

# Harnessing data and digital technology – Interim report

Submission by Arca

15 September 2025



Thank you for the opportunity to provide a submission in response to the [Interim Report of the Productivity Commission's inquiry into harnessing data and digital technology](#).

Arca is an industry association focussed on the use credit reporting and consumer data. We bring together Australia's leading credit providers and credit reporting bodies to improve data protection and use, and to make credit more visible, accessible and easily understood. Our vision is to make credit work for all Australians.

Our Members include banks, mutual ADIs, finance companies and fintech credit providers, as well as all of the major credit reporting bodies (CRBs) and, through our Associate Members, many other types of related businesses providing services to the credit industry. ARCA's Members collectively account for well over 95% of all consumer lending in Australia.

## General comments

Arca strongly supports the objectives of the inquiry – specifically, to identify the highest priority reforms relating to harnessing data and digital technology which have the potential to materially boost Australia's productivity growth. We also agree with the numerous statements in the interim report about the potential benefits from data access and use: appropriate data use can reduce costs, improve quality of products and services, facilitate new products, improve competition and consumer experience and reduce risks of consumer harm.

### Reform priority: modernising Australia's credit reporting framework

Improvements to Australia's credit reporting system would significantly improve Australia's productivity growth, while supporting improved financial inclusion and competition. The material in this submission sets out:

- the experience to date with credit reporting in Australia, which demonstrates how adding data and functionality has boosted productivity, reduced costs and supported financial inclusion;
- the types of reforms which warrant specific consideration – namely adding data to the credit reporting system, limited expansions of the situations where that data can be used and enhanced protections for consumers experiencing vulnerability; and
- the international experience with, and potential benefits of, such reforms.

Arca submits that a targeted suit of reforms to modernise Australia's credit reporting system should be nominated as a priority area by the Productivity Commission in the upcoming final report.

### Other feedback

We also have feedback and views on other topics, such as:

- the best approach for regulation of artificial intelligence;
- the need to further improve the Consumer Data Right to ensure it realises productivity benefits in the context of lending; and
- the need for caution with further reforms to the Privacy Act which could increase burden without improving outcomes.

## Credit reporting

The credit market is a critical part of Australia's economy, and as such, improving the efficiency of that lending system would drive productivity while also having the potential to improve consumer outcomes. Like other developed economies, Australia's credit market is supported by a credit reporting system, under which:

- Credit providers (CPs) share certain types of data about their customers and the loans they have provided to credit reporting bodies (CRBs);
- CRBs securely hold this information, and for each consumer develop a rating or a score which is an indication of the relative creditworthiness of that individual (i.e. the risk that that consumer will default on a further loan); and



- CPs then access this information (including the CRB score or rating) – including information supplied by other participants – for limited purposes, including to allow them to assess whether to approve an application for credit or to offer assistance to customers at risk of defaulting on their loans.

In this way, the credit reporting system provides an easy to access, objective source of truth for credit providers assessing new loan applications and managing their existing portfolios. It empowers lenders to make better lending decisions, extend credit to consumers who would not otherwise receive loans<sup>1</sup> and to support their customers during times of hardship. Australia's credit reporting system exists to address information asymmetries which otherwise prevent the efficient operation of the credit market, and as such is an important piece of the nation's economic infrastructure.

International bodies such as the World Bank and the OECD have recognised the important role of credit reporting and how it can benefit borrowers and support productive use of capital.<sup>2</sup> The benefits of a 'comprehensive' credit reporting system – one which contains positive data about individuals, their loans and repayments – has been recognised by the Australian Law Reform Commission, the Financial System Inquiry<sup>3</sup> and the Productivity Commission.<sup>4</sup>

Although the law governing credit reporting in Australia has allowed certain kinds of comprehensive information since 2014, the Australian system is comparatively limited, containing less information for shorter periods of time. Appendix A compares Australia to New Zealand, Singapore, the United Kingdom, Hong Kong, Canada, the United States and Japan, with reference to three particular kinds of data not permitted in the Australian system: outstanding balance, detailed data about repayments, and repayment data from telecommunications and utilities providers.<sup>5</sup> The recent Review of Australia's Credit Reporting Framework found:

Other jurisdictions commonly include a greater range of data about consumer behaviour and the details of credit products held. Including more types of data will help improve the scope and coverage of the credit reporting framework and help address the estimated 2 million thin credit files in the Australian credit reporting framework.<sup>6</sup>

## Experience with credit reporting to date

We note that the Interim Report has found that data access promotes competition and innovation, facilitates process improvement and better decision making and could support productivity gains of up to \$10 billion.<sup>7</sup> We strongly support these conclusions, and note that our Members' experience with the shift to comprehensive credit reporting has been similar.

As noted above, prior to 2014, Australia's credit reporting system was only contained 'negative' information, such as information about defaults, bankruptcies and applications made (credit enquiries). In 2014 the Privacy Act was amended to allow for the collection, disclosure and use of specific information about accounts held (consumer credit liability information, or CCLI) and whether or not payment obligations have been met (repayment history

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<sup>1</sup> There is significant empirical research evidencing the fact that sharing data increases access to credit. [Turner and Varghese \(2010\)](#) found that "The sharing of positive data significantly increases credit access while reducing the share of non-performing loans in a portfolio" and specifically "significantly increases access to credit by underprivileged social segments such as lower income households, racial/ethnic minorities, women, and the young." (p32).

<sup>2</sup> See the World Bank's [General Principles for Credit Reporting](#) and the OECD's [The Economic Consequences of Consumer Credit Information Sharing: Efficiency, Inclusion and Privacy](#).

<sup>3</sup> [Financial System Inquiry: Final Report](#) (2014) pages 190-192. We draw particular attention to the publications quoted at footnotes 106 and 107 on page 191.

<sup>4</sup> See, for instance, the Productivity Commission, [Data Availability and Use](#), Report No 82 (2017), pages 20, 102-103 and 555-558.

<sup>5</sup> We note that there are not the only jurisdictions which have more data in their credit reporting systems than Australia. Other nations such as India, South Africa and Italy all contain data not permitted within the Australian credit reporting system.

<sup>6</sup> See [Review of Australia's Credit Reporting Framework](#) (2024), page 87. We note that multiple studies have demonstrated that increasing data on credit reports would promote financial inclusion for these individuals, potentially making it easier for those individuals to obtain subsequent credit products. See, for example [Credit Reporting Customer Payment Data: Impact on Customer Payment Behavior and Furnisher Costs and Benefits](#); and [A New Pathway to Financial Inclusion: Alternative Data, Credit Building, and Responsible Lending in the Wake of the Great Recession](#), both published by PERC.

<sup>7</sup> See in particular the discussion on pages 29 and 30.



information, or RHI). Participation levels have grown significantly, and the credit reporting system now contains comprehensive data about the vast majority of consumer credit accounts.<sup>8</sup>

We have gathered data and insights from Arca Members about the benefits that have arisen from the increased access to comprehensive data such as CCLI and RHI.

## CPs are consuming and using comprehensive data

CRBs have produced products for their CP customers which provide structured summary versions of comprehensive data for easy use by CPs in the context of credit decisions. Correspondingly, CPs have consistently informed Arca that they have amended their lending strategies and internal scoring models to use comprehensive information. This includes all aspects of comprehensive data – i.e. CPs are using CCLI, RHI and financial hardship information (FHI) to help them lend responsibly and support their customers.

## Credit scores and data are significantly more powerful

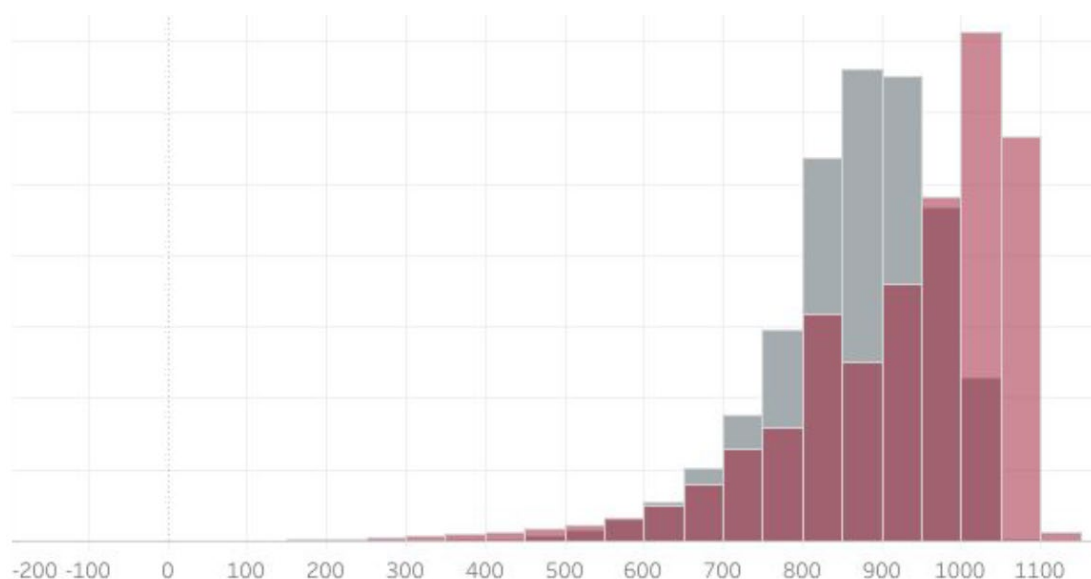
The predictive power of CRB credit scores (i.e. the extent to which they accurately predict the risk a consumer will default) have increased very significantly with the inclusion of comprehensive data. The actual increase in predictive power will often vary based on the relevant lending portfolio being considered. Industry data has highlighted that when compared to their scores built on negative data, positive scores are between 14% and 39% more predictive across different portfolios.

In particular, the inclusion of RHI greatly improves the ability for CRBs to distinguish between individuals where their negative information looks very similar, offering CPs more tailored, predictive scores that better reflect the actual level of credit risk.

## More data and higher scores have supported financial inclusion

Both CRBs have provided information to Arca that, for most Australians, adding comprehensive data has **increased** credit scores (i.e. led to them receiving a score which indicates a lower risk of default). This outcome is clear from score distribution charts produced from industry data: not only are average comprehensive scores higher, but in aggregate terms the number of consumers who receive a higher score is far larger than those who have a lower comprehensive score. The bar charts below show a distribution of negative scores and positive scores across consumer mortgages (Chart 1) and credit cards (Chart 2) portfolios.<sup>9</sup>

**Chart 1: Distribution of scores across consumer mortgages portfolio**

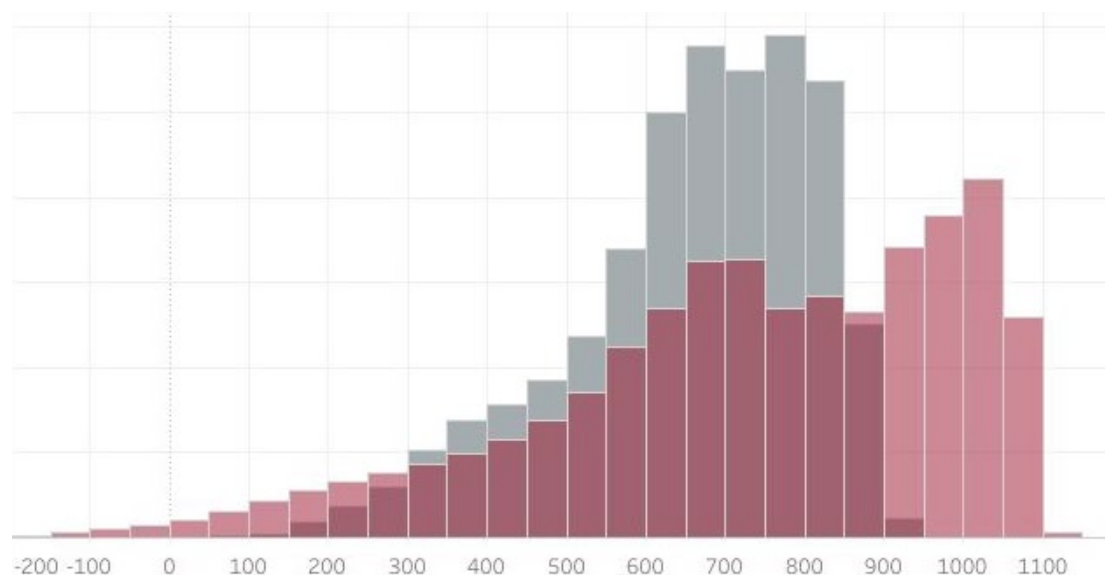


<sup>8</sup> Data from Arca was quoted in the [Issues Paper of the Review of Australia's Credit Reporting Framework](#), page 7.

<sup>9</sup> In both cases, the negative and comprehensive scores suggest the same risk of default.



**Chart 2: Distribution of scores across credit cards portfolio**



As an illustrative example, one CRB conducted an analysis of a credit provider's portfolio of over 220,000 consumers, comparing whether consumers in that portfolio would have been categorised as low risk, medium risk or high risk based on their negative and comprehensive data. The analysis showed that just over half of the consumers were in a lower risk cohort for their comprehensive data than they were for their negative data – put another way, just over 50% of consumers were considered a lower risk once their comprehensive data was considered. By comparison, 39% of consumers were in the same risk cohort, and only 11% of consumers were in a higher risk cohort based on their comprehensive data. This aligns with previous academic studies which have found that a majority of consumers receive higher scores.<sup>10</sup>

Unsurprisingly, it has followed that adding comprehensive data has helped credit providers expand lending, supporting financial inclusion. This is an expected result of reducing the information asymmetry and addressing adverse selection, but has been borne out in practice based on material provided by Arca's Members.

- When responding to an Arca-prepared survey, 93% of mortgage lenders and 86% of unsecured lenders indicated that they used comprehensive credit reporting data to consider whether they would be willing to lend to a consumer who had a previous default (i.e. negative information). More recent positive information can significantly improve access to credit for consumers with an aged default.
- CPs have previously advised Arca that using comprehensive data allows them to increase automatic approval rates, and to materially increase overall approval rates without increasing their bad debt rates.<sup>11</sup>
- One CP has recently started using comprehensive data as part of its decisioning on a particular portfolio of loans, and has conducted analysis on how their decisions could have changed had they been using comprehensive data previously. The analysis found that if they had used comprehensive data earlier, it would have allowed them to approve 90% of previously rejected applications without a significant increase in the risk of the default. Approximately 1% of previously approved applications would have been rejected had they used comprehensive data. The combined effect of these two changes would have been to expand lending without an increase in overall default risk.
- One CRB has performed an analysis of a given lender's portfolio, in which it compared the options available to that lender once comprehensive data (and the more powerful comprehensive score) was considered. The analysis showed that:
  - If the CP wanted to continue to provide the same amount of performing loans, by using the more predictive scores/data they could reduce the number of non-performing loans they provide.

<sup>10</sup> See Andrew Grant, University of Sydney Business School, *The Impact of the Introduction of Positive Credit Reporting on the Australian Credit-seeking Population*, August 2019.

<sup>11</sup> See [Arca's submission to the Review of Australia's Credit Reporting Framework](#) at page 30.



Specifically, the CP's strategy would lead to approximately a third fewer non-performing loans being approved; the savings could have reduced the cost of credit by up to 40 basis points.

- If the CP was willing to accept the same number of non-performing loans, by using the more predictive scores/data they could increase the number of performing loans they provide. Specifically, the CP could approve approximately 10% more performing loans based on the comprehensive data, which could have creased lending by approximately \$155 million.

## **The availability of more powerful CRB scores and scorecards has supported competition**

The feedback we have received from smaller lenders is that access to comprehensive data is essential to their ability to compete and offer products. When compared to established lenders with large customer bases and transaction accounts, smaller lenders have less data available in their own systems to support their decision making; comprehensive credit reporting has been an essential mechanism to levelling the competitive playing field. In this way, greater access to data has supported more competition which in turns provides incentives to improve processes, increase productivity and reduce costs.

CPs have also identified benefits beyond direct access to raw comprehensive data. One smaller CP found that a decisioning model developed by a CRB would offer a significant predictive uplift over their existing model. That CP advised us that based on their size and customer base, they would be unable to develop a similar decisioning model on their own; leveraging the benefits of the comprehensive data collated and analysed by CRBs also supports greater competition, improved decision making and more productive operations.

## **Comprehensive data supports simpler processes for CPs and consumers**

Comprehensive data has allowed CPs to detect significantly more liabilities which individuals did not disclose in their applications for credit.<sup>12</sup> This is true even for very large CPs, who hold vast amounts of transaction data and who are otherwise in the best position to detect undisclosed liabilities. The amount of undisclosed liabilities detected varied based on the CP, the products they offered and the distribution channels they used, but:

- Most CPs who provided us with input noted that there were discrepancies with the liabilities that individuals disclosed on over 10% of the applications they received – in many cases materially more than 10%.
- Multiple CPs informed us that comprehensive data helps them detect both undisclosed liabilities (i.e. other products that the individual did not disclose – either accidentally or deliberately), and under-disclosed liabilities (i.e. where the limits on other products were understated).
- CPs noted that using comprehensive data means that fewer files required manual verification– these differences were most stark where that data was available upfront as compared to channels where that was not possible. In one case this was a reduction from 30% of files needing manual liability verification to 5%.

The increase in the ability of CPs to detect undisclosed liabilities leads to better outcomes for individuals; specifically, use of CCR data helps ensure individuals do not receive loans where their actual commitments suggest that further lending would be unsuitable. Use of data in this manner also helps avoid credit losses and regulatory risk for CPs.

Better detection of undisclosed liabilities and use of comprehensive data has allowed CPs to simplify and improve processes. For example, reliance on CCLI to detect and/or verify liabilities has meant that CPs do not require other types of evidence which can be more costly and burdensome to obtain and analyse – a repeated example of information which is no longer necessary (or as necessary) is bank statements. Both large and small CPs have seen process improvement benefits, although the benefits are often greater for smaller CPs will less data in-house. Specifically:

- One CP noted that they have been able to reduce the number of manual requests for information they need to make of applicants through reliance on credit reporting information
- Another (large) CP noted that their application completion rates have improved. A third CP noted that positive data helps to contextualise and explain negative information, making application processes simpler – for instance, if they can see enquiries but no CCLI (i.e. because their other CP only participates at the negative

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<sup>12</sup> This practice is extremely widespread: all mortgage and unsecured lenders who responded to an Arca-prepared survey on this point indicated they used comprehensive data to detect undisclosed liabilities.





level), they may need to obtain further information from the individual to confirm the liability and repayment history.

- Multiple CPs noted that application processes were now simpler particularly for refinances, and that both RHI and CCLI simplify the data they require from individuals when considering those applications.

The simplification of application processes, reductions in manual verification and increases in automatic approvals mentioned above has substantially reduced the time needed to make a decision. Large and small CPs have noted that comprehensive credit reporting enables them to make faster decisions. Of particular note:

- One small CP was able to reduce assessment times by 15 minutes per application; and
- One CP subject to the mandatory credit reporting regime indicated that median time to approval before that regime commenced was 4.9 days, and is now 1.9 days (although this includes the effect of other process improvements unrelated to comprehensive credit reporting).

Simpler processes are easier for both consumers and CPs to navigate, and reductions in the time and effort needed to decide on applications helps all parties to operate more productively.

## Reform priorities: modernisation of credit reporting

As outlined above, we consider that access to comprehensive data through the credit reporting system has supported increases in productivity, financial inclusion and competition in the credit market. This experience, along with the available evidence, suggests to us that targeted modernisation and expansion of Australia's comprehensive credit reporting system could yield further similar benefits.

Reforms to modernise Australia's credit reporting system would be consistent with the Productivity Commission's high level findings about improving access to and sharing of data. Modernisation of the credit reporting system is an ideal candidate for high priority reform given:

- The benefits realised to date from expanding access to data – with the available evidence and international experience suggesting that further benefits can be realised through targeted, appropriate expansion
- The potential to build on existing practices and frameworks, which have generally been found to be sound and are working in practice. It will be significantly easier to modernise credit reporting based on the existing legal structure and framework than establish a new framework and/or develop a new data access/sharing model; leveraging what already exists will allow the benefits of data access and sharing to be realised more promptly at lower cost.

The specific reforms which we believe should be prioritised are set out below.

### Additional data

There is significant potential to drive further productivity and financial inclusion benefits by adding data to the credit reporting system (and/or allowing previously reported data to be used). Key items which warrant addition are:

- Outstanding balance;
- More detailed information about repayments, such as the date on which repayments were due, the date on which repayments were made and the amount repaid;
- A descriptor of the credit provider's brand
- Repayment information for non-financial services credit, such as telecommunications and utilities products
- Historical information (i.e. information that has been previously reported but which is still within the period where it can be retained).

The first, third and fifth items in the list above were recommended for inclusion by the Review of Australia's Credit Reporting Framework.<sup>13</sup> More generally, research in Australia and experience overseas indicates that some of the

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<sup>13</sup> See Recommendations 11 and 15 from the Review of Australia's Credit Reporting Framework.



data missing from the Australian system tends to be the most powerful and predictive information available.<sup>14</sup> Credit providers use balance and repayment information they hold about their existing customers, so making those types of information more widely available will support competition and efficiency in the credit market. A credit reporting system that supports a competitive credit market to offer wider access to finance would underpin productivity growth throughout the Australian economy. For further information about the specific data which should be added to the credit reporting system, see Arca's [Submission to the Review of Australia's Credit Reporting Framework](#) at pages 41-45 and 50-51.

## Review of data use

The rules governing the credit reporting system tightly restrict when credit information can be disclosed and used; the approach balances the privacy of individuals against the benefits that arise from data access. While we support this general approach, we think the permitted use cases would benefit from review to identify whether there are other use cases which would support good, efficient decision making by credit providers and good consumer outcomes.

Targeted expansion of credit reporting data use cases could support productivity growth by allowing lenders to make decisions more efficiently and with reduced regulatory risk. Where consumers at risk of financial difficulty receive more timely support, their prospects of recovery are better, supporting their wellbeing and continued financial inclusion.

Some examples of situations where additional use of credit reporting data should be enabled include:

- to assist with consumer remediations to help return money owed to consumers
- to notify other credit providers that a consumer is now bankrupt
- to assessing whether a possible hardship arrangement is suitable/sustainable for an individual,
- to consider a request to vary the terms and conditions of the loan, such as a move from principal and interest to interest only repayments, or to fix a home loan interest rate
- to consider whether the limit of a low cost credit contract should be increased within the amount permitted by law
- to provide alerts of the risk of financial harm to the consumer earlier than are currently permitted (thereby improving the consumer's prospects of recovery and empowering CPs to meet regulator expectations)
- for credit management purposes when a ban placed on the consumer's credit report.

For further information about the specific use cases which should be added to the credit reporting system, see Arca's [Submission to the Review of Australia's Credit Reporting Framework](#) at pages 81-83.

## Improving consumer protection while reducing friction and burden

At present, in the credit reporting system the onus is on consumers to protect themselves from risks of fraud by placing a ban on their credit file, which prevents access to their information. There are significant issues with bans: all the onus is on consumers to protect themselves, bans (especially ban removal) imposes unnecessary friction and cost to the credit system, and bans prevent lenders from using information to protect consumers from risks of default.

Creating a fraud flag system would remove much of this complexity, providing consumers with consistent, automatic protection and shifting the onus onto other parties. A reform of this nature would remove the costs and complexity associated with running the current credit ban system, freeing up resources for more productive uses and simplifying

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<sup>14</sup> See e.g. [Arca's Submission to the Review of Australia's Credit Reporting Framework](#) at page 41, which draws on publications from the ALRC, FSI and Productivity Commission as well as myFICO (US data) and the experience of Arca's Members.

Since that time, one large CP has also advised Arca that over one-fifth of their top datapoints in five of their risk models were drawn from internal information about balance and repayment amount, indicating that this data is highly predictive and supports better, more efficient credit decisions. Their analysis also indicated that individuals using more of their balance were at greater risk of being overdue in the medium term – having this information available allows them to approve applications in a responsible way to more customers who seek credit, whilst minimising their losses.





the operations of credit reporting bodies. For more information, see Arca's [Submission to the Review of Australia's Credit Reporting Framework](#) at pages 70-72.

## Exploration of credit reporting for small and medium enterprises

Small businesses contribute more around \$700 billion in added value the Australian economy and employ more than 7.4 million people,<sup>15</sup> and as such are a key focus point for efforts to improve productivity. Appropriate access to finance is essential for the continued success of Australia's SME sector.

Australia's comprehensive credit reporting system only relates to consumers and consumer lending. Designing and implementing a credit reporting system for small businesses has the potential to significantly increase access to credit, simplifying application processes and speed up decisions, all of which would support business growth and productivity. Recent research has shown that using new technology and data sources has supported lending to SMEs<sup>16</sup> - establishing a credit reporting system for the sector would further support SME lending. Small businesses with ready access to finance on competitive terms will be better able to grow and innovate, and in turn drive productivity improvements.

Designing a credit reporting system for small businesses will be a substantial piece of work. As such we recommend that a working group made up of industry, Government and small business participants be established to consider the design, dataset and sharing arrangement such a system would require.

## Regulation of artificial intelligence

We agree with the conclusion in the Interim Report that existing regulation should be the starting point for considering how to address any risks associated with the use of artificial intelligence. We also agree with the proposed approach of first conducting gap analyses to determine where additional risks exacerbated by AI are not adequately addressed through existing regulation. Technology neutral regulation should be favoured wherever possible, as it is likely to lead to less regulatory arbitrage, less unnecessary prescription and greater consistency in outcome.

We refer the Productivity Commission to [our submission in response to the 2023 consultation on Safe and responsible AI in Australia](#). We believe that the views in our submission are broadly aligned with the Productivity Commission's views in the Interim Report.

## Consumer data right and screen scraping

We agree with the commentary in the interim report that the consumer data right (CDR) scheme has proved costly and complex to implement, and that this cost, along with the restrictions on data use (including use of derived data) have deterred many industry participants from participating in the scheme. While we are supportive of the CDR and attempts by Government to improve its operation, the experience of our Members suggests that further changes – over and above the recent enhancements – are needed to enable CPs to use CDR data to aid lending and credit management.

Specifically, Arca's view is that further change is needed to address the following issues:

- **Ease overly strict treatment of CDR data:** The circumstances in which the strict CDR rules apply to CDR data should be reviewed to ensure data can be used appropriately, including to e.g. refine lending models. Additionally, the circumstances in which a CP can act as a 'data holder' rather than a 'data recipient' should

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<sup>15</sup> Productivity Commission, [Small Business access to finance: the evolving lending market](#) (2021) at page 5.

<sup>16</sup> Productivity Commission, [Small Business access to finance: the evolving lending market](#) (2021) at pages 27-29. Due to the restrictions on access to repayment information, the benefits from the consumer credit reporting system referred to on page 29 are not available to commercial-only lenders. These lenders are at a competitive disadvantage to lenders with an Australian credit licence (who can access RHI). This outcome should be addressed as a priority.



be expanded to include holders of an Australian credit licence or their credit representative and service providers, such as credit reporting bodies

- **Standardised consents:** The CDR rules should allow for reasonable, necessary standardised consents for lending use cases to be presented as a holistic package to consumers

Each of these issues is described in more detail below. Further information is available in [Arca's submission to the 2024 consultation paper on enhancements to the CDR rules](#).

However, as an overarching comment, we note that feedback from Arca Members has highlighted that CPs generally find it preferable to use credit reporting information rather than data received through the CDR. This reflects both:

- the value-add from the services provided by CRBs, including analytic-driven components such as a credit score, as well as the structured summary formats that CRBs provide that are well-suited to CP lending decision tools; and
- the relative completeness of the credit reporting data – i.e. there is less need for the CP to consider whether information has been excluded by the individual (noting that further measures to encourage participation and data consistency across CRBs will only increase this advantage).

However, over the medium-to-long term, there is potential for the credit reporting framework and an improved CDR framework to complement one another. We note:

- Feedback from CRBs indicates that, when combined, credit reporting information and information about e.g. transaction accounts (available through means such as CDR) can increase the predictive power of credit scores and other analytical tools.
- Complementing credit reporting information with data sourced through CDR has the potential to enhance CP decision making processes: for instance, information from the credit reporting system could be used to understand the individual's liabilities and repayment history, while CDR data could remove the need to obtain e.g. bank statements to understand the individual's other expenses.

In our view, this is an example of how data sharing mechanisms have potential to work side-by-side. In this regard we agree with the direction of the Interim Report's suggestions about exploring additional pathways for data access and sharing.

## Ease overly strict treatment of CDR data

Rules around data minimisation which limit data use to providing goods to that specific customer prevent lenders from using data to improve their decision-making algorithms. Specifically, while CDR data can be fed into existing algorithms (i.e. for that particular consumers), it cannot be used to refine and update those algorithms. This is an issue that prevents the proper uptake of CDR data and limits the potential productivity and consumer benefits from data use.

Additionally, allowing lenders and their service providers to act as 'data holders' rather than 'data recipients' in respect of data received through the CDR is an important enhancement to support a lending use case. While we acknowledge that this issue has been partially addressed by extending earlier flexibility available to ADIs to a wider set of participants, there is still more to do because:

- Smaller lenders already have more limited access to existing data sets with which to develop their lending algorithms (due both to their smaller customer bases and product types) and would ideally rely on the data received through the CDR to develop and refine those algorithms (often using the services of third parties, such as a CRB)
- The need for data recipients to quarantine CDR data, and the rules on data use, mean that CDR data is unable to be used effectively to support lending or credit management.

We consider that an essential step to facilitating use of CDR data for lending purposes – and to drive competition the credit market – is for to allow Australian credit licensees, their credit representatives or service providers to act as data holders rather than data recipients. To the extent that restrictions are justified on data security grounds, it would be preferable if other controls were available. For instance, it is possible that the entity who holds the data could



agree to treat that data ‘as if’ it was credit reporting information, therefore applying the same use and disclosure and data security obligations<sup>17</sup> to the data (and derived data) as would apply under Part IIIA of the Privacy Act.

## Standardised consents

While the CDR rules have been amended to remove a prohibition on ‘bundled’ consents to different uses, we consider that further enhancements are needed to facilitate CDR for lending purposes. At present, the potential for consumers to opt out of a particular CDR consent, or sharing data about a particular account, creates the following issues:

- **It prevents CPs from building processes that assume that the CDR data is comprehensive/complete.** In this context, it should be noted that access to all current CDR account data is critical to support the lender’s accurate verification of that customers’ income and expenses (i.e. a credit provider cannot create an efficient and effective lending process based on inconsistent and uncertain access to data)
- **Risks of moral hazard** (i.e. that undesirable data won’t be shared), which compromise the credit provider’s ability to conduct appropriate due diligence and lend responsibly, with the potential for negative impacts to borrowers who are approved for credit which they may not be able to afford.
- **Risks of consumer confusion or frustration**, especially as failing to use CDR to share data may mean that the consumer’s expectations about a quick, easy process won’t be met because additional verification material will need to be supplied and reviewed by the lender.

An appropriate solution to these issues would be to include a concept of standardised consents, under which:

- industry participants would develop a set of consents (covering data sets and uses/disclosure permission) that were reasonable and necessary for the provision and management of credit;
- Those consents would be approved by an appropriate regulator, such as the Office of the Australian Information Commissioner (OAIC) and/or Australian Competition and Consumer Commission (ACCC)
- The approved consents would be subject to a bespoke set of rules that could override elements of the ‘standard’ CDR rules – for instance, bespoke rules could explicitly allow bundling of reasonably necessary consents, and could involve a simplified consent process
- The approved consents could then be presented on the basis that the application for credit could not proceed without the consent (i.e. it is a ‘take it or leave it’ consent).

Standardised consents of this nature would allow for the risks of incomplete data and moral hazard to be addressed, ensuring the benefits of data sharing are realised for lenders and consumers. Standardised consents should be an optional process that applies to nominated use cases only (e.g. the lending use case); other use cases would continue to be subject to the ordinary CDR rules.

## Screen scraping

We acknowledge the discussion within the Interim Report about the use of screen scraping, including the Productivity Commission’s view that screen scraping should only be banned across a sector when an official, secure and reliable alternative is widely available. This statement broadly aligns with Arca’s views, which are set out in detail in our [submission to the Government’s 2023 discussion paper on screen scraping](#). We note that further improvements to CDR – such as those described above – are needed before that framework is a viable alternative for many credit providers.

## Privacy Act Reform

We acknowledge the Interim Report’s discussion about an alternate compliance pathway for the Privacy Act, and the risk that implementation of further reforms proposed through the Privacy Act Review could increase the complexity of that act and entrench existing problems.

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<sup>17</sup> These obligations are set out in sections 20Q and section 21S and require a credit reporting body or credit provider to take reasonable steps to protect information from misuse, interference and loss, and from unauthorised access, modification or disclosure, as well as requirements to destroy or de-identify information once no longer needed or required to be held.



We support these comments and findings. In this regard we refer the Productivity Commission to our earlier input to the Privacy Act Review, particularly our submissions in response to [the Issues Paper](#) and [the Final Report](#). We raised concerns that several proposals could increase the complexity of the law, and add burden and regulatory uncertainty for business. Specific examples include:

- Proposals around treatment of de-identified information,
- Changes to the definition of consent which could require specific consents for even administrative or consequential activities
- Additional complications around a right of erasure in the context of de-identified information
- Additional disclosures about automated decision making – specifically the unclear nature of what needs to be disclosed
- Overreliance on the notification process, in a way which may not fully address the limitations with up-front disclosure as a regulatory tool to achieve good consumer outcomes.

Changes of this nature may increase cost and reduce productivity. They may also bring about the unintended result that businesses need to provide substantial amounts of material to consumers to reduce their regulatory risk: an outcome which is inconsistent with the intent of many of the reforms. It is for these reasons that we agree with the direction of the Interim Report in this area.



## Appendix A: Data in other credit reporting systems

The purpose of this document is to provide information about credit reporting systems in other jurisdictions. Many overseas jurisdictions allow for additional data fields to be retained within their credit reporting systems, including more detailed (and accessible) information about repayments and information about current liabilities (i.e. balance outstanding).

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
New Zealand	No	No	Yes
Singapore	Yes	Yes	No
United Kingdom	Yes	Yes	Yes
Hong Kong	Yes	Yes	Unclear
Canada	Yes	Yes	Yes
United States	Yes	Yes	Yes
Japan	Yes	Yes	Yes

### New Zealand

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
New Zealand	No	No	Yes

The *Credit Reporting Privacy Code 2020* issued by the Privacy Commissioner under the *Privacy Act 2020* permits the disclosure to credit reporting bodies of a broad range of credit reporting information.<sup>18</sup> Comprehensive credit reporting has been enabled in New Zealand since 2012.<sup>19</sup>

Much of the terminology in the New Zealand framework is similar to that within the Australian system. In New Zealand, credit information includes:

- Identification information, which, unlike Australia, can also include e.g. an individual's occupation or employer (or previous occupations/employers)
- Information about applications for credit – similar to enquiries in Australia
- Information about credit held by individuals – similar to CCLI in Australia
- Repayment history information – which is **not** restricted to credit providers regulated under the New Zealand equivalent of the National Credit Act
- Information about defaults, serious infringements and bankruptcies (all of which have parallels in Australia).

In New Zealand, credit providers, landlords, insurers and employers can use credit reports.

<sup>18</sup> See the definition of 'credit information' in the Credit Reporting Privacy Code 2020 (NZ).

<sup>19</sup> See Privacy Commissioner (New Zealand) [Comprehensive Credit Reporting Six Years On](#) (2018) for some information about the recent history of credit reporting in New Zealand.



The Retail Credit Association of New Zealand ('RCANZ') has developed data standards to ensure consistency of data and reporting in the credit reporting system in New Zealand.<sup>20</sup> While previous versions of the standards are accepted by CRBs, the preferred current version provides that '... it is necessary to report on at least a monthly basis any subsequent Account related reportable events.'<sup>20</sup> The data standards impose principles-based quality-related obligations on credit providers and credit reporting bodies to ensure data reported and held are accurate, consistent, complete and up-to-date.<sup>21</sup> Corrections mechanisms in the *Credit Reporting Privacy Code 2020* also provide a means for ensuring data quality.<sup>22</sup>

The RCANZ also ratified a non-binding **Heads of Agreement in respect of Principles of Reciprocity for Comprehensive Credit Reporting** signed by 10 credit providers, including all major banks except ANZ, and all three credit reporting agencies. It operates on the understanding that:

- CPs are entitled to receive comprehensive credit information to a level commensurate with the completeness of the information they have provided, summarised as "You give all you have – you get all";
- signatory CPs work towards providing comprehensive credit information on all their product lines as soon as their systems and processes permit it; and
- signatory CRBs promote adherence to the Principles of Reciprocity and endeavour to include them in their subscriber agreements.

## Singapore

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
Singapore	Yes	Yes	No

The *Banking Act 1970* permits the disclosure of comprehensive credit information (except deposit information).<sup>23</sup> Credit Bureau Singapore provides an **example of a Singaporean credit report**, which shows the types of information collected within the Singaporean system.<sup>24</sup> Of note, the report contains:

- Outstanding balances (for each product in the most recent month, and aggregated into categories for the previous six months)
- The actual amount of payments due (for each product in the most recent month, and aggregated into categories for the previous six months)
- Granular information about cash advances and balance transfers on credit cards
- Information about enquiries (similar to those retained in other systems like Germany, NZ and Australia)

The Monetary Authority of Singapore imposes governance obligations on credit reporting bodies and providers, including that

- '[a] licensed credit bureau must have a Code of Conduct for the licensed credit bureau and its approved members' covering, among other things, the manner in which data integrity is protected and the process for correcting errors; and
- prescriptive obligations in relation to data integrity, correction, record-keeping and oversight.<sup>25</sup>

<sup>20</sup> RCANZ Credit Data Reporting - Industry Requirements v3.02 at page18.

<sup>21</sup> RCANZ Credit Data Reporting - Industry Requirements v3.02 at page17.

<sup>22</sup> See Rule 7 of the Credit Reporting Privacy Code 2020 (NZ).

<sup>23</sup> See the Singaporean *Banking Act 1970*, Third Schedule, Part 2, Item 7 in the table.

<sup>24</sup> This document, also provided by Credit Bureau Singapore, contains some interpretive notes.

<sup>25</sup> These and other requirements are set out in *MAS Notice CBN01*, issued to licensed credit bureaus and approved Members under the Credit Bureau Act 2016 [Act 27 of 2016].





Credit reporting information can be accessed from a CRB by banks, finance companies and credit card issues (and from other members of the CRB that are approved by the Monetary Authority of Singapore).<sup>26</sup>

## United Kingdom

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
UK	Yes	Yes	Yes

Credit reporting in the United Kingdom is regulated under financial services, consumer, and data protection legislation. The Financial Conduct Authority (FCA) regulates the provision of credit references and credit information services by credit reporting agencies. The *Consumer Credit Act 1974 (UK)* and FCA regulations are relevant to credit reporting. The Information Commissioner enforces the *General Data Protection Regulation* (which, we understand, was copied into UK law as at the moment of Brexit as 'retained EU law') and the *Data Protection Act 2018 (UK)*.

The United Kingdom permits comprehensive credit reporting through a voluntary industry-based model.<sup>27</sup> United Kingdom credit reports include a wide range of information, which is outlined in detail on e.g. [Transunion's website](#) and in this [explainer document](#). Information collected by credit reporting bodies in the UK includes:

- Credit account performance data – including the name of the lender, date the account was opened, the account number, the amount of debt outstanding (if any), any credit available (including overdraft limits). Importantly, this includes **the amount owing** (i.e. balance) as distinct from the credit limit.
- The repayment history on the account, including late and missing payments, and granular information about the next payment and/or regular payment amounts for some products.
- Information about credit searches (i.e. enquiries); and
- Consumer-provided data.

Participation is open to a wide range of providers, including banks, building societies and other financial services providers such as credit card companies, home credit suppliers, credit unions and hire purchase companies. It is also provided by utilities companies, mobile phone networks, retail and mail order companies and insurers.

The United Kingdom system does not have an equivalent of the ACRDS – that is, a standard form for providing data to a CRB. The development of such a standard has been identified as a future piece of work by the FCA.<sup>28</sup> However, like other systems, the UK credit reporting system operates on the basis of reciprocity – the principles of are currently managed through a forum known as SCOR, although a new Governance body is being established.<sup>29</sup>

## Hong Kong

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
Hong Kong	Yes	Yes	Unclear

<sup>26</sup> See the Credit Bureau Act 2016 [Act 27 of 2016], particularly [Part 5](#) and the [First Schedule](#).

<sup>27</sup> However, the FCA is considering mandatory participation requirements: See [Market Study MS19/1.3 Credit Information Market Study Final Report](#).

<sup>28</sup> See Remedy 2B from the [Market Study MS19/1.3 Credit Information Market Study Final Report](#).

<sup>29</sup> See the [Market Study MS19/1.3 Credit Information Market Study Final Report](#). See also [Arca's submission to the Review](#), in particular our answers to question 3.8 ("Can any improvements be made to the governance of industry-led codes and standards to ensure all relevant stakeholders are represented?").



The sharing of comprehensive consumer credit data is permitted under the *Code of Practice on Consumer Credit Data*, approved by the Privacy Commissioner for Personal Data under the [Personal Data \(Privacy\) Ordinance](#).<sup>30</sup>

Account data which is included in the Hong Kong credit reporting system is set out in the Ordinance and includes:

- Information about credit accounts (i.e. the identity of the credit provider, the account open and close date, etc);
- The credit limit or loan amount as appropriate – in practice this means both the credit limit and the outstanding balance;<sup>31</sup>
- Information about enquiries – as with almost all credit reporting system, information and enquiries (including name, date, account type and enquiry amount) is retained;
- Detailed account repayment data – including the amount last due, the amount paid during the last reporting period, and default data

This [sample credit report](#) with explanatory and interpretative notes also highlights the information retained and which pieces of information (such as balance used and large numbers of hard enquiries) can negatively effect a credit score.

Credit reports are able to be accessed by credit providers, including banks, money lenders and hire purchase and lease financiers. The Hong Kong Monetary Authority maintains a guideline on [The Sharing and Use of Consumer Credit Data through a Credit Reference Agency](#), which “expects” all deposit-taking institutions to “participate as fully as possible in the sharing and use of consumer credit data” including positive credit data.

The Personal Data (Privacy) Ordinance allows for historical data to be kept (subject to constraints). The Code sets retention periods for consumer credit data and presumes that holding data beyond the relevant period breaches the principle included in the Code that, broadly, all practicable steps must be taken to ensure that personal data is not held for longer than necessary to fulfil the purpose the data is used for.’<sup>32</sup> However, for certain types of data, there are specific deletion requirements.<sup>33</sup>

In relation to data quality, there are ‘reasonable steps’ requirements for credit providers to check data for accuracy before reporting to a CRB and to update the information with the CRB where inaccuracies are subsequently identified.<sup>34</sup> In addition, there are certain access, correction and deletion mechanisms and certain rights in relation to correction.<sup>35</sup>

## Canada

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
Canada	Yes	Yes	Yes

<sup>30</sup> [Personal Data \(Privacy\) Ordinance](#) particularly clause 2 and Schedules 1 and 2. See also the [Code of Practice for the Multiple Credit Reference Agencies Model](#).

<sup>31</sup> See, e.g. [this sample credit report](#), published by Transunion.

<sup>32</sup> [Personal Data \(Privacy\) Ordinance](#) at [3.2]-[3.7]. relevant notes and sch. 2

<sup>33</sup> [Personal Data \(Privacy\) Ordinance](#) at [3.5A]

<sup>34</sup> [Personal Data \(Privacy\) Ordinance](#) at [2.5]

<sup>35</sup> [Personal Data \(Privacy\) Ordinance](#) at [3.18]-[3.20], sch. 2, Principle 6



Credit reporting is regulated at the provincial level in Canada. Canadian credit reports include information about a wide range of products, including credit cards, retail or store cards, lines of credit, mortgages, telecommunications accounts as well as certain negative information about savings products.<sup>36</sup> Information stored<sup>37</sup> includes:

- enquiries – both ‘hard’ enquiries and ‘soft’ enquiries (the latter does not affect score in any way)
- account information, including both limit and balance, account open dates and highest ever account balance
- repayments – including payment amount and frequency for some types of products.
- Defaults and other negative information.

Most information is retained for six years. In relation to data quality, most provinces have laws dealing with consumer credit reporting, which typically impose an obligation on credit reporting agencies to:

- ensure the accuracy of the information
- place limits on the disclosure of the information
- give consumers the right to have access to, and challenge the accuracy of, the information.

Credit reports can be accessed by financial institutions and lenders, as well as retailers, mobile phone companies, insurance companies, governments, employers and landlords. Payments on telecommunications accounts are reported and can affect credit scores.<sup>38</sup>

## United States

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
United States	Yes	Yes	Yes

Credit reporting in the United States is regulated under the *Fair Credit Reporting Act*, enforced by the Federal Trade Commission, with rule-making delegated to the Consumer Financial Protection Bureau. Broadly, credit bureaus can provide credit reports for certain purposes, including purposes related to credit, insurance, employment and insurance, without obtaining the consent of the individual the credit report is about.<sup>39</sup>

The United States permits comprehensive credit reporting through a bi-lateral voluntary industry based model. Legislation enables sharing and provides oversight into financial conduct. Comprehensive credit sharing forms part of the contractual arrangements between credit reporting bodies and credit providers. The United States system lacks a central code because the system has always allowed for comprehensive data sharing.

The credit reporting system enables sharing of positive information about a wide variety of accounts (including e.g. utilities and student loans). As outlined in [this sample credit report](#), the information collected and used includes:

- enquiries – both hard and soft
- account information such as open date, account type, credit limit(s), current balance and highest balance
- multiple years of information about repayments, as well as information about the most recent payment made (both the date and amount of that payment).
- Negative information such as charged-off accounts.<sup>40</sup>

<sup>36</sup> See [this information](#) prepared by the Financial Consumer Agency of Canada (FCAA) for more information.

<sup>37</sup> For example, see [this sample credit report](#) from Equifax Canada. [This document](#) prepared by the FCAA also provides further detail.

<sup>38</sup> FCAA, [Understanding your Credit Report and Credit Score](#), page 15.

<sup>39</sup> [https://www.ftc.gov/system/files/ftc\\_gov/pdf/fcra-may2023-508.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/fcra-may2023-508.pdf) § 604

<sup>40</sup> See also [What is a Credit Report and What is on it?](#), published by Equifax.



Additionally, in the US there are products available to help enhance credit scores by reporting different payments that would otherwise not be counted/included within the credit reporting system or by providing access to alternative scoring models.<sup>41</sup>

In relation to data quality, the *Fair Credit Reporting Act* includes provisions requiring credit reporting bodies to follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates. Information can be accessed by lenders, potential employers, insurance companies and rental property owners.<sup>42</sup>

In addition, there are duties imposed on credit providers in relation to providing accurate information and the disputing, correcting and updating information.<sup>43</sup> In addition, the Consumer Data Industry Association has developed Metro 2 format for credit reporting, which Credit reporting bodies generally require CPs to use to report information.<sup>44</sup>

## Japan

	Balance	Detailed RHI	Telco/utility access to RHI
Australia	No	No	No
Japan	Yes	Yes	Yes

Japanese consumer credit reports include a wide range of negative and positive information. The Credit Information Center – a Japanese credit reporting body – has published [a guide to reading Japanese credit report excerpts](#), which makes clear that the system includes:

- Detailed information about loan contract, including type, commencement date, product name, loan term and amount
- Detailed information about repayments, including the billed and paid amounts and payment dates,
- The balance owing (as distinct from the credit limit), and separate disclosure of cash advance balances on credit cards
- Enquiries, as well as information about other accesses including consumer-initiated access and credit management purposes (neither of which affect the individual's credit score).

We understand that information and telecommunications accounts, including payments on those accounts, is also retained within the Japanese credit reporting system.<sup>45</sup>

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<sup>41</sup> Some products of this nature are outlined in [this article](#) by Fortune.

<sup>42</sup> *Fair Credit Reporting Act* § 607(b).

<sup>43</sup> *Fair Credit Reporting Act* § 623.

<sup>44</sup> See the [Metro 2 Format for Credit Reporting](#) published by the Consumer Data Industry Association, as well as reporting requirements from the [Transunion](#), [Equifax](#), and [Experian](#) websites.

<sup>45</sup> See, e.g. [this website](#) on Japanese credit reports which refers to loans by Softbank, a company which provides telecommunications services. Other comments by consumers online align with this position (i.e. that information about telecommunications products is included in Japanese credit reports).