

- **Standards/Obligations:**
As the CDR evolved, the uniform application of extensive and prescriptive standards prevented banks from adapting standards on a principles basis to accommodate variances in products, datasets, and technology structures. The sequencing of standards/obligations was seen as not strategic
- **Scheme Changes:**
Rule and operating changes – with limited economic and timeline analysis done on implications and value of changes
- **Timelines**
Compliance phases/timelines seen as too compressed (given change magnitude, change complexity, and legacy systems landscape), with changes introduced too fast without sufficient testing and stabilisation – resulting in 109 compliance exemptions¹
- **Governance:**
Governance was less effective as the number of participants grew – creating a larger group with more diverse objectives

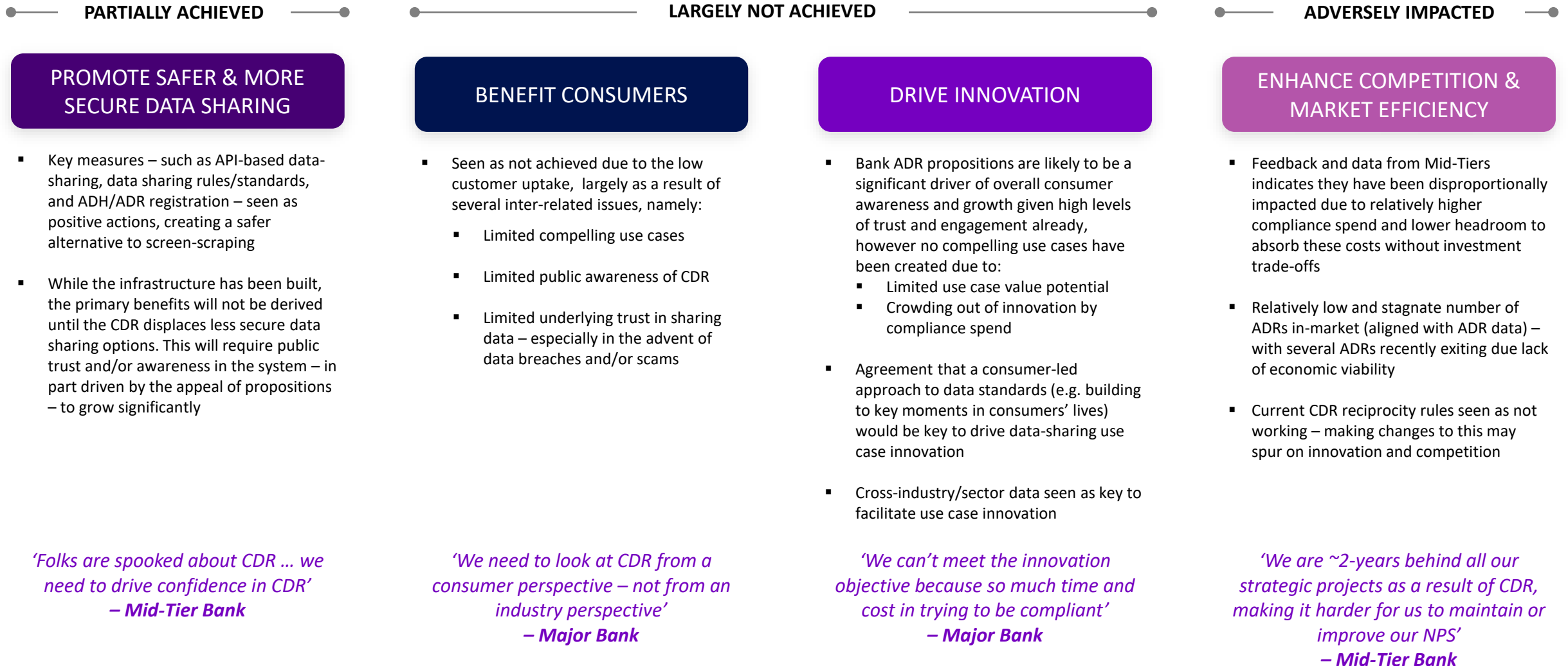
IMPLICATIONS ...

Significant implementation complexity, with frequent re-work – putting pressure on compliance and limiting component reusability – ultimately resulting in a system that was not fit-for-purpose

*‘It was too fast – not enough time to do our own full vision and strategy, and come out with something of more value’
– Major Bank*

*‘It was an evolving operational framework – we were building something that was constantly changing’
– Mid-Tier Bank*

The CDR objectives have largely not been achieved, and in some cases have had unintended consequences – namely adverse competition outcomes from the disproportionate impact on Mid-Tier banks



CDR implementation has driven significant opportunity cost. While there were some indirect benefits, prescriptiveness and sequencing requirements limited these

ANCILLARY COSTS

Most banks have indicated that CDR was one of their largest programs, typically with dedicated resources, that ***invariably took away from key discretionary spend on a range of strategic priorities***

- *'Impacts our customers in the end ... Takes away from money we could be spending on them, kept customers in a worse state because they didn't use CDR'*
– **Mid-Tier Bank**
- *'We're pushing for value [CDR innovation], but getting little value [CDR customer uptake]'*
– **Major Bank**
- *'CDR took 90% of our digital capacity, people, and funding Delayed investments in digital app and core banking'*
– **Mid-Tier Bank**
- *'We're having to make conscious trade-offs with privacy, AML, scams/fraud, and so on'*
– **Mid-Tier Bank**
- *'Didn't have ability to invest in value proposition for significant segments such as youth for three years. . . AML/CTF catch up is significant. . . Competitive positioning hindered'*
– **Mid-Tier Bank**
- *'Didn't have time to invest and implement intelligently – E.g. for component reusability'*
– **Major Bank**

ANCILLARY BENEFITS

While efforts were made to develop use cases, banks observed very little tangible benefits in implementing CDR – including ***minimal auxiliary benefits***

- *'There were no material ancillary benefits'*
– **Major Bank**
- *'Built strategic assets ahead of time, but built inefficiently and need to now put in quality controls, putting teams under lots of pressure'*
– **Mid-Tier Bank**
- *'Allowed us to develop a new data platform for enterprise benefit; Real time speed layer – used as data source for core banking'*
– **Mid-Tier Bank**

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DATA SHARING INTERNATIONAL INSIGHTS

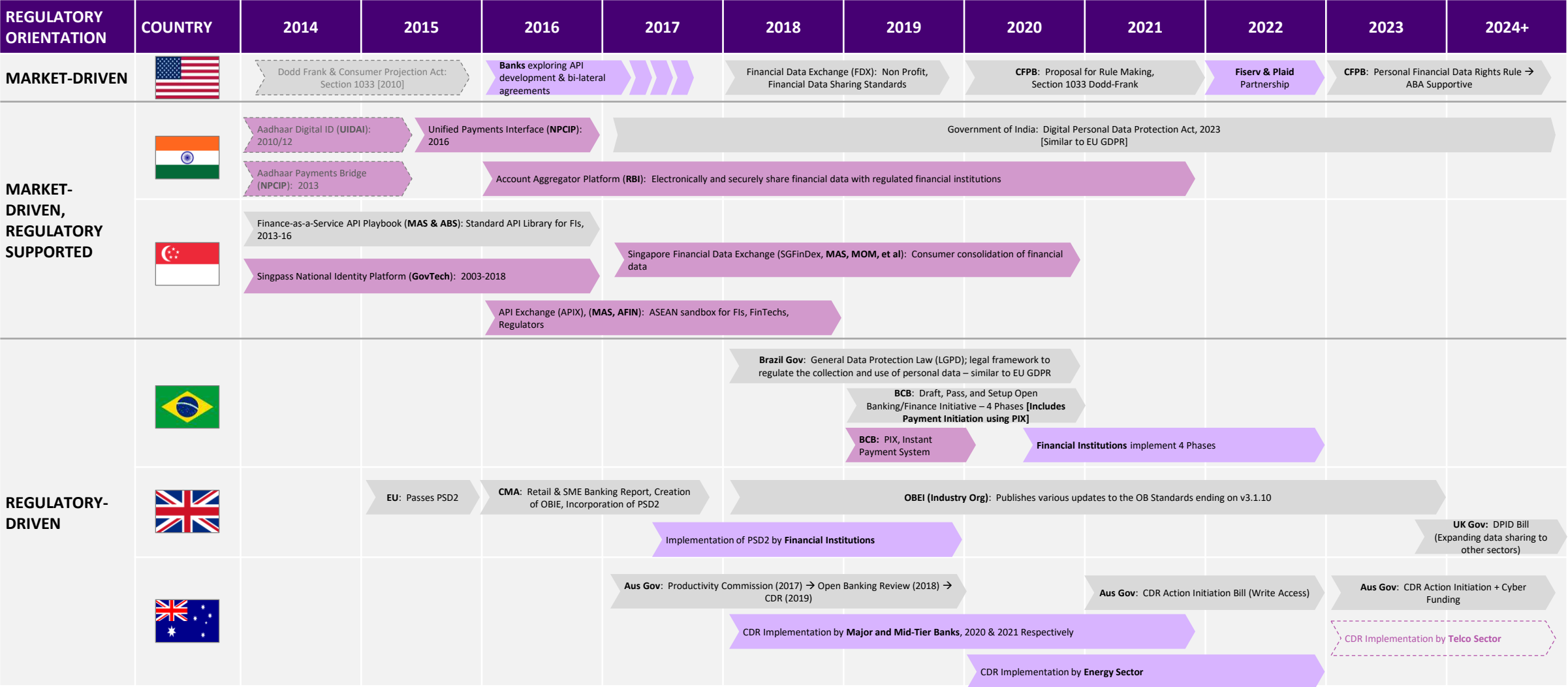


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For insights and lessons learned from global open data regimes, a diverse set of recent and contemporary implementations were examined



Selected data sharing regimes have been assessed against several factors – including consumer receptiveness, nature of the supporting ecosystem, and depth/breadth of the policy environment

Data-Sharing Jurisdictions Examined

Gleaning insights and lessons learned from comparable international consumer data-sharing regimes is useful to help shape future considerations for Australia’s CDR.



A sample of data-sharing regimes have been selected based on three regime and jurisdiction characteristics:



▪ Comparable market environment



▪ Contemporary data sharing schemes



▪ Breadth across regulatory market and hybrid schemes



Data Sharing Regime Assessment Framework

DIMENSION	SUB-DIMENSION	SUB-SUB DIMENSION
CONTEXT	Market Structure	Regime Orientation
		Banking Market Structure
	Ecosystem	Infrastructure Enablers
	Consumer Receptiveness	Unmet Consumer Needs (Banking, Payments, etc.)
		Trust in Banks’ Intent
POLICY DESIGN	Objectives	Policy Objectives
		Measures of Success
	Scope	Nature of Data Access
		API Focus
		Sectors Covered
	Standards & Security	Standards Prescriptiveness
		Accreditation Requirement
		Participation Requirement
IMPLEMENTATION & OUTCOMES	Implementation	Education & Engagement
	Impact	Indicative Market Adoption

Key Factors Driving Data-Sharing Adoption

Key Influencing Factors

- Consumer receptiveness
- Nature of supporting ecosystem
- Depth and breadth of policy & data settings – ‘i.e. the policy environment’

Key Measure of Success

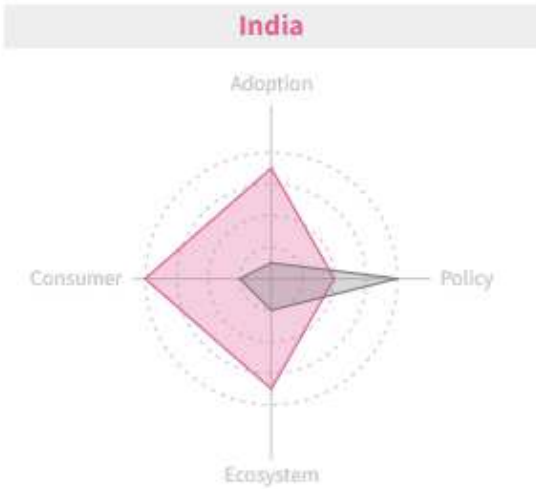
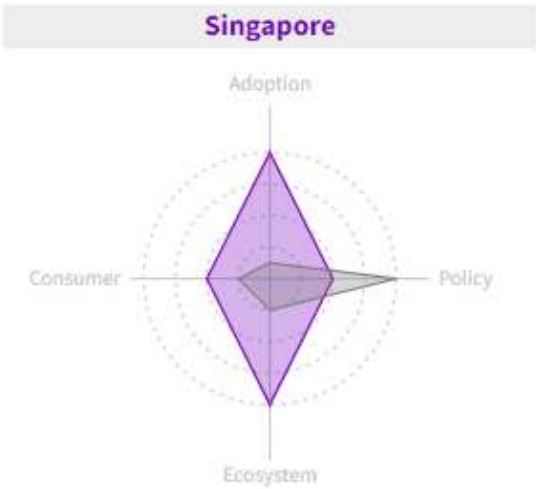
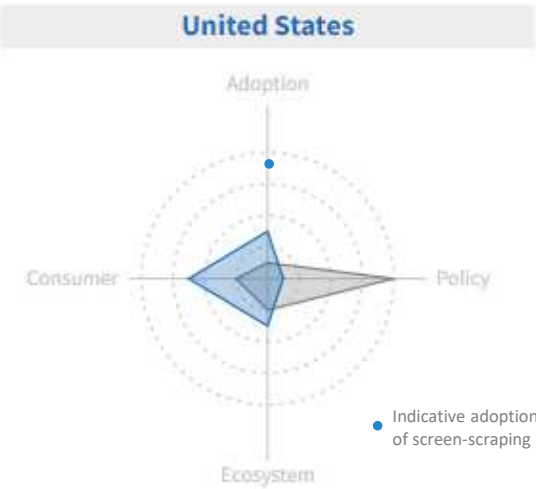
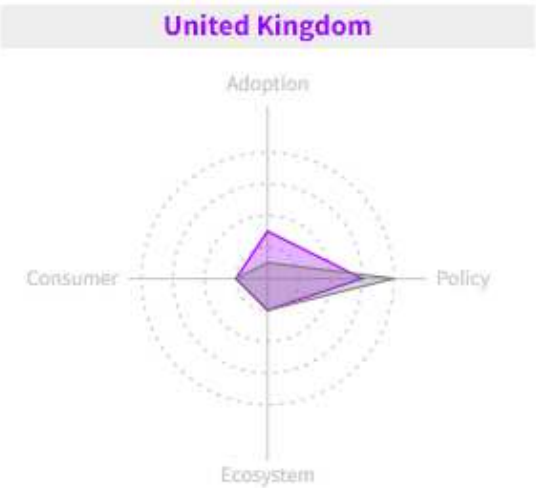
Market Adoption (consumers, businesses, government etc.)

A set of criteria with typical characteristics for the key factors influencing consumer data-sharing adoption was established for evaluation








		LOW (1-3)	MODERATE (4-6)	HIGH (7-9)
Measure of Success	Market Adoption <i>2023 or latest figure</i>	<15% of consumer banking population using API-based data sharing facility	15-30% of consumer banking population using API-based data sharing facility	>30% of consumer banking population using API-based data sharing facility
	Consumer Receptiveness <i>As at time of considering regime implementation</i>	<ul style="list-style-type: none">Low unmet consumer needs (e.g. low unbanked population)Substitute to API-based data sharing (e.g. payments, screen scraping) readily usedLow trust towards financial system and/or government	<ul style="list-style-type: none">Moderate unmet consumer needs (e.g. moderate unbanked population)Substitute to API-based data sharing (e.g., payments, screen scraping) availableModerate trust towards financial system and/or government	<ul style="list-style-type: none">High unmet consumer needs (e.g. high unbanked population)No/inadequate substitute to API-based data sharing available (e.g., payments, screen scraping)High trust towards financial system and/or government
	Enabling Ecosystem <i>As at time of considering regime implementation</i>	<ul style="list-style-type: none">No tech infrastructure setup, limited non-tech enablers (e.g. API playbooks, etc.)	<ul style="list-style-type: none">Core technology/data infrastructure enablers implemented (e.g. Digital ID, real-time payments, etc.)	<ul style="list-style-type: none">Core technology/data infrastructure with additional enablers (e.g. API sandbox, etc.)
	Policy Depth & Breadth <i>As at time of considering regime implementation</i>	<ul style="list-style-type: none">Minimal level of government involvementRegulator guidelines/principles for voluntary participant adoptionLimited product scope	<ul style="list-style-type: none">Moderate level of government involvementGovt. issued prescriptive legal framework and prescriptive technical/data standardsMandatory compliance for key participants onlyModerate product scope	<ul style="list-style-type: none">Primarily government ledGovt. issued prescriptive legal framework and prescriptive technical/data standardsMandatory compliance for all participants and/or cross sector applicationBroad product scope
Key Influencing Factors	Government	Government	Government	Government
	Private Sector	Private Sector	Private Sector	Private Sector

Analysis suggests that pre-existing related infrastructure (e.g. digital identity), market-driven implementation and consumer receptiveness (e.g. through trust, appealing propositions) are key drivers to uptake

Spider charts show indicative positions based on triangulating several data sources and rated according to the definitions below; see Appendix F for comparison details



Jurisdictions with higher adoption rates (Singapore, India) exhibit a high score in at least one of these categories (consumer receptiveness and enabling ecosystem), with moderate policy depth/breadth

DIMENSION <i>Scores and Rationales</i>	 AU (CDR)	 UK (PSD2)	 EU (PSD2)	 Brazil (Open Finance)	 Singapore	 India (‘Indian Stack’)	 US
ADOPTION KEY Low (1-3) Moderate (4-6) High (7-9)	Regulatory-driven 2019	Regulatory-driven 2015	Regulatory-driven 2015	Regulatory-driven 2020	Market-driven, Government Supported 2016	Market-driven, Government Supported 2016	Market-driven 2017
Adoption Rate ¹ <i>2023, or latest figure</i>	1 0.31%	3 12.7%	2 9.8%	6 19.6%	8 ~45 – 70% ²	7 61.7%	3 Low for API data sharing; High for screen scraping (87.0%)
Consumer Receptiveness <i>As at time of considering regime implementation</i>	2 <ul style="list-style-type: none"> Low unmet consumer needs Substitutes available (screen scraping) Low trust 	2 <ul style="list-style-type: none"> Low unmet consumer needs Substitutes available (screen scraping, payments) Low trust 	3 <ul style="list-style-type: none"> Moderate unmet consumer needs Substitutes available (screen scraping, payments) Low trust 	8 <ul style="list-style-type: none"> High unmet consumer needs (payments, relatively high unbanked population) Substitutes available (screen scraping) High trust 	4 <ul style="list-style-type: none"> Low unmet consumer needs Substitutes available (screen scraping) High trust 	8 <ul style="list-style-type: none"> High unmet consumer needs (payments, relatively high unbanked population) Substitutes available (screen scraping) High trust 	5 <ul style="list-style-type: none"> Moderate unmet consumer needs Substitutes readily used (screen scraping, payments) Moderate trust
Enabling Ecosystem <i>As at time of considering regime implementation</i>	2 <ul style="list-style-type: none"> No to limited tech infra enablers 	2 <ul style="list-style-type: none"> No to limited tech infra enablers 	2 <ul style="list-style-type: none"> No to limited tech infra enablers 	5 <ul style="list-style-type: none"> PIX (Instant Payment System) BCB Regulatory Sandbox Vibrant FinTech environment 	8 <ul style="list-style-type: none"> API Playbook Singpass National Identity Platform API Exchange (APIX) SGFinDex APIX Sandbox Vibrant FinTech environment 	7 <ul style="list-style-type: none"> Aadhaar Digital ID Aadhaar Payments Bridge Unified Payments Interface Account Aggregator Platform 	3 <ul style="list-style-type: none"> Data Sharing Standards
Policy Depth & Breadth	8 <ul style="list-style-type: none"> Prescriptive legal framework and prescriptive technical/data standards Mandatory for all banks, energy, and telco sectors Narrow industry, broad product scope (Loans, Mortgages, Term Deposits, FX, etc.) 	6 <ul style="list-style-type: none"> Govt. issued prescriptive legal framework and prescriptive technical/data standards Mandatory for 9 Major Banks Limited product scope 	7 <ul style="list-style-type: none"> Govt. issued prescriptive legal framework and prescriptive technical/data standards Mandatory for all Banks Limited product scope 	7 <ul style="list-style-type: none"> Govt. issued prescriptive legal framework and prescriptive technical/data standards Mandatory for Key Participants Multi-sector, broad product scope (Insurance, Investments, FX, etc.) 	4 <ul style="list-style-type: none"> Regulator guidelines, API playbooks for voluntary participant adoption Ecosystem (SGFinDex) resulted in a reduction of policy required to encourage implementation 	4 <ul style="list-style-type: none"> Regulator guidelines, API playbooks for voluntary participant adoption Ecosystem (Account Aggregator Platform) resulted in a reduction of policy required to encourage implementation 	1 <ul style="list-style-type: none"> N/A – the latest is a Proposal by CFPB in 2020

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OUTLOOK



Australian Banking
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accenture

The CDR has had some limited success in building the infrastructure to support data sharing. However, there is no indication that other objectives will be met

CDR OBJECTIVES	ASSESSMENT	FINDINGS - DATA	FINDINGS - INTERVIEWS	GLOBAL INSIGHTS	OUTLOOK
Drive safer & more secure data sharing	PARTIALLY ACHIEVED	N/A - no evidence to draw conclusion	The CDR infrastructure enables safe and secure data sharing, however widespread functionality and uptake are required if the benefits to consumers are to be realised	Internationally, jurisdictions are moving towards API-based data-sharing away from screen-scraping	Without significant increases in consumer engagement, the benefits of the infrastructure built will remain mostly theoretical only
Benefit consumers	LARGELY NOT ACHIEVED	CDR has had low customer and arrangement uptake, and is showing early signs of deceleration	Currently there are limited compelling use cases and low awareness which has hampered CDR consumer adoption	Australia's market adoption is significantly lower than comparable jurisdictions	There is no current evidence to suggest that material growth in adoption will occur – limiting the extent of customer benefits
Drive innovation	LARGELY NOT ACHIEVED	ADRs have struggled to establish compelling use cases and gain traction with customers	Various compliance burdens have limited capacity for ADR innovation Limited opportunity to innovate with only banking data included	Markets with infrastructure ecosystem enablers tend to generate compelling consumer propositions, fostering data-sharing innovation and competition	Four years of ecosystem development has struggled to develop compelling customer propositions. There is no current evidence to indicate that this will change
Enhance competition & market efficiency	ADVERSELY IMPACTED	Limited success achieving a competitive ADR market; cost of CDR economically unsustainable for banks	Mid-Tiers have been disproportionately impacted through CDR compliance	Markets with infrastructure ecosystem enablers tend to foster data-sharing innovation and competition	Compliance burdens and complexity are inhibiting competition outcomes and adversely impacting certain participants (Mid-Tier banks)



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APPENDIX

A Glossary

B Use Case Category Definitions

Key CDR and Report Terms

Term	Explanation
Accredited Data Holder (ADH)	A legal entity that holds a consumer's data – for example, a financial institution, such as a bank, that holds a consumer's account information, or a utility company that holds a consumer's energy usage data. Data holders are subject to data sharing obligations under the CDR Rules.
Accredited Data Recipient (ADR)	A legal entity that can receive a consumer's data under the Consumer Data Right and use that data to provide the consumer with goods and services with the consumer's consent. Accreditation criteria, including privacy and information security requirements, are set by the ACCC in consultation with the government, Consumer Data Right agencies and industry.
Application Programming Interface (API)	A common interface or intermediary that enables two or more software applications to communicate with each other and exchange data. APIs are a structured way to represent data stored in a database. The Data Standards specify the APIs through which data holders offer consumer data to ADRs.
Arrangement	In the context of consent and an authorisation, an arrangement is the continuous relationship established by one or more consecutive consent and authorisations between the ADR and the DH. An arrangement is identified by a <code>cdr_arrangement_id</code> that connects the revoked consent with the new consent. The original existing consent is revoked, and a new consent is created, connected to the original consent by an arrangement. An arrangement allows a consent effectively to continue beyond the maximum 12 month duration for a consent. An arrangement also allows a consent effectively to be amended.
Consumer Consents	A consent is a permission given by a consumer to an ADR to collect, use and disclose their data. The 'Consumer Consents' metric records the total number of active consumer consents that are present with a data holder.
Data Standards	The Consumer Data Standards are standards that data holders and ADRs must follow. They are available at consumerdatastandardsaustralia.github.io/standards
Major Bank	An Australian bank that is part of Australia's 'Big-4' banks – i.e. CBA, Westpac, NAB, ANZ
Mid-Tier Bank	An Australian bank that is not part of Australia's 'Big-4'
New Payments Platform (NPP)	The NPP is a distributed switch of individual 'Payment Access Gateways' that route and exchange financial messages between each other. The platform enables Australian consumers, businesses, and government agencies to make and receive data-rich payments in real-time between bank accounts, 24 hours a day, 7 days a week.
PayID	The addressing service within the NPP ecosystem to enable payments. PayID allows you to use a mobile number, email address, ABN or Organisation Identifier as a way to receive fast payments.
PayTo	PayTo is also an NPP payment method. PayTo provides both push and pull payment (pulling money automatically out of a payers account).
Read vs. Write Access	The ability of an application or service to request and retrieve data from another system or platform via an API. Write-access enables two-way interaction by allowing an application or service to send data back or write transactions to the host system through the API, thereby enabling action initiation such as transferring money, paying bills, or opening/making changes to consumer accounts.
Technical Standards	Technical Standards for the Consumer Data Right specify how the accredited parties within a sector comply with the requirements of the rules. Standards are formulated for each sector and have been developed through four work streams: API standards, information security standards; consumer experience standards; and engineering.

CDR Use Case Category Definitions

Category	Definition	Examples Features (Non-Exhaustive)
Personal Financial Management (PFM)	Applications/tools to support individuals to manage their financial life which may include providing a comprehensive view of finances to inform decisions, budgeting and saving to achieve goals, manage investments and insurance.	<ul style="list-style-type: none"> • Advanced budgeting features • Round-ups for micro-investment • Loyalty & rewards
Business Management Services (BMS)	Solutions/platforms to support businesses in streamlining financial operations, enhance efficiency, and provide insights for informed decision-making.	<ul style="list-style-type: none"> • Account aggregation • Financial management • Bank reconciliations
Product Comparison	Solution to empower consumers to make informed financial product choices by offering comparisons tailored to specific consumer needs, ensuring the best deals and terms.	<ul style="list-style-type: none"> • Loan comparison platforms • Credit card comparison sites
Digital Lending	Innovate lending by offering new lending products, and/or streamlining the lending process through efficient risk assessment.	<ul style="list-style-type: none"> • Payday lending • Peer-to-peer lending • Micro-loans
CDR Connectivity Services	Intermediaries within the CDR ecosystem, aiding in the build of new CDR apps or providing services facilitating easier data-sharing.	<ul style="list-style-type: none"> • Open banking APIs for third-party developers • Developer solutions • White-labelling solutions