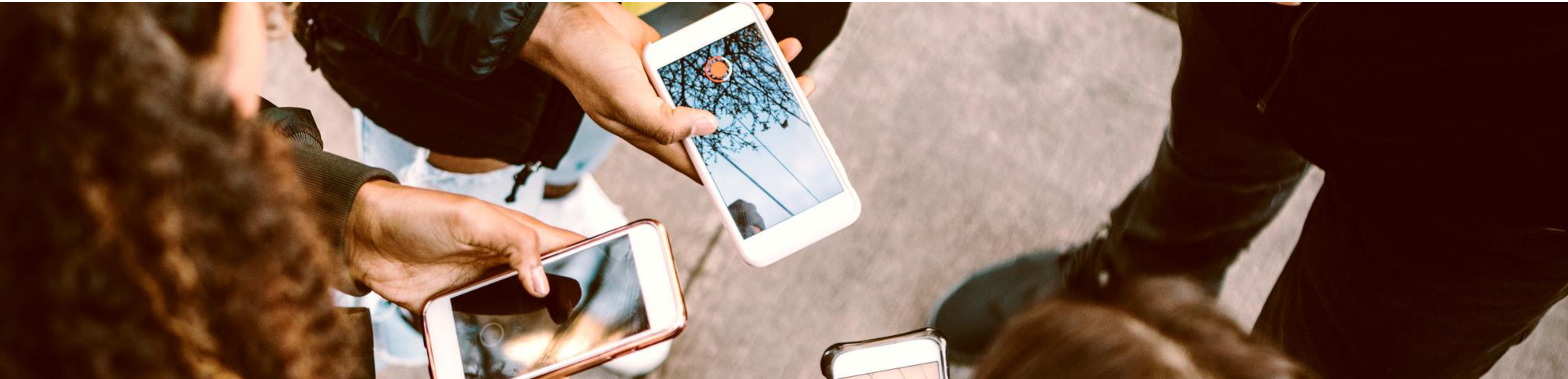


Open Banking and Consumer Data Right

Daniel Farthing & Matthew Green, Grant Thornton Australia

Gareth Gumbley & Tony Thrassis, Frollo



What is Open Banking and the CDR?

The Consumer Data Right (CDR) is a market-wide reform in the way organisations handle data about individuals. **The fundamental concept is that personal data¹ should be controlled by and used to benefit the individual rather than the collector.** This has far reaching implications for organisations who are currently custodians of consumer data.

Commercial Implications

CDR is expected to increase competition, reduce switching costs and spur innovation by extending data access to non-traditional organisations.

Privacy Implications

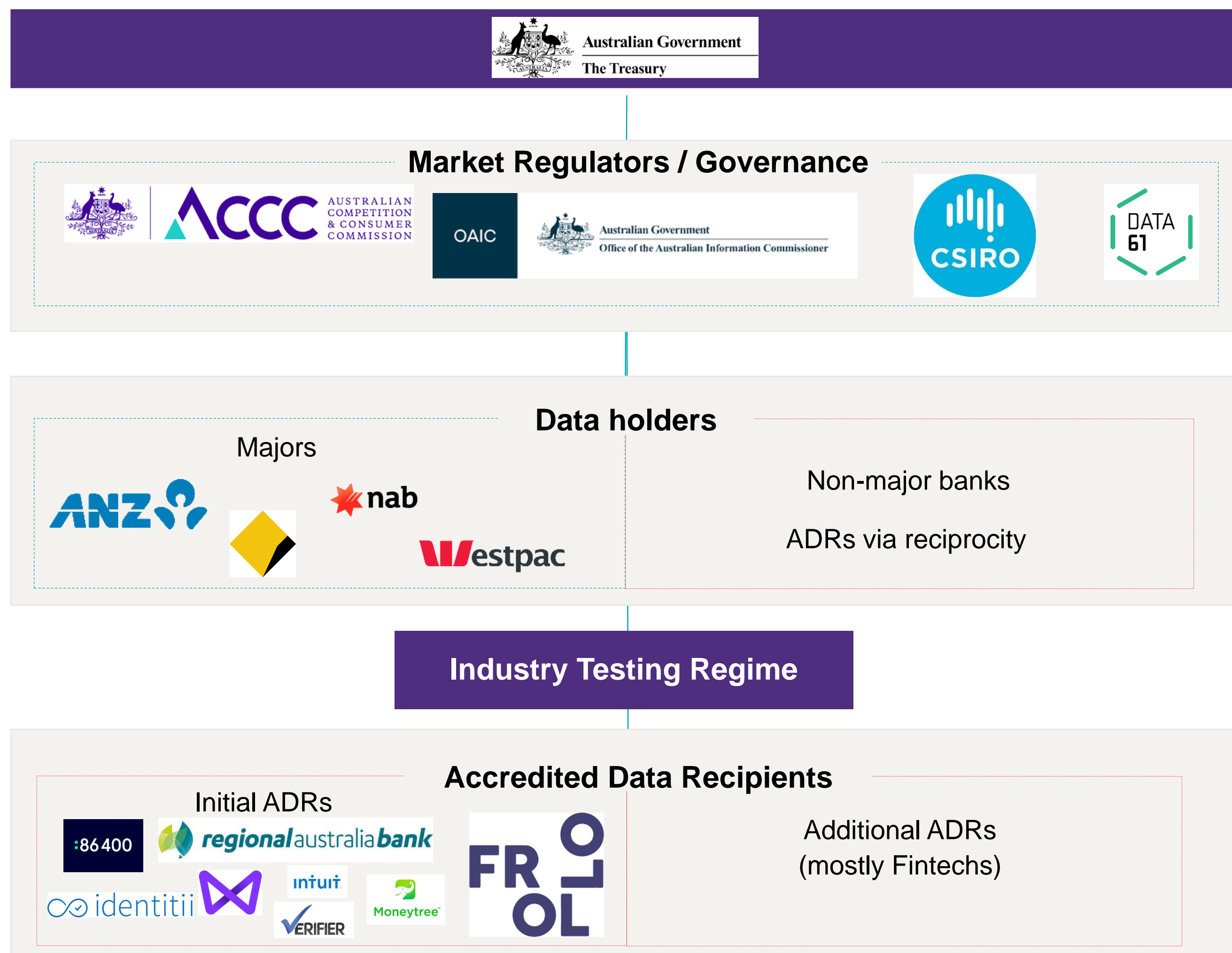
The implementation of CDR in Australia has similarities with privacy legislation in other jurisdictions including GDPR in Europe. Along these lines, the reform also aims to clarify consent rules, direct-to-consumer access rights and the ability to challenge and delete personal data.



Open Banking, broadly defined, is the use of open APIs to enable third-party developers to build applications and services to supplement or expand the financial institution's core services. In Australia "Open Banking" is being used to describe the implementation of CDR in the banking sector.

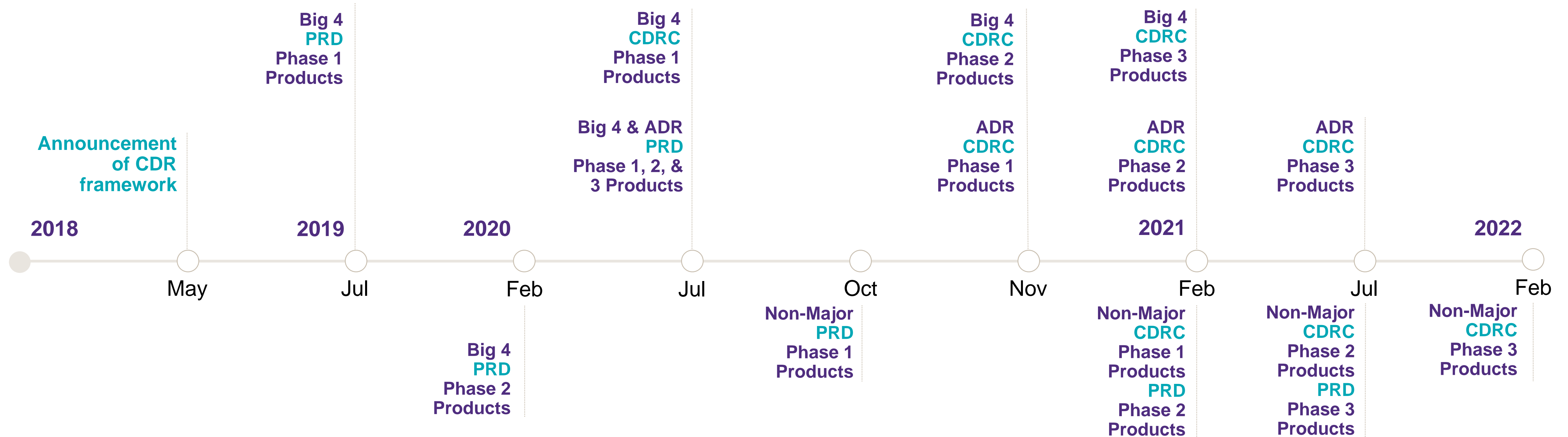
¹ Data in relation to products and includes customer data, account data, transaction data and product data.

Who are the parties involved?



Organisation	Role / Responsibility
Federal Treasury	Drafting legislation, overseeing economic policy and allocating federal budget for reform.
ACCC	Developing the Rules, managing implementation, accreditation of data recipients and ongoing enforcement (outside of privacy or confidentiality).
OAIC	Co-regulator responsible for issues involving privacy or confidentiality.
CSIRO / Data Standards Body	Development and custodian of Data Standards to support the delivery of the Consumer Data Right.
Data 61	Data subject matter expert assisting in drafting and clarifying data standards.
Data holders	Entities that have collected, generated or hold CDR data.
Majors / Big 4	Initial data holders tasked with implementation in an advanced timeframe.
Non-major banks	All other ADIs tasked with implementing at a later date (subsequent to majors).
Accredited Data Recipients	Organisations who have completed the accreditation process and are able to receive CDR data.
Industry Testing Regime	General term for the manual and automated mechanisms utilised to test market participants' CDR APIs and systems.

Open Banking Timeline



Category of Data Request (Part of CDR Rules)

- Part 2 – Product reference data requests (**PRD**)
- Part 3 – Consumer data requests by consumers (**CDRC**)
- Part 4 – Consumer data requests by accredited persons (not included in above timeline for simplicity)

Product Categories

- Phase 1 – Savings, transaction and credit/charge card accounts
- Phase 2 – Mortgage and personal loan accounts
- Phase 3 – Investment loans, lines of credit, overdraft, retirement savings, trust, foreign currencies, etc.

Comply, Compete and Innovate

How to make the most of Open Banking

Open Banking



Gareth Gumbley

CEO & Founder



Tony Thrassis

CIO

Summary

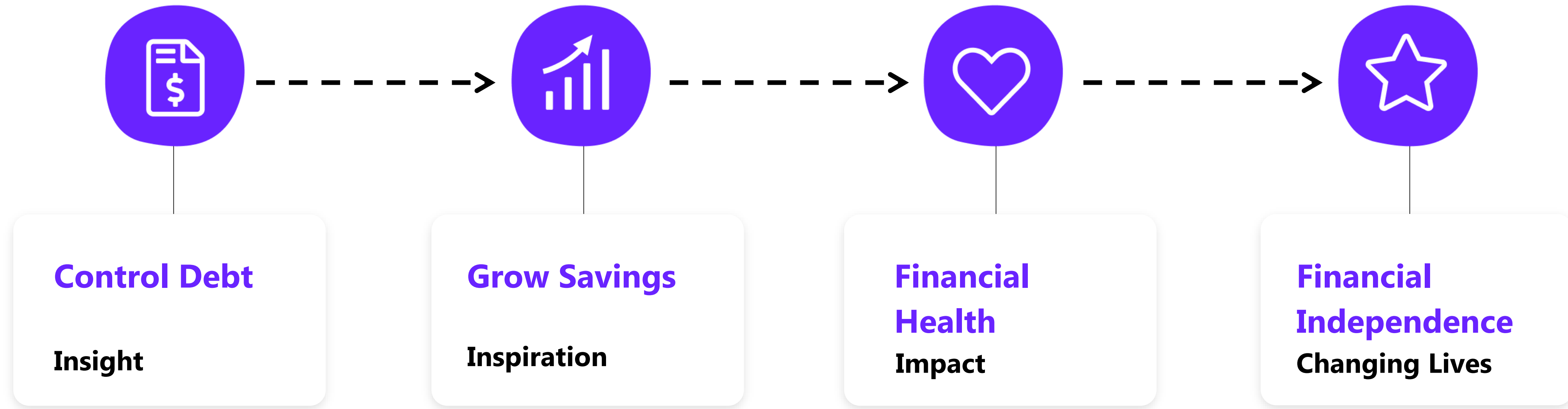
Who we are

Frollo and Open Banking

Open Banking use cases

Comply, Compete, Innovate

Helping people feel good about money



InclusiveFintech
Emerging fintechs for financial inclusion
Top 50 Fintech 2019

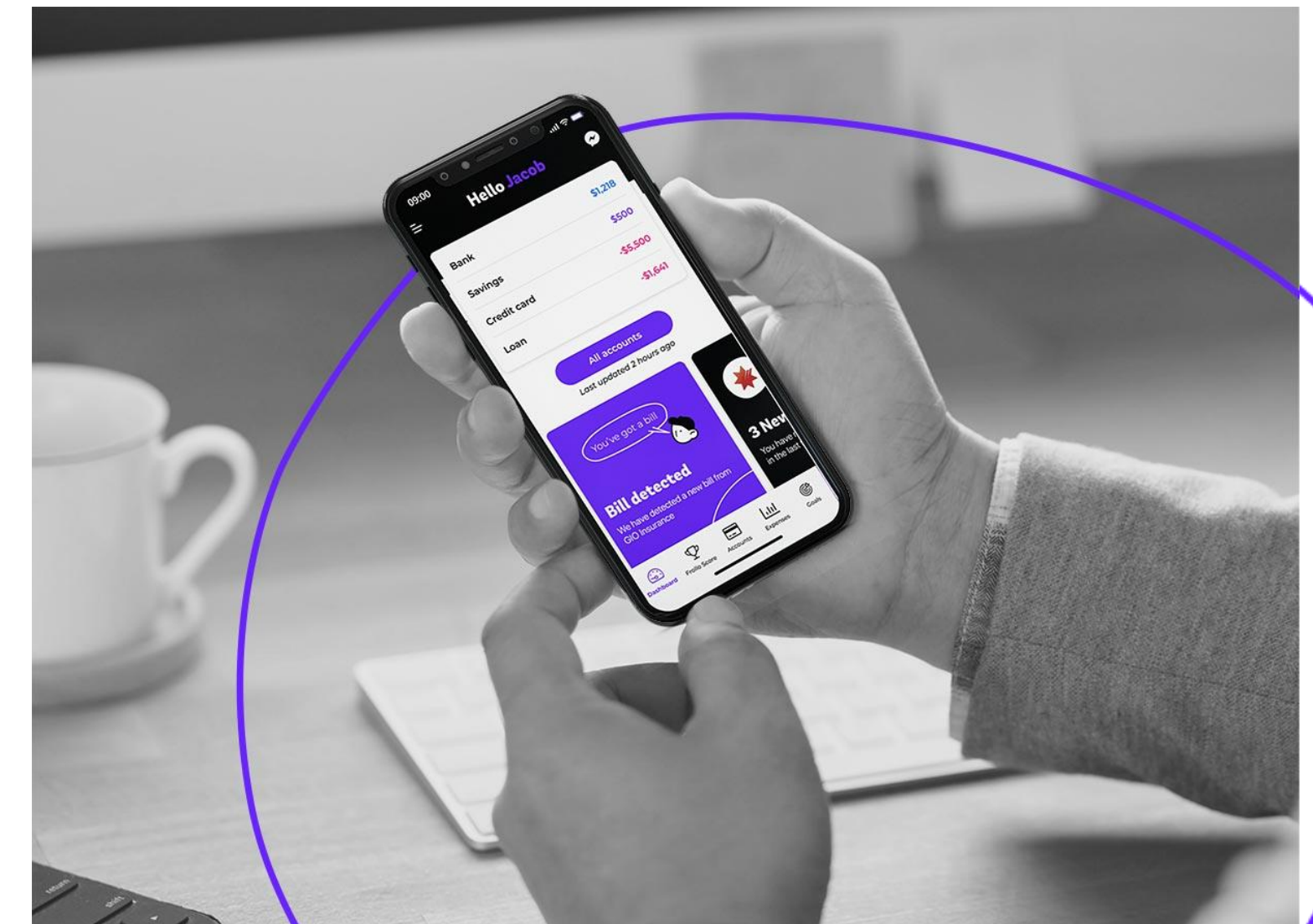
MetLife Winner of MetLife Financial
Inclusion Plus 2018

Frollo's Vision and Product Suite

Frollo is a purpose driven FinTech on a quest to **help people feel good about money**. We've built the simplest way for businesses to help their customers and employees turn around their finances.

We're bringing **the future of finance** to businesses through our SaaS Integration platform, which brings together our API driven solutions as well as a broad range of Apps and third-party integrations:

- Personal Finance Management
- Account Aggregation
- Transaction Enrichment
- Proactive Product Comparisons
- Financial Insights
- Product Data API
- Single Customer View

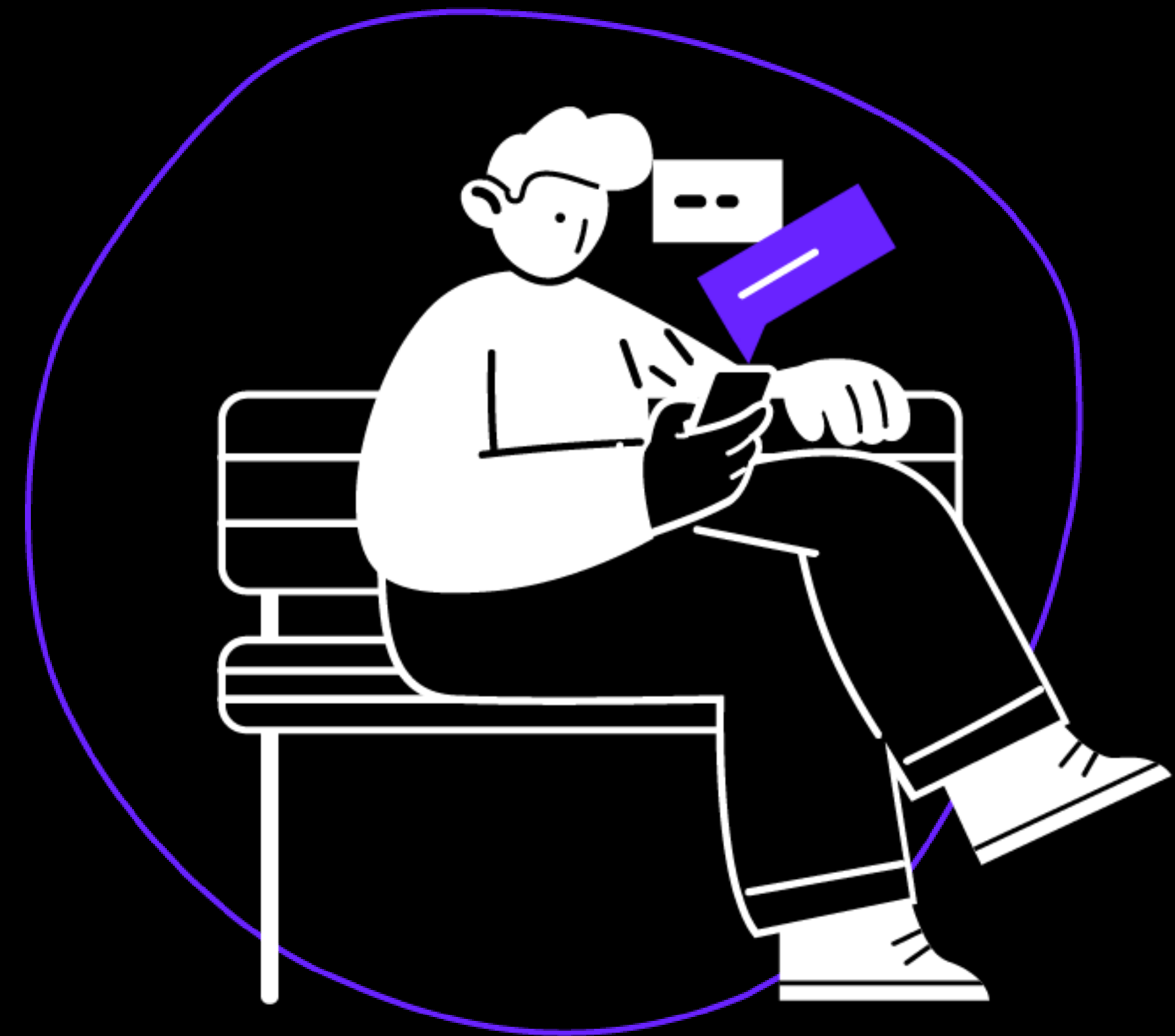


Frollo's New Heart

Frollo launches AI-Powered mobile app engagement using Open Banking

Frollo has been able to create new levels of customer engagement. By building our own algorithms that enrich open banking data and continuously improving them through the implementation of Machine Learning on the AWS Sagemaker platform. We are driving towards new models that deliver the “next best conversation” for our consumers and our B2B partners.

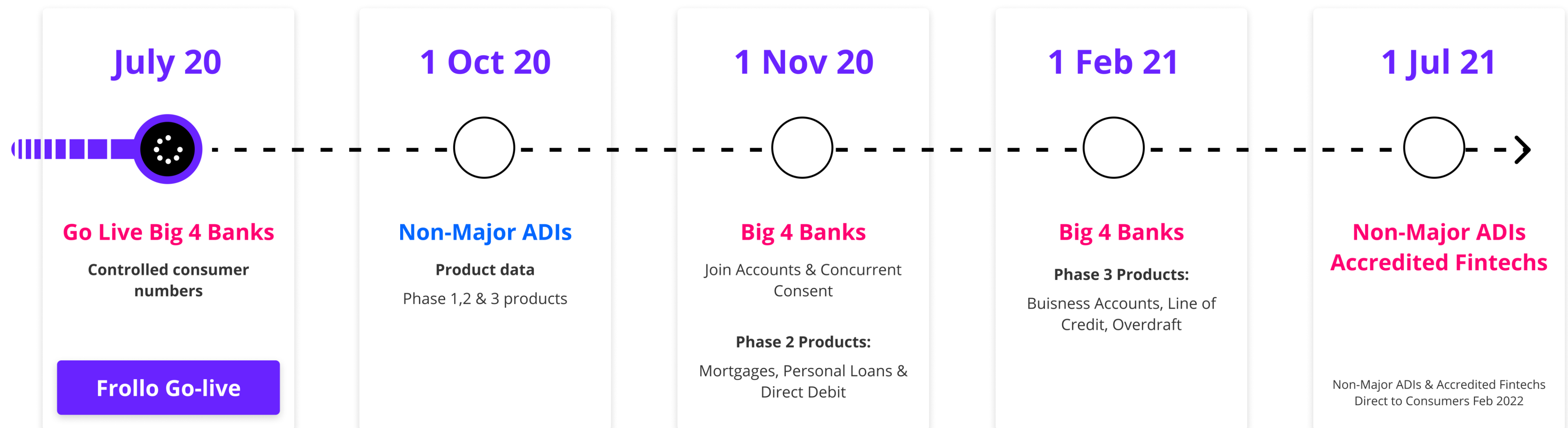
This story is not just about using AI, but the lessons learnt and successes of our customers who use the Frollo Personal Finance app to feel good about money.



First FinTech in Australia to become an ADR

What does it mean to be one of the first Data Recipients:

- Testing not only our own systems, but also the banks and ACCC CDR registry
- Influence changes through working evidence
- Going live for consumers in July



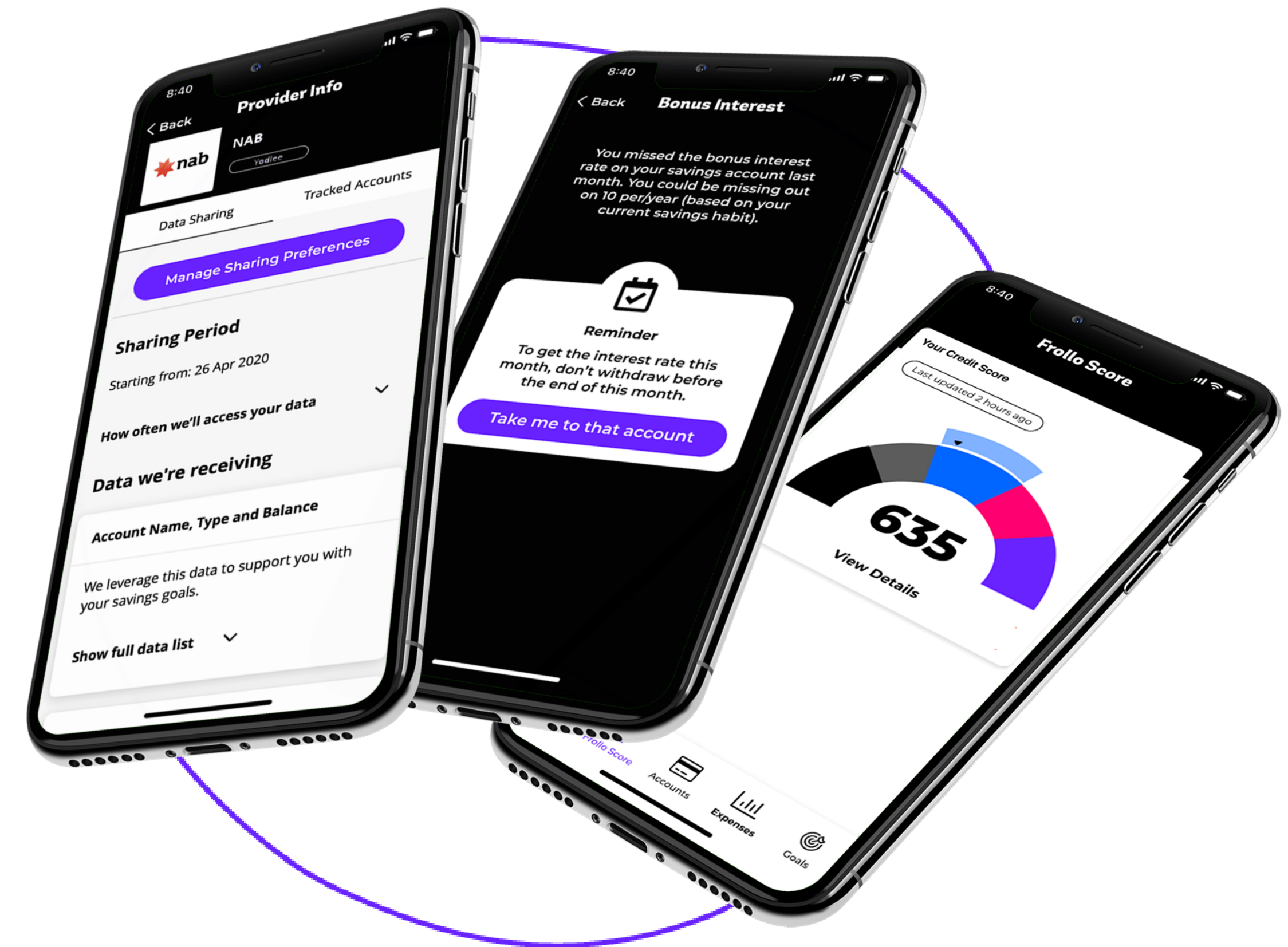
Our initial use cases for Open Banking

Key features to leverage right now

1. Transparency & **control of consent**
2. Security
3. **Speed** & User experience
4. Product data and transaction data

Frollo initial use case

1. Improved financial insights from enriched transaction and product data
2. Financial wellbeing score improvements
3. AI powered 'Next Best Conversation' to help customers pay down debt and build emergency funds



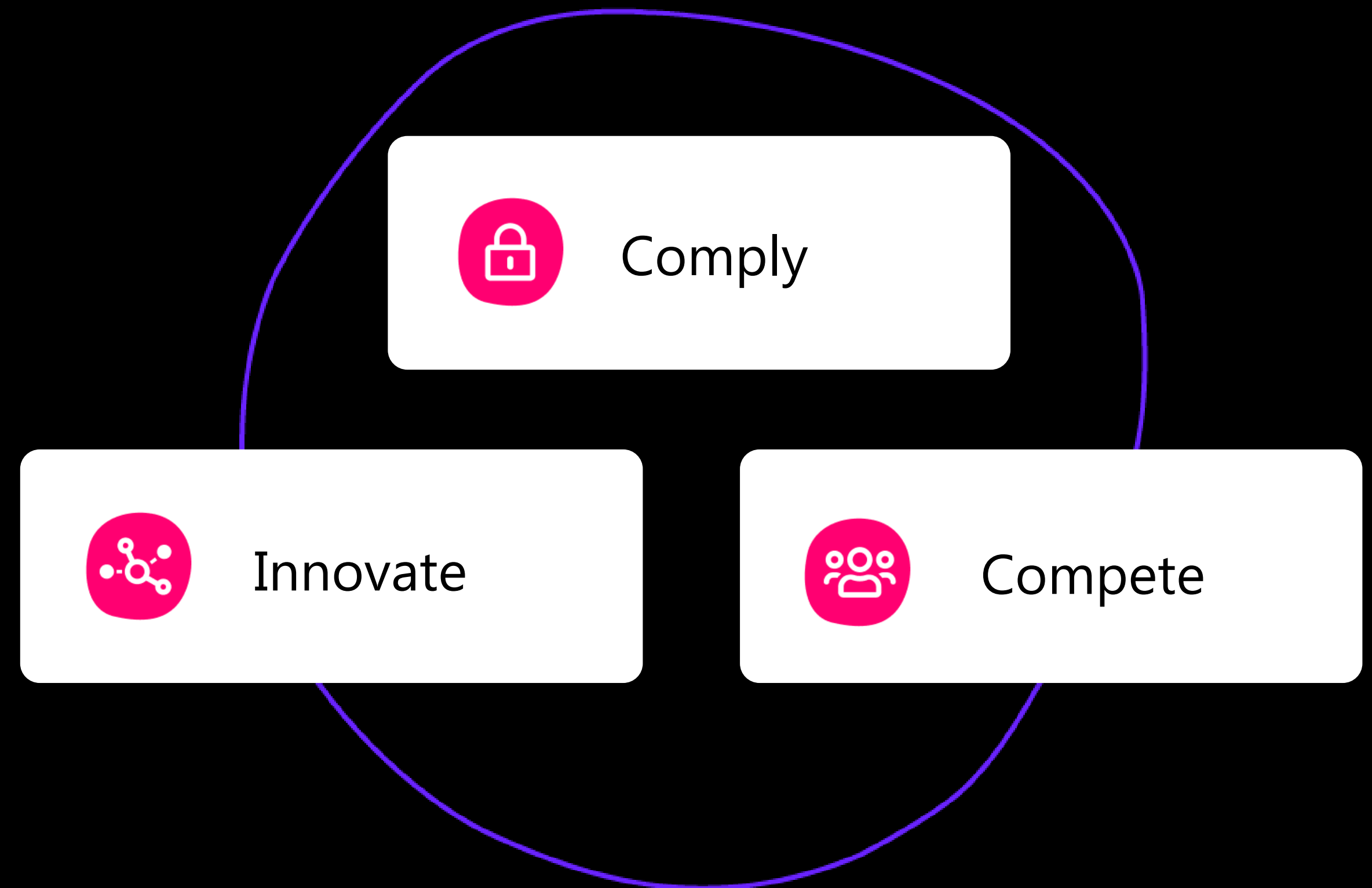
How should we all think about Open Banking?

Comply, Compete, Innovate

Open Banking is not just about compliance, it will enable businesses to offer completely new products and change the way they interact with their customers.


Our approach to Open Banking is based on three pillars:


1. Comply
2. Compete
3. Innovate




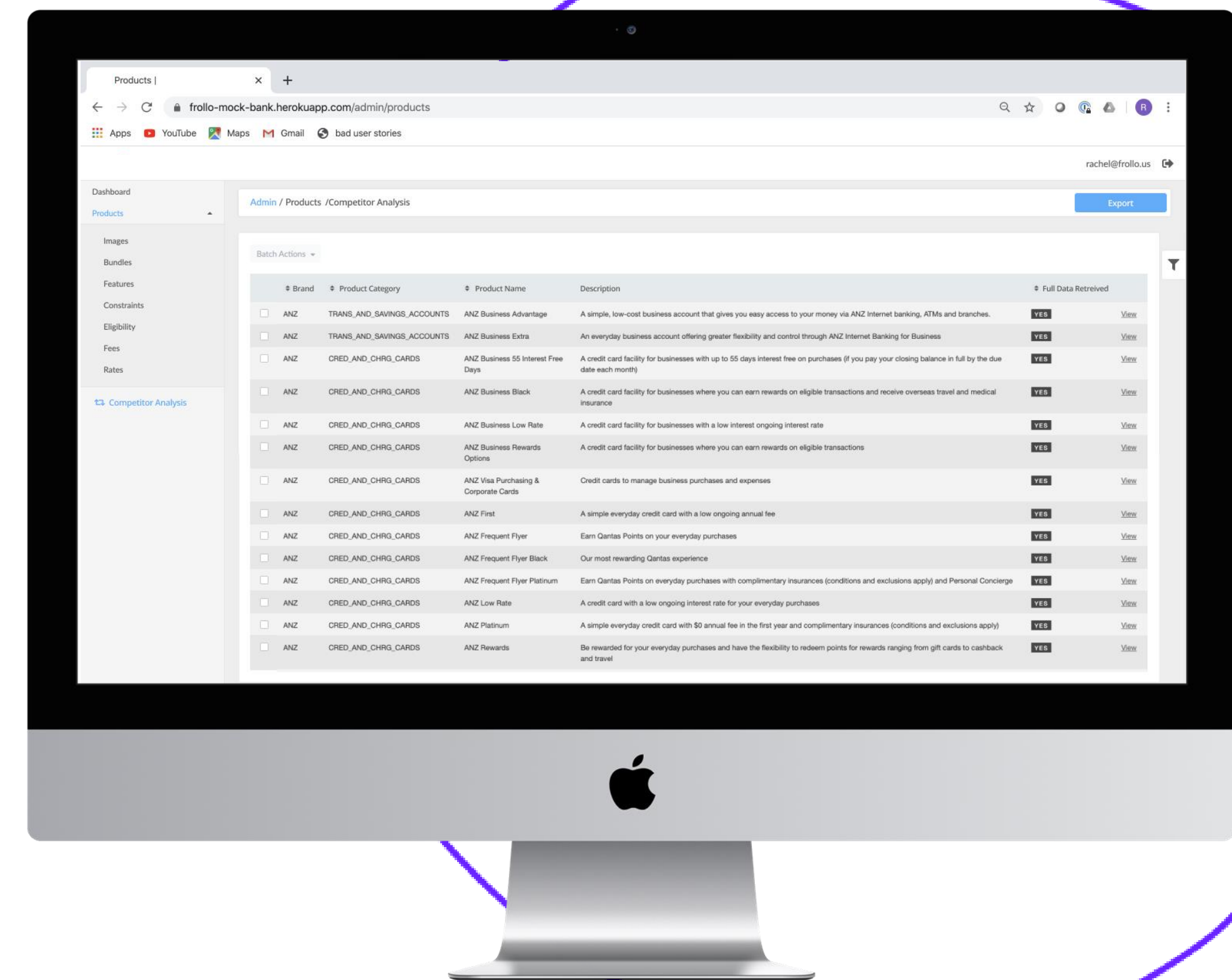
Comply with Open Banking regulations

What are the key compliance items for Data Holders and Data Recipients?

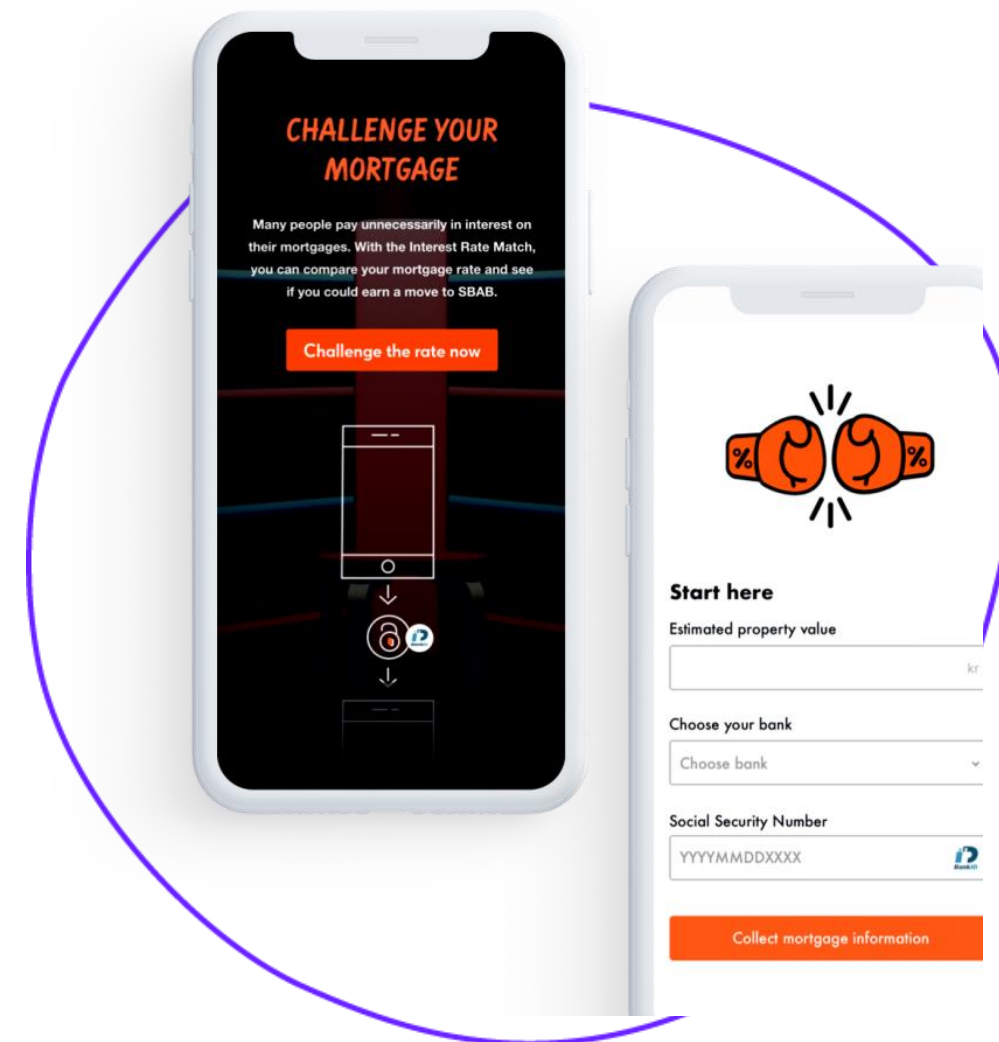
 Product Data API

 Consent/Dashboard Solution

 ASAE3150 for DR's

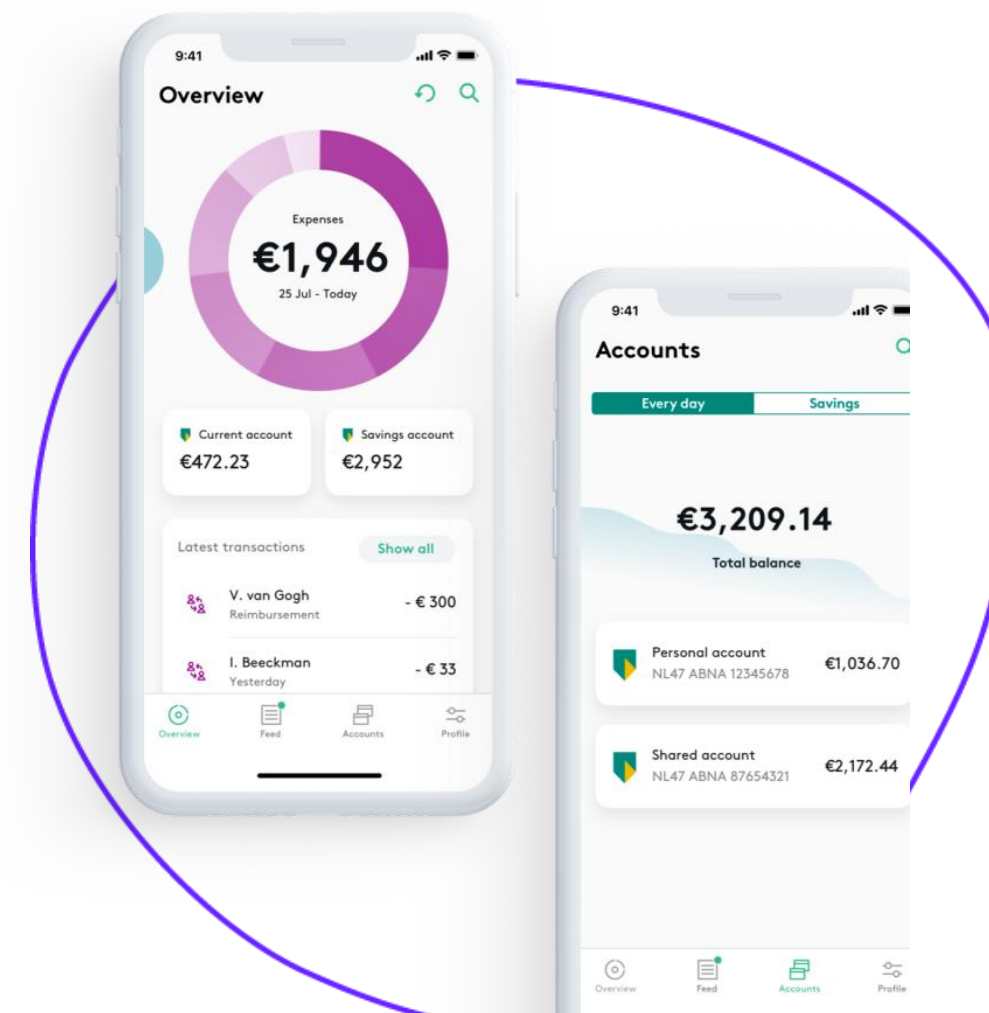


Compete in an Open Banking world



SBAB - Mortgage Match

SBAB instantly collect a user's existing mortgage information from their bank, and compare with a rate from SBAB.



ABN AMRO - Grip

By aggregating accounts from other banks, ABN AMRO can offer any Dutch account holder – be it their customers or not – a true multi-banking experience.

Equifax works with HSBC on Open Banking credit applications

17 May 2018



HSBC - Credit applications

HSBC UK uses Open Banking to allow individuals to submit their bank transaction information electronically during an application for credit.

Innovate on top of Open Banking

Covid Credit

Using Open Banking data to self-certify lost income in the UK

Numbrs - Insights

Using their customers financial data, Numbrs detects whenever someone can save money or benefit from a financial or insurance product

UK fintech community comes together to build Covid Credit and let sole traders self-certify lost income

Steve O'Hear @sohear / 11:18 pm AEDT • March 24, 2020 Comment

Moore's Law = Exponential Change

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction.”

Bill Gates



Summary

Good things take time, it's important to get this right

- Innovation is where it is at, not just about compliance
- Open banking is just the beginning for CDR we have a long way to go
- Globally it's been shown that consumers only win when banks and fintech's get on and create mutually valuable partnerships. This has taken time to beat the enemy that is apathy
- We went into the trial thinking it would be like the hurdles.....
- Finally we are excited and look forward to working with you all to create an ecosystem that benefits Australia and hopefully plays an important role in our economic recovery

Frollo, helping people feel good about Open Banking

We would love to hear from you

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Next Steps

Product Reference Data – 1 October 2020

By nature product reference data sharing will be less complicated than consumer data sharing. The management of the data and APIs are not subject to the stringent privacy and consent requirements of consumer data.

As PRD data is updated less often, template PRD datasets can be created and uploaded to a cloud server rather than a dynamic input integrated with banking systems. Such solutions are available from third parties and can be implemented in a number of days.

Consumer Data – 1 February 2021

When the sharing of consumer data becomes a requirement in 2021 a wide range of additional work will need be undertaken to ensure compliance with CDR regulation.

Unlike PRD information, integration with core banking systems is likely required to extract consumer data. Furthermore, as data generated is no longer generic and is user specific additional consent management, compliance and assurance requirements arise.



How can ADI's prepare themselves?

- Data consolidation (to ensure accuracy, current and complete)
- Develop policies and procedure to handle data requests and new challenges associated with CDR
- Improve data security (authentication)
- API Integration
- API Management
- Develop API usage metrics
- Evaluate potential service providers

If you would like to find out more, please get in touch.



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