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20 July 2018

[Address block]

By email: [email address]

Dear Ms Contact,

Invitation to nominate for ASIC's recurrent mortgage data collection Pilot Group — Please respond by 17 August 2018

Invitation to join pilot group

ASIC invites [organisation] to join a group that will be responsible for the design and execution of a pilot project to collect recurrent mortgage data. Participation in the pilot is voluntary, however, ASIC welcomes your organisation's involvement.



If your organisation wishes to participate in the pilot, please respond via email to datacollection@asic.gov.au by 17 August 2018.

ASIC intends hold the first workshop of the pilot group in late August/Early September.

ASIC's recurrent mortgage data collection project

ASIC has started a project to establish a series of recurrent data collections from the financial services sector. During 2018–19 ASIC will be running two recurrent data collection pilots designed to, firstly, test the feasibility and benefits of recurrent data collection, and secondly, build and mature the underlying process and procedures necessary to support this work.

Following the pilot, and after evaluation of the results and process, ASIC will move to formal public consultation on the recurrent mortgage data collection. ASIC anticipates the likely outcome of this consultation is that some form of recurrent data collection will become mandatory across industry.

One of these pilots is a mortgage data pilot. Aside from the general objectives mentioned above, the mortgage pilot is intended to provide ASIC with:

- A greater understanding of the mortgage market;
- An ability to identify risk of poor consumer outcomes;
- An ability to identify areas of risk for further regulatory work, particularly to improve the targeting of our resources; and
- Data to enrich other regulatory activities, including the development of guidance and policy.

The basis for selecting [organisation] to join the pilot group is to ensure there is a diversity of lenders with different sizes, customer bases and business models. This will enable ASIC to use the pilot data request to obtain feedback based on an understanding of the capacity or ability of a range of lenders across the home loan market to respond.

ASIC's external reference groups to assist the project

While the pilot group will be responsible for the details of the pilot, ASIC will also be guided by advice from the two industry engagement and governance groups we have formed to support our recurrent data collection work. These groups are:

- the *Strategic Stakeholder Reference Group*. A body of senior industry representatives who will give ASIC high-level advice on its data collection efforts and will help facilitate ASIC's engagement approach.
- the *Implementation Working Group* which will have a specific focus on guiding ASIC on data and project management issues that are common across all recurrent data collection pilots.

Coordination with APRA

APRA is currently engaged in a project to replace their Direct to APRA ('D2A') data collection tool. ASIC and APRA have agreed to work closely together to minimise regulatory burden. To ensure close coordination, APRA and ASIC have established observers in each other's engagement groups. ASIC will also work closely with other relevant regulators, such as RBA and ACCC.

What participation in the pilot group involves

The pilot group will lead the development of the data dictionary for the pilot. This collaborative data development work will help ASIC achieve its regulatory goals at the lowest possible cost to industry.

ASIC expects involvement in the pilot group will require the following:

- Participation in an intensive pilot kick off workshop with other participants;
- Regular group meetings to coordinate progress, share observations or challenges;
- Collaboration with ASIC and other pilot group members to draft and agree on the pilot data dictionary;
- Working closely with ASIC on a bilateral basis to confirm organisational understanding of the proposed data dictionary;

- Access to and involvement of relevant organisational data custodians and managers; and
- Submission of pilot data to ASIC (which may include resubmission of data or responding to questions from ASIC over the submitted data).

There may be the following benefits in participating in the pilot group:

- Ability to help guide the development of the data dictionary;
- Feedback on submitted data quality and conformance; and
- Ability to guide long term development of the recurrent mortgage data collection.

Response to ASIC

ASIC would welcome a response from [organisation] to whether or not your organisation chooses to join the pilot group.

In the event [organisation] does wish to join the pilot, please nominate a primary contact. This individual should be quite familiar with your organisation's data systems and enterprise architecture and have good links to internal subject matter experts.

If you have any questions about this letter, please contact datacollection@asic.gov.au

Yours sincerely

[signed]

Michael Saadat
Senior Executive Leader – Deposit Takers, Credit & Insurers
Regional Commissioner – New South Wales