

27 April 2020

Secretariat
Inquiry into Future Directions for the Consumer Data Right
The Treasury
Langton Crescent
PARKES ACT 2600

By email: data@treasury.gov.au

Dear Sir/Madam

FUTURE DIRECTIONS FOR THE CONSUMER DATA RIGHT

The Insurance Council of Australia¹ (Insurance Council) appreciates the opportunity to comment on the Issues Paper for the Treasury Inquiry into Future Directions for the Consumer Data Right (CDR Issues Paper).

The Insurance Council supports CDR and the ability for consumers to more effectively use data relating to them. We note that a key focus of the CDR Issues Paper is how the CDR might be expanded beyond the current 'read' access to include 'write' access. This is to enable customers to direct third parties to apply for and manage products and services on their behalf including by making payments and changing accounts.

Given that the CDR Issues Paper is not considering the extension of CDR to other sectors, the Insurance Council comments will be at a general level. It is possible that CDR coupled with disclosure reforms, for example through the consistent use of standardised definitions, will make it easier to consumers to compare and switch general insurance. However, at this stage, we cannot anticipate how CDR might apply to insurance data and, therefore, cannot comment on the potentially far reaching implications for the general insurance sector.

Broadly, the Insurance Council supports flexibility in the regime so that the ACCC can determine on a sector-by-sector level whether and how write access should be enabled. This would ensure that write access is only enabled where there is proven benefit to

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent approximately 95 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2019 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$50.2 billion per annum and has total assets of \$129.7 billion. The industry employs approximately 60,000 people and on average pays out about \$152.3 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

consumers and it is outweighed by any potential negative consequences. The fundamental findings of the Review of Open Banking report remain relevant in order that customers can feel confident that their data is secure and it is only being used for the purpose for which consent is given under the current 'read' access. It may take some time before customers start feeling comfortable with third parties acting on their behalf and with an extension to 'write' access.²

The Insurance Council also recognises that 'write' access would be aimed at allowing third parties to act on behalf of customers in order to make it easier for customers to switch to more appropriate products. However, we note that industry innovation by way of the New Payments Platform (NPP) already allows for an easier switch between products as well as easier remittance to customers through the use of PayID (as opposed to needing an identifying bank account). As per the Review of Open Banking report, the customer experience and the uptake of NPP infrastructure should be taken into account in implementing write access.

Finally, the Insurance Council recognises that certain categories of people will not have access to CDR data and usually they are already a financially vulnerable category of person, for example, those without internet, without a bank account or a mortgage. Depending on its design and how the data is used outside of the originating sector, there is a risk that CDR entrenches their existing disadvantage.

However, there is also the potential for CDR to benefit and protect the vulnerable if they have access to CDR data, as evident through the Kalgera platform in the UK. Kalgera, a personal finance platform, uses artificial intelligence and neuroscience to detect vulnerability from financial transactions and provides secure sharing of this information with trusted family and friends so they too can be alerted.³

If you have any questions or comments in relation to our submission please contact Mr John Anning, the Insurance Council's Head of Policy, Regulation Directorate, on telephone: 02 9253 5121 or email: janning@insurancecouncil.com.au

Yours sincerely



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² The Australian Government, The Treasury, *Review Into open banking: giving customers choice, convenience and confidence*, December 2017, page 109

³ <https://kalgera.com/kalgerastory>, accessed on 15 April, 2020