



22 November 2018

Mr Andrew Stevens  
Data Standards Body Chair  
CSIRO Data61  
Level 5, 13 Garden Street  
EVELEIGH NSW 2015

Email: [cdr-data61@csiro.au](mailto:cdr-data61@csiro.au)

Dear Mr Stevens

### **Consumer Data Standards - Working Draft**

The Customer Owned Banking Association (COBA) welcomes the opportunity to make a submission to Data61 on the working draft of the Consumer Data Standards (the Working Draft).

COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). Collectively, our sector has \$113 billion in assets, 10 per cent of the household deposits market and 4 million customers. Customer owned banking institutions account for around three quarters of the total number of domestic Authorised Deposit-taking Institutions (ADIs).

COBA supports the application of the Consumer Data Right (CDR) to banking, through Open Banking, as it presents an excellent opportunity for our sector to further enhance how we deliver value to our customers. Our view is that ADIs with excellent customer service and highly competitive pricing, like customer owned banking institutions, stand to gain from participating in the Open Banking system.

COBA is grateful for the transparent consultation approach adopted by Data61. We particularly appreciate Data61's earlier consultations on specific aspects of the Consumer Data Standards, and how Data61 has used stakeholder feedback from those consultations to shape the Working Draft.

Our view is that the 'incremental' consultation approach adopted by Data61 has supported a more efficient and transparent consultation, notwithstanding the technically complex nature of the Consumer Data Standards and the announced implementation timeframes. In this regard, COBA encourages Data61 to continue with this consultation approach to further progress the Consumer Data Standards.

COBA notes that in developing the Consumer Data Standards, Data61 was directed to begin with the United Kingdom's Open Banking Standard by the Final Report of the Review into Open Banking in Australia and also by the Government's May 2018 response to the Final Report.

However, COBA recognises that because Australia is implementing a CDR that is intended to operate across multiple (and uniquely different) industry sectors, the Consumer Data Standards need to depart from the United Kingdom's (UK) Open Banking technical standards in various respects.

For example, COBA notes from Data61 that given the need to design Application Programming Interface (API) standards to support different sectors, HTTP Headers, the URI structure and naming conventions need to vary from the UK approach.

Additionally, COBA notes that Data61's proposed Open Banking payloads also vary from the UK payloads, given the need to make changes in response to the ACCC's CDR Rules and to also align with banking products and services that are offered in Australia.

Suite 403, Level 4, 151 Castlereagh Street,  
Sydney NSW 2000

COBA would like to provide Data61 feedback in relation to information security requirements for Open Banking. Our view is that a strong information security profile is an absolute necessity of Open Banking, as this will help assure the level of consumer trust that is crucial to the future success of Open Banking and the rollout of the CDR regime to other sectors more broadly.

As Data61 would appreciate, the expected growth of third parties in the provision of financial services through Open Banking may see in an increase in financial crime (such as fraud) if the Open Banking information security profile is insufficient.

However, COBA notes that the Working Draft, at this stage, does not reflect decisions made with respect to an information security profile. While the Working Draft includes some high-level proposals to shape further work on authentication and authorisation, it does not comprehensively set out the information security requirements for participants in the CDR regime.

COBA understands that Data61 is focussing on developing draft information security requirements, and that it intends to largely follow the UK approach on information security, such as by adopting common information security protocols including OAuth 2.0 and OpenID Connect. COBA understands from Data61 that this approach will adopt globally used information security protocols that are, in some cases, presently being used in Australia by vendors and ADIs.

While COBA recognises the intent of and merit with this approach (relative to building a new and custom information security profile in a short period of time), we caution that the implementation timeframes that were announced in May this year should not operate to inadvertently compromise the quality of the information security requirements and the long-term success of the Open Banking system.

In general terms, COBA encourages Data61 to set a strong minimum information security baseline that minimises interpretation ambiguity. While we recognise the technical nature of Data61's focus, we suggest that Data61 also consider the broader information security aspects of Open Banking, particularly with respect to accreditation and governance. In this regard, COBA encourages Data61 to work closely with the ACCC, given its mandate to develop the CDR Rules.

COBA is particularly interested in how the information security profile will address the issue of 4<sup>th</sup> party risk governance – that is, the management of risks beyond accredited data recipients (particularly non-ADI recipients such as fintechs), given that 4<sup>th</sup> parties could receive bank customer data. Indeed, this would also extend to data aggregators and companies that collect data on behalf of an ADI.

As Data61 would be aware, APRA recently released *Prudential Standard CPS 234 Information Security* (CPS 234), the new cross-industry prudential standard for the management of information security which sets out minimum requirements for APRA-regulated entities to manage information security risks.

In particular, CPS 234 imposes requirements to classify and manage risks associated with *all* information assets managed by third parties or downstream providers – this represents a departure from the previous 'risk-based' approach. In this context, COBA encourages Data61 to ensure that the information security profile for Open Banking is appropriately aligned with CPS 234.

Finally, COBA notes Data61's emphasis that the Working Draft "will contain inconsistencies and errors, gaps and areas that can be improved on"<sup>1</sup>. While we appreciate that the Consumer Data Standards will evolve over time, we are cognisant that the cost of implementing future change is likely to increase as industry implementation matures as we approach the announced commencement dates. In a similar vein to our earlier comments, the announced commencement dates should not operate to inadvertently diminish the quality of the Consumer Data Standards, as this would compromise trust in the regime.

COBA notes that Data61 intends to release a second draft of the Consumer Data Standards by 25 December 2018, which will also include an information security profile and emerging insights from Data61's Consumer Experience workstream. COBA looks forward to continuing to work with Data61 to further progress the Consumer Data Standards to help facilitate a smooth transition to Open Banking.

---

<sup>1</sup> Data61 Consumer Data Right [website](#).

If you have any questions or comments in relation to our submission, please contact Tommy Kiang, Senior Policy Manager, on 02 8035 8442 or at [tkiang@coba.asn.au](mailto:tkiang@coba.asn.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Lawler', written in a cursive style.

**LUKE LAWLER**  
Director – Policy