



'OPT-OUT' JOINT ACCOUNT DATA SHARING MODEL - SUBMISSION

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1. Foreword

Open Finance, a precursor to the Consumer Data Right, began as a grassroots movement, campaigning for the legal rights of consumers and businesses to have control of their financial data and share this data with businesses of their choice digitally. It is part of a broader suite of Open Data initiatives to empower consumers and small businesses to access, change and benefit from the data held about them by governments and institutions.

The initiative has gathered considerable momentum; various markets worldwide assess, adopt, or implement laws and regulations to support it. In the EU, Canada, USA, Mexico, Brazil, India, Japan, Australia, Russia, New Zealand, South Korea, Singapore, and many other significant markets are already at varying stages of review, policy development or implementation.

The concept of Joint Account/Complex Accounts exists in all jurisdictions. Whilst the approach has varied, the principle of delivering logical, safe and understandable solutions have prevailed around the world:

The United Kingdom:

FCA [Approach Document](#)

17.32:

An ASPSP must treat data requests and payment orders from AISPs and PISPs the same as those that come directly from its customers unless it has objective reasons to treat them differently. In our view, the references to “objective reasons” in regulations 69(2)(c) and 70(2)(b) of the PSRs 2017 would generally have the same meaning as in regulation 71(7) of the PSRs 2017, as objective and duly evidenced reasons relating to fraudulent or unauthorised access by that AISP or PISP can potentially justify differential treatment.

17.33:

For AIS, we expect ASPSPs to make the same information available to a customer via an AISP as would be available to the customer if they accessed their account online directly

with the ASPSP, provided this does not include sensitive payment data (see section 17.63 on sensitive payments data below).

On joint accounts, if a PSU can view their joint account using online banking, they should be able to view it via an AISP. Only Barclays in the UK has opted for an obstructive approach to this principle by requiring both parties to consent for an AISP to provide access to one party.

FDATA commends the Treasury Department and the Data Standards Body to review and reconsider the Joint Account Data Sharing Model rules.

FDATA ANZ is pleased to offer this submission in response to the request for feedback on the 'Opt-out' joint account data sharing model design paper. Please accept this shortened submission in light of the call for succinct (short-form) and direct feedback to a series of questions. If a longer-form expanded report is deemed to be advantageous, please do not hesitate to reach out.

We have chosen to provide a series of responses and recommendations to the 25 questions considering the:

- **FDATA Member's Views:** As a membership-based organisation, FDATA collects, collates and shares the views and opinions of our members who are active participants within the banking and fintech community.
- **Global Participants:** As a global trade association, our experience and participation within the United Kingdom, European, North American, South American and Australasian markets influence our advice and feedback on the creation, introduction and evolution of the Open Banking and Consumer Data Right in Australia.
- **Industry Experience:** The regional representatives and associated staff of FDATA have worked within the banking and financial sectors within their respective geographies. This experience is employed within the collective contribution and community discussions as facilitated with FDATA's membership.

As shared in previous feedback and formal submissions, FDATA supports the principle of mirroring existing financial services practices to simplify the transition from account

management to Open Banking consent wherever possible. This mirroring has two distinct benefits:

Firstly, the requirements and responsibility for information sharing on behalf of the ADIs/DHs are uniform. This mirroring ensures a consistent approach to information sharing, cash movement, access to account controls and assists in the narrative and training of staff and members of the CDR ecosystem.

Secondly, the ability for consumers to engage an Open Banking solution that echoes the permissions and operations of the accounts is paramount. That account may hold their money and data; by increasing trust in the regime, trust in their ADI, and trust in the end-product they are attempting to share their data with, Open Banking will flourish.

FDATA understands the appeal in developing one set of rules that can be employed across all sectors but advises the need to separate the complexities of data sharing via read-access and action initiation. Likewise, there is a need to differentiate between joint accounts held by consumers and the complexities around joint accounts held by businesses. In essence, the risk profile attributed to these different scenarios and entities may require different controls, checks and balances. As the rollout of Open Banking progress and the different use-cases/more complex scenarios are introduced, this approach may need to be reviewed and the necessary adjustment made.

While the treatment of data treatment is different from the treatment of cash due in part to our perception of risk, data treatment should simply require an alteration to traditional authorisations within the banking process. Once these practices are established and familiar, the ability to control functionality, such as opting-out of data sharing, will become relatively simple for participants and consumers alike. Creating standards, common language and a single acceptable practice, will improve adoption, remove unnecessary friction and empower consumers and businesses.

2. Executive Summary

In essence, this submission can be condensed to the following views:

- The Opt-Out process is essential to removing undue friction in introducing Joint Account operations within the CDR. Essentially, everyone is 'in' until they indicate a desire to switch off data sharing.
- FDATA advocates for a combination of Option 1 and Option 3. Mirroring accepted banking practices, but including a separate data sharing radial in the account operations and authentications. This requirement can be addressed at the opening of an account or at any time in the future by switching data sharing off via online banking, mobile banking or contacting their ADI.
- There is additional complexity and risk profile introduced when Action Initiation launches over the initial Read Access. This layer of complexity and different risk profile requires a real-time management solution of data authorisations that may operate separately to account authorisations.
- Once a party has 'opted-out' of data sharing, the account becomes 'co-approval'.
- All accounts associated with a holder should be shown in the consent flow, but only those accounts with data sharing available should be selectable.
- Any non-selectable accounts could be enhanced by a standard message from the ADI informing the account holder of their status and inviting them to contact the bank should they have any questions/concerns. This could present as a hover box or via an information icon.
- Notifications should be kept to a minimum and only shared if an account has been set to 'co-approval' and the other account holder is attempting to share data. Issuing purposeful notifications will allow the account holders to discuss and amend the authorisations if desired.

3. Joint accounts in a cross-sectoral context

Consultation questions

- 1. Do you prefer the definition of joint accounts in the rules, or would you prefer a sector-wide definition, for example with a focus on financial responsibility? Are there other factors should we consider?*
- 2. Is there variation to the operation of joint accounts in different sectors that should be considered when developing sector-wide rules?*

FDATA Response

FDATA's membership comprises Banks, Neo-Banks, Technology Organisations and Fintechs. For this reason, our responses will primarily be focused on the banking sector, as opposed to the following sectors, such as Energy.

As with previous rounds of consultation and the development of customer journeys and use-cases, the inclusion of parties with relevant knowledge and sectoral participation is paramount to reaching a fit-for-purpose solution.

FDATA supports the concept of bringing parties from various sectors together for a cross-sectoral workshop on the specific nuances of Joint Accounts from each proposed sector. In this collaboration, the pre-existing arrangements, coupled with the opportunity to improve customer experience, can be shared, and potential alignment of rules identified and captured.

4. Default setting for an 'opt-out' approach

Consultation questions

7. *Do you agree that an 'opt-out' approach is preferred over the current 'opt-in' approach?*
8. *Do you agree with the assessment of rules considerations? Why/why not?*
9. *Do you agree with the assessment of technical and register standards impacts? Why/why not?*
10. *Do you agree with the CX standards proposals? Why/why not?*

FDATA Response

Whilst the views of FDATA members may alter subtly, there are several critical points that we have reached a consensus on and believe will form the basis for our response. We believe these points will prove helpful in the introduction of Joint Accounts and Complex Joint Accounts.

FDATA supports the review into joint account processes and believes the recommendation to switch from the 'opt-in' format to the 'opt-out' will be advantageous for both the customer and the Data Holder.

In its simplest form, the 'opt-in' process is considered confusing, difficult to implement and introduced friction that could potentially render some forms of data sharing virtual impossible by participants. Any breakdown could lead to a loss of trust in Open Banking and brand damage for both the ADRs and DHs involved in the request for data sharing.

Establishing and maintaining a standard set of transaction preferences across a sector leads to an intuitive and simplifying implementation, communications, and maintenance approach. FDATA supports a process that creates a commonality

between establishing and operating an account, with a mirrored approach to data sharing. This approach would involve recognising that the data on a joint account is held both jointly and severally, and therefore either party can authorise the sharing of the data.

For example: In a joint account, if set up to operate accordingly, either account holder can request a detailed account statement without the approval of others. A joint account holder can also digitally download all joint account information and send it to third parties without the consent of the other account holder. This authorisation should be mirrored via the Consumer Data Right. Data is already shared as per the terms and conditions of the account. The sharing of data via the Consumer Data Right is simply one additional challenge that will operate cohesively with other formats of acceptable communications.

By echoing the general operation principles that apply to banking joint ownership structures today, introducing similar principles in Open Banking will further remove implementation friction to participants and increase confidence and understanding in consumers.

As established in our response to questions 1 and 2, FDATA primarily focuses on the banking sector. That being said, we agree with the assessment of rules considerations in sections 5.2 and 8.2 of the design papers. Providing that other sectors are familiar with the concept of joint accounts and the establishment of an authority to act on these accounts in addition to primary and secondary account holders, consider mirroring the sharing of data via CDR in parallel of traditional account operating processes, these rules will translate across sectors.

FDATA supports the minimisation of messaging and communications to consumers. The language of communications should adopt standard sectoral messaging from their existing brands and should not be so frequent that customers ignore or delete messages before reading/comprehending/action them. Research has shown that there is a risk in consumer switching off when bombarded by requests and communications. Excessive notifications will re-introduce friction and reduce instances of use, thus further eroding adoption, usability and trust over the system.

5. Complex Joint Accounts

Consultation questions

11. *Which option do you support for complex joint accounts and why?*
12. *Do you agree with the proposal to remove 'in flow election' requirements? Why/why not?*
13. *Do you agree with the proposal that where 'co-approval' settings continue to be optional implementation; joint account holders should be able to independently switch to a 'co-approval' setting without additional input from the other account holder(s)?*
14. *Do you agree with the proposal that 'co-approval' should only be a permissible implementation where Option 1 is supported?*
15. *Do you agree with the assessment of rules considerations? Why/why not?*
16. *Do you agree with this assessment of standards considerations? Why/why not?*
17. *Do you agree with the CX Standards proposals? Why/why not?*
18. *Do you see value in the Enhanced CDR Participant Communication concept? Why/why not?*
19. *If supported, how could existing technical mechanisms be leveraged to implement Enhanced CDR Participant Communication?*

FDATA Response

FDATA advocates for a similar experience between joint account operations and joint account data sharing. The United Kingdom refers to this practice as **'Parity of Experience'** - where such a journey *"...should involve no more steps, delay or friction in the customer journey than the equivalent experience they have when interacting directly with their ASPSP"* (i.e., their bank).

With that sentiment in mind, FDATA supports a quasi-combination model with elements of Option 1 and Option 3, of which we will now unpack.

Option 1 primarily focuses on adopting traditional operational authorisations given by account holders over their joint account. This option would see the treatment for data matching the treatment for operating over the account, traditionally separated into access and cash. In principle, FDATA agrees that following the consumer's instruction over their account will create simplicity and standards that will benefit all parties involved and the consumer overall.

Option 3 echoes the premise of Option 1 by honouring the account holders' authorisations but allows for the treatment of data to be separate from the treatment of the account/cash. This differentiation is minor in nature if the original intent of consumer control and choice is acknowledged.

When a consumer opens an account or reviews their account authorisations over a joint account, the following options should be considered:

- How many parties are required to operate the account?
- How many to sign – This includes withdrawals, drawing cheques, etc.
- Authorisation's over-sharing of data.
- Card Access – Which party require a card to the account.
- The election to receive E-Statements vs. Paper Statements, etc.

Traditional practices for joint accounts do not allow one party to alter the authorisations over the account in isolation without the consent of the additional account holders. This practice exists as active protection against abuse. If the account

is initially set up for either party to operate the account, neither can amend that authorisation by themselves.

In consideration of data sharing, if the default setting is 'everyone is in', any party should have the right to change this preference by contacting their bank and withdrawing their authorisation. This should occur in isolation, either by changing the authorisations within their online banking platform or mobile banking application. Just as one party can place a freeze on their credit card should it be misplaced, one party should be able to withdraw their data sharing authorisations by the click of their mouse.

The impact on the consumer experience is paramount to the success of adoption for the Consumer Data Right. Removing friction and increasing convenience while enforcing the sector's commonly employed processes and practices will enhance the customer experience. Simple messaging, clarity in terms and conditions upon opening an account and educational activities will enforce the control element of Open Data Sharing and the Consumer Data Right.

It is for this very reason that FDATA does not support wireframes 1.1 nor 1.2. Traditionally when an account holder of a joint account, authorised to act withdraws cash from an ATM, the other account holder is not notified. When an account holder attends a branch and requests a printout of a joint account statement, the other account holder is not notified. There is no benefit in the other account holder being notified in a pre-approved joint account if an account holder shares data. This unnecessary notification will serve no purpose and will desensitise the consumer.

FDATA acknowledges the differences between consumer accounts and business accounts. There is a risk of compromising existing authorities and security parameters in business accounts or complex joint accounts if the account cannot be defaulted to 'co-approval', triggering specific authorisations. The parallel nature of Option 1 avoids the need to introduce new patterns, processes or authorities for account holders. The complexity of some joint accounts may increase the friction to ADR's in obtaining access to data; however, this is offset in reducing friction to the consumer and the Data Holders by negating the need to understand new processes or practices in authorisation and consent over traditional arrangements.

If an account holder requests data sharing over an account switched to 'co-approval', there is merit in notifying the other account holder and seeking their consent before authorising the data sharing.

The account holder should have the right to change their preference and engage 'co-approval' at any time. This request should remain accessible at any time, independent of other account holder's agreement or acknowledgement. This change in status should be visible within the security dashboard of the ADI customer profile. Once employed, the switch back to 'pre-approval' may require all parties to confirm their consent.

Under the Rules Considerations, 6.2. reference to sector-wide joint account provisions is referenced. We applaud the attempt to create sector-wide joint account provisions but believe that any further delay in future planning the CDR will adversely affect the initial sector, banking. FDATA supports the need to finalise joint account rules and represents our members' views on finding a logical, common-sense approach for this sector.

Regarding the CX experience of this combined model, we concur with our members' view that the design of the consumer accounts screen should list all consumer accounts during the authorisation process. However, if there are accounts that they cannot share, they should not be selectable via the radials. This feature will avoid a consumer consenting to share data of which they are not eligible to share. There is a potential for those ineligible accounts to present information advising them 'these are not shareable at this time, and should they wish to share the data from these accounts, you should speak with your ADI'.

FDATA supports the concept of Enhanced CDR Participation Communication. The ability for ADRs to obtain real-time communication on any status relating to the supply of data that affects their ability to provide a product or service to the consumer is beneficial.

The failure of UK-based ADR-equivalents to receive data from the banks resulted in brand/reputational damage to the ADR primarily, with fintechs and applications often labelled faulty or useless. This failure could vary from API call failures to banks refusing

to share data. However, the consumer-facing portion of the process is the ADR terminal or screen. Suppose an ADR receives enhanced communications, such as status notifications. In that case, they will then manage the consumer expectation, thus avoiding the blame for a failure to provide a product/service. Enhanced communications create opportunities for consumer experience.

Whilst ADRs welcome additional feedback and communications from DHs, the standards need to be more explicit to define use cases/customer scenarios where additional communications will be helpful. Once established, the technical implementation for these communications must be achieved.

For example, there are no technical means to inform an ADR that the consent it just received may contain multiple sharable accounts and that one Joint-Account is pending approval by multiple/all account holders. The difficulty for ADRs does not stop with the availability of a mechanism for notification. It may not be helpful for the ADR to establish appropriate service for the consumer/s to leverage the account. There can be a complex workflow that will require the data and user interactions in unison.

ADRs welcome the enhancement, but more work is needed to unpack and explore use-cases and the potential benefits to the end consumers. As advantageous as Enhanced CDR Participation Communications will be in the entire Open Banking framework, this concept can be added at a suitable time and shouldn't delay implementing the general 'opt-out' parameters.

6. 'Opt-out' Settings

Consultation questions

20. *Do you agree with the assessment of rules considerations? Why/why not?*
21. *Do you agree with this assessment of standards considerations? Why/why not?*

FDATA Response

FDATA acknowledges that some DHs and ADIs have already committed significant effort and expense in implementing the current Joint Account rules. The cumulative costs of not switching to the opt-out feature will surpass the initial outlay if changes aren't made now. In the interest of driving towards a functioning CDR ecosystem and a digital economy more broadly, we shouldn't lose sight of the bigger picture, and we should objectively recognise the sunk-cost fallacy at play. Making the changes may result in a little bit of pain but spare the potential for low adoption rates if the consumer doesn't trust or understand the offering.

7. Notification Requirements

Consultation questions

22. *Do you agree with the proposal to retain current notification requirements? Why/why not?*
23. *Do you agree with the assessment of rules considerations? Why/why not?*
24. *Do you agree with this assessment of standards considerations? Why/why not?*

FDATA Response

As stated in previous answers, FDATA is concerned about the potential risk of over-notification for data sharing when there is no clear advantage. An example of this would be a joint account, with any one account holder to operate, where no switching of 'co-approval' has occurred. If one of the account holders were to withdraw money from an ATM, the other account holder/s do not receive an SMS notification. Why should they with data sharing?

If, however, a complex joint account with various authorisations exists, and multiple account holders required to approve the transfer of funds, then yes, notifications of prospective data sharing or a change in authorisation for data sharing may assist in managing consumer expectations and reducing the risk of consent breaches from occurring. This principle would also apply to an account that has been switched from 'pre-approval' to 'co-approval' or where consent is altered/withdrawn, as there has been an evident alteration to the operating authorisation by one or more of the account holders. If these are the wishes of the consumers, then the CDR must respect their wishes and operate accordingly.

8. Implementation Considerations

Consultation questions

25. *Do you agree with this assessment of the implementation considerations?
Why/why not?*

FDATA Response

FDATA supports the wording of section 9.63. The proposed alteration to the rules is considered an input amendment rather than a significant implementation shift.

It is unlikely to significantly interrupt the implementation efforts of ADIs and DHs as the readiness date for the majority of ADI's is some months away. FDATA supports the implementation and commencement of Joint Account data sharing at the earliest possible timing, i.e., the original timeline of 1 November 2021. This benefit to all participants of the CDR, the consumers and businesses are too great to experience any further delay.

Now is the time to rectify and amend the CDR before most consumers have commenced use and before the majority of ADIs and DHs have completed their builds. What may seem like a minor inconvenience is considerably smaller today than attempting to make logical changes at a point in the future.

As per our previous responses:

FDATA supports and encourages a CDR that closely aligns to traditional practices as familiar to accredited participants, but most importantly, as familiar to the consumer. Keeping the consumer, choice, convenience, and confidence at the centre of CDR development, we commend the government and the market's continued efforts to deliver a fit-for-purpose, secure and consumer-led solution.

The ability for consumers to choose their operating practices, coupled with the instant nature of digital banking, will enforce the consumers choice to share any or all of their data for any purpose that they believe will enrich their experience or enhance their life. In addition to suitably informed account holders, the real-time nature of data-sharing will increase the adoption of open banking and enable growth in product/service offering for consumers and businesses alike.

The CDR is a pivotal opportunity to promote digital transformation, enhancing Australia's economy, and we highly encourage the CDR to be finalised with haste to achieve these momentous objectives.

Please do not hesitate to contact me should you have any questions or request further input.

Kind regards,



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