

## Questions & Answers

*PRDE FAQ 18 recaps some of the key Q & As covered off in the previous releases to date.*

### WHY WAS THE PRDE DEVELOPED?

The Principles of Reciprocity and Data Exchange (PRDE) is a set of industry-developed data exchange rules to support the transition of Australia's credit reporting towards a comprehensive system. The PRDE facilitates sharing of credit reporting information among signatories by setting up a reciprocal data exchange. The PRDE has been developed through extensive consultation over many years with ARCA Members and other key stakeholders. Based on this development process, ARCA considers the PRDE to be the most effective means to incentivise participation in the new credit reporting system and facilitate data sharing.

### WHY DOES THE ACCC NEED TO AUTHORISE THE PRDE?

Under Australian competition law there are strict rules which govern how organisations co-operate. These laws promote competition by stopping organisations working together without approval by the government watchdog, the ACCC. As the basis of the PRDE is for industry cooperation through reciprocal exchange, the ACCC needs to authorise certain parts of the PRDE. In determining whether or not to authorise these parts of the PRDE, the ACCC weighs up whether the public benefit outweighs any public detriment. Earlier in 2015, the ACCC released a draft determination supporting the PRDE. Following further stakeholder feedback, the ACCC is now in the process of determining whether it will give final support.

### HOW DOES THE PRDE INTERACT WITH THE PRIVACY ACT?

The PRDE and the Privacy Act are two very different documents and the obligations in each do not overlap. The Privacy Act applies to all Credit Providers and Credit Reporting Bodies and requires that they hold accurate, complete and up-to-date credit related information.

The PRDE is about the standards which signatory organisations set for exchanging their own data. Having such a standard may, in some way, assist those organisations to meet their Privacy Act obligations – but the PRDE does not require or guarantee this.

### WHEN ARE SIGNATORIES BOUND BY THE PRDE?

Organisations are only bound to the PRDE after they agree to become a signatory and accept the Principles contained in the PRDE document. Once a signatory has signed the PRDE Deed Poll, they agree to contribute credit information under the PRDE at their 'effective date'. A signatory can nominate an effective date which can be a date after they have signed the PRDE.

### WHAT IS THE ACRDS?

The ACRDS is the Australian Credit Reporting Data Standard. The ACRDS is the set of technical standards and specifications. Some people refer to the specifications as the credit reporting standard. The ACRDS enable organisations to exchange credit information in a similar format. When information is reported in an agreeable format, it means that organisations can share and communicate with greater ease.

Part of the PRDE includes a requirement for entities to comply with the ACRDS.

This means that credit reporting bodies will only be able to accept credit information from a credit provider if it is in accordance with the ACRDS. There is an exception to this, where a credit provider can provide data in another format, but they must have engaged with a credit reporting body to meet the standards of the ACRDS.

### WHO ADMINISTERS THE PRDE?

The RDEA is the administrator of the PRDE. The RDEA stands for the 'Reciprocity and Data Exchange Administrator Ltd'. The RDEA is a registered wholly-owned subsidiary of ARCA, and it will be responsible for managing the PRDE. Management includes the paperwork, finances and running the compliance framework for the PRDE.

### WHAT BINDS AN ORGANISATION TO THE PRDE?

The first step towards an organisation sharing comprehensive credit information under the PRDE is for that organisation to sign the PRDE Deed Poll. The Deed Poll acts as confirmation that an organisation wants to exchange information and accept the conditions of the PRDE. One of the main conditions of the PRDE is that it is based on reciprocal exchange. This means that before an organisation can take information, it must first contribute information.

### WHAT IS THE BASIC RULE OF TRANSITION TO THE PRDE?

The basic PRDE transition rule is 50% of data for all consumer credit accounts at your nominated tier are contributed on a signatory's effective date with the rest being contributed within 12 months.

### HOW ARE DISPUTES RESOLVED?

Principle Five of the PRDE is designed to provide a robust mechanism to enable the monitoring, reporting and compliance requirements of the framework.

The compliance framework works in a multi-staged way.

- Stage One – A report of non-compliance.
- Stage Two – Referral to the PRDE Administrator.
- Stage Three – Referral to the Industry Determination Group.
- Dispute Decision – Referral to an Eminent Person.

### HOW IS PRDE COMPLIANCE MANAGED?

The PRDE compliance process emphasises signatories being able to resolve issues between themselves. If concerns remain unresolved, it can be escalated to a peer review process. The PRDE also includes an appeal process to a legally trained Eminent Person. The three levels of compliance form the robust compliance framework.

### WHO REVIEWS THE PRDE AND WHAT IS THE PROCESS TO MAKE CHANGES?

An important feature of the PRDE is that it is independently reviewed once operational. A review mechanism has been built into the PRDE itself. Principle 6 provides that after the PRDE has been operating for three years it will be independently reviewed. Importantly, the terms of the review will be settled on after consultation with PRDE signatories. Signatories must be part of the review process as they understand best how the PRDE has worked operationally. The culmination of the review process is the creation of a report that will be made available to all signatories.

In addition to a three year review, the RDEA can review the PRDE throughout its operation. This mechanism ensures that any unforeseen consequences can be considered and resolved easily. The size and scope of any proposed amendment will drive the complexity of consultation prior to the amendment – for a small amendment only a limited consultation will be required, but for a large amendment a significant consultation will be required.

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