

PRINCIPLES OF RECIPROCITY & DATA EXCHANGE (PRDE)

FAQ 13
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Questions & Answers

The next release of the PRDE FAQs covers Principle 3 and focuses on the use of the Australian Credit Reporting Data Standard (ACRDS).

WHAT IS THE PURPOSE OF PRINCIPLE 3?

Principle 3 achieves one of the key objectives of the PRDE: a data exchange facilitated by the use of the same data standard. The Australian Credit Reporting Data Standard (ACRDS) requires that data is exchanged in a standard way. The ACRDS are a long-standing initiative of ARCA, and the PRDE provides a legal 'home' for it.

Principle 3 promotes the standardised exchange of data in a way that it can be universally understood by other signatories, through a services agreement between CP and CRB signatories.

WHAT WILL MY ORGANISATION NEED TO DO TO COMPLY WITH PRINCIPLE 3?

To comply with Principle 3, credit provider (CP) signatories will need to contribute data in accordance with the ACRDS. In turn, credit reporting body (CRB) signatories will be unable to accept credit information from a signatory CP unless the data complies with the ACRDS, or the CRB has been engaged to convert it to meet the standards set by the ACRDS.

All signatories will also need to ensure their services agreements reflect these requirements.

WHAT OPTIONS ARE THERE TO CONVERT DATA SO IT COMPLIES WITH THE ACRDS AND HOW MUCH WILL IT COST?

A CP can engage a CRB to convert the data,

as well as any other organisation providing this conversion service, so that it complies with the standards set by the ACRDS.

The cost of the conversion service will be a commercial matter for the CP to negotiate with the conversion service provider.

HOW DOES PRINCIPLE 3 APPLY TO NON-SIGNATORIES?

Nothing in the PRDE applies to non-signatories. As they have not signed up to the PRDE they cannot be bound by it.

However, because there are benefits to all data users from exchanging data using the same data standard, Principle 3 does provide that a non-signatory may be encouraged to use the ACRDS. A non-signatory cannot be forced to use the ACRDS via the PRDE.

WOULD THE ACRDS EXIST ABSENT THE PRDE?

Yes. Even though the standards set by the ACRDS were developed first, they were voluntary. The PRDE will now give the ACRDS the opportunity to achieve industry-wide effect.

The ACRDS is already being used by both CPs and CRBs, although it is not known how widespread its use is. (It was finalised and released in January 2014).

DOES THAT MEAN THAT NON-SIGNATORIES CAN SIGN UP TO THE ACRDS? IF SO, IS IT EXPECTED THAT MOST NON-SIGNATORIES WILL ADOPT THE ACRDS?

Non-signatories can use the ACRDS and it may form a term of their services agreement with their CRB that data is formatted in accordance with the ACRDS.

It should be noted that, prior to introduction of the ACRDS, each CRB would have utilised its own specific proprietary data standard for data input. As such, CPs would be familiar with adherence to a CRB-specific proprietary data standard, and (if necessary) engaging the CRB to convert its data to the standard necessary to enable input into the CRB's database.

WILL THE ACRDS EVER BE MANDATORY FOR ALL PARTICIPANTS?

At this stage, the government has not announced an intention to make the ACRDS mandatory across the industry.

But for data to be capable of being supplied on a credit report, a CRB must input standard data onto its database. Presently each CRB negotiates with each CP how the data is to be inputted and it may be unique to that CP. The ACRDS enable that when a CRB inputs data for a CP, it is the same standard across the industry.

HOW DOES THE RESTRICTION ON CONTRIBUTION BARRIERS FIT WITHIN PRINCIPLE 3?

Principle 3 is about how services agreements work in conjunction with the PRDE, and predominantly how these agreements reinforce the use of the ACRDS and reciprocity. It is possible that a services agreement may also impose terms which may constrain a CP from contributing to other CRBs.

Given the PRDE seeks to maximise data contribution and consistency, the use of the services agreement to constrain a CP is prohibited under the PRDE.

Did you know...

Work on the Australian Credit Reporting Data Standard (ACRDS) commenced in 2007, which means it pre-dates the PRDE!

HOW WILL I KNOW IF A SERVICES AGREEMENT MEETS THE REQUIREMENTS OF PRINCIPLE 3?

It's pretty simple. A services agreement will be consistent with the PRDE, so long as it requires a CP to use the ACRDS, maintain reciprocity and not constrain a CP from contributing their information to another CP. That's it.

No one can demand to see your services agreement to confirm whether it meets these requirements. The services agreement remains a confidential commercial document entered into between CPs and CRBs. However, as a signatory, when you sign the PRDE, you actually do so promising that these requirements are met. For this reason, your compliance department may need to check your existing services agreements before you can sign the PRDE.

HOW WILL THE ADMINISTRATOR MAINTAIN AND MANAGE THE ACRDS?

The ACRDS was created and continues to be maintained and managed by the ARCA Data Standards Working Group. This group will shortly transition to assist the Administrator to maintain and manage the ACRDS, under the direction of the Board of the Reciprocity and Data Exchange Administrator.

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