



ASIC
Australian Securities &
Investments Commission

17th ASIC Regtech Liaison Forum

2:00pm AEDT, Wednesday 19 October 2022



Acknowledgement of Country and Welcome

Danielle Press, Commissioner, ASIC



Agenda



- **Business Research and Innovation Initiative – Regtech Challenge panel discussion**

Mark Adams, Senior Executive Leader, Strategic Intelligence, and Co-ordinator, Innovation Hub, ASIC, John Daly (Listcorp), David Beros (Digitalx), Gianluca Garbellotto (Pyxta), Ross Pearson (DHI-AI)

- **Consumer Data Right (CDR) program update**

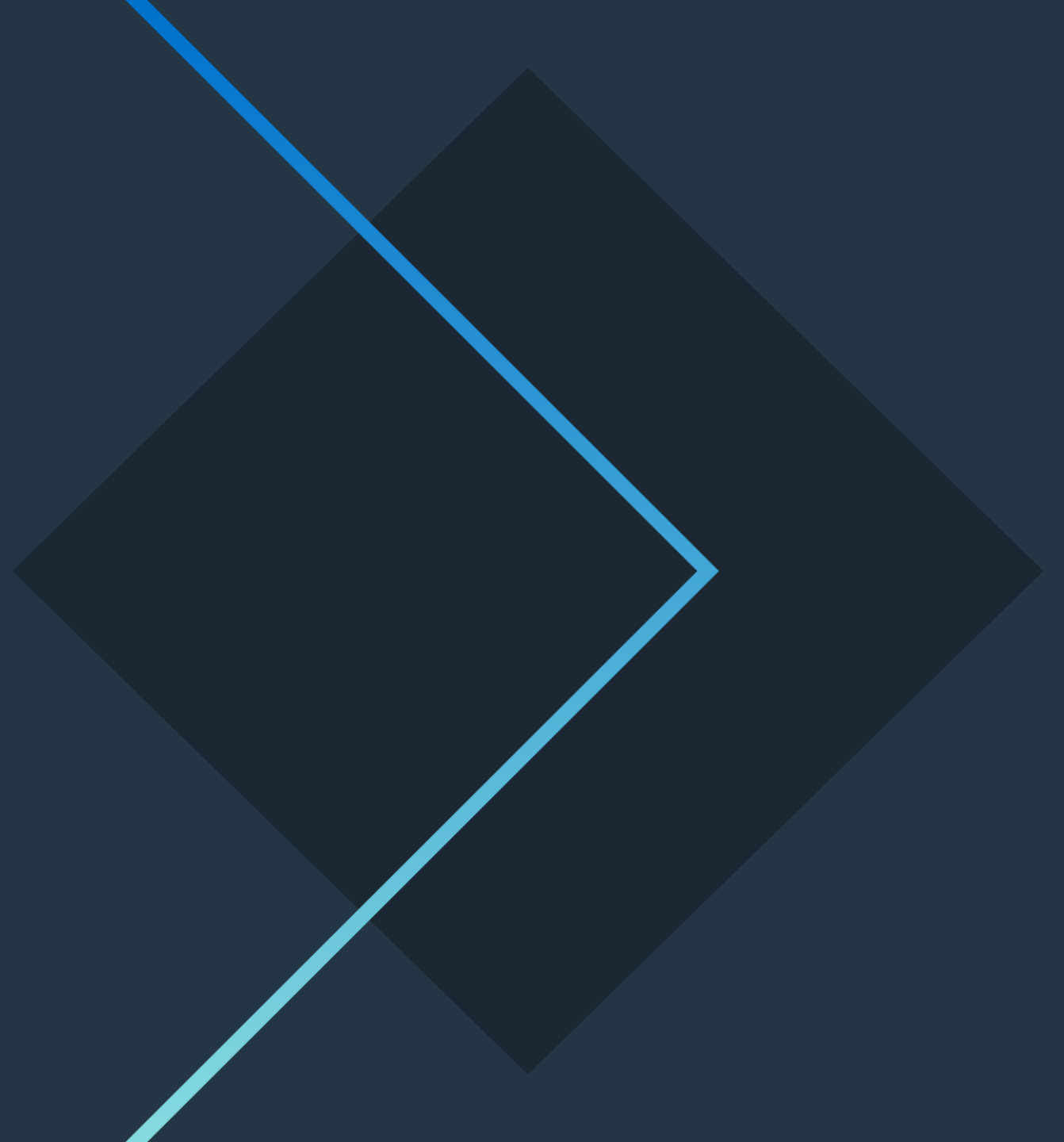
Evie Redshaw, Director of Analytics and Vaughn Cotton, Senior Program Manager, Consumer Data Right Division, ACCC

- **Regtech Association Industry Update**

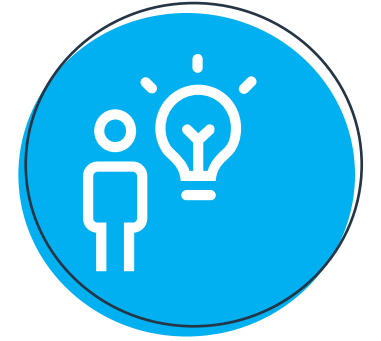
Deborah Young, CEO, Regtech Association and Ben Hobby, Objective Corporation

- **Questions & Answers – Open Floor**

**Business Research and
Innovation Initiative –
Regtech Challenge panel
discussion**



Business Research and Innovation Initiative (BRII) Regulatory Technology Round



BRII overview

- Managed by the Department of Industry, Science and Resources (DISR)
- Opportunity for Government agencies to seek innovative solutions in public policy and service delivery
- SMEEnterprises develop an innovative technology
- Solution streamlines or enhances regulatory compliance
- Solution is to make it easier, faster and cheaper for businesses to comply with regulation
- ASIC proposed 3 challenges

How does it work?

1. Government agencies **proposed challenges**
2. SMEs apply, proposing **a new solution**
3. Best 5 (approx.) **funded for feasibility** for each challenge
4. Best 2 (approx.) **funded for proof of concept** for each challenge
5. Agencies/Industry consider **buying the solution**
6. SMEs go on to sell the **new solution worldwide**, utilising their own IP



ASIC BRII challenge: Listed company compliance

This ASIC BRII challenge focuses on developing a technology solution to help ASIC analyse corporate disclosures and other datasets to identify and assess compliance by listed companies with a range of requirements, including:

- continuous disclosure (price sensitive disclosure) and other disclosure obligations to the market
- financial reporting obligations
- the prohibition against misleading or deceptive disclosure (such as misleading categorisation of market announcements)
- the prohibition against practices that manipulate the pricing of securities.

BRII Regtech challenge - Next steps...

Timeline	Action
6 – 13 May	Feasibility presentations conducted by five regtech firms (Listcorp, Digitalx Limited, DHI-AI, Bedrock AI Aus and Pyxta) First phase of regtech challenge complete
19 July – 1 August	Proof of Concept (POC) applications assessment period (ASIC)
1 August – October	DISR processing and assessment of POC applications
End October (estimate)	Proof of Concept phase begins (around 12 months)
January 2024	Proof of Concept phase ends
February – April 2024	Potential Trial period (of any solutions) – but could be earlier (if joint agreement between regtech and ASIC)

Visit the [Innovation Hub website](#) for more information.



Consumer Data Right (CDR) program update

Evie Redshaw, Director of Analytics,
Consumer Data Right Division, ACCC

Vaughn Cotton, Senior Program
Manager, Consumer Data Right Division,
ACCC



Consumer Data Right Update

17th ASIC Regtech Liaison Forum
19th October 2022

Introductions and agenda



Evie Redshaw
ACCC Director Analytics



Vaughn Cotton
ACCC Director Demand Management



Consumer Data Right (CDR) Overview

An economy wide initiative to enable secure sharing of consumer information.

Multi-sector data sharing

- Banking sector complete
- Energy sector imminent and Telecommunications in progress



CDR mock tools and sandbox

Enabling participants access to open source working software thereby reducing compliance overheads.

Supporting the expansion of CDR

- Assisting participants to navigate a complex technical environment to deliver value to consumers



CDR Public Dashboard

Public disclosure of performance metrics has enabled an increase in self regulation.

Monitoring the performance of participants

- Regulatory reporting & incident management
- API based performance metrics



Consumer Data Right (CDR) overview

What is the CDR?

CDR enables consumers information held by their bank or energy retailer, to be transferred using secure automated data technology. The process has been designed to give consumers greater choice and control through the convenience of a simple, easy-to-use process.

It is an economy-wide reform that is being rolled out sector by sector. The Consumer Data Right has already been rolled out to banking, with the energy sector to launch in October 2022. Telecommunications to follow as the third sector.

Are consumers required to share their data?

The CDR is an opt-in service, giving consumers the choice to share their data, with full visibility of who it's being shared with and the purpose for sharing it.

The consumer is in control

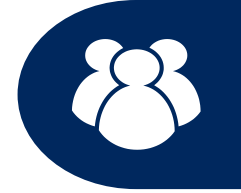
Strong privacy and security protections are in place. All CDR accredited providers must follow strict rules and regulations.

- ✓ You decide if you want to share information
- ✓ You control what information to share
- ✓ You choose who you share your information with
- ✓ You choose when you want to stop sharing your information

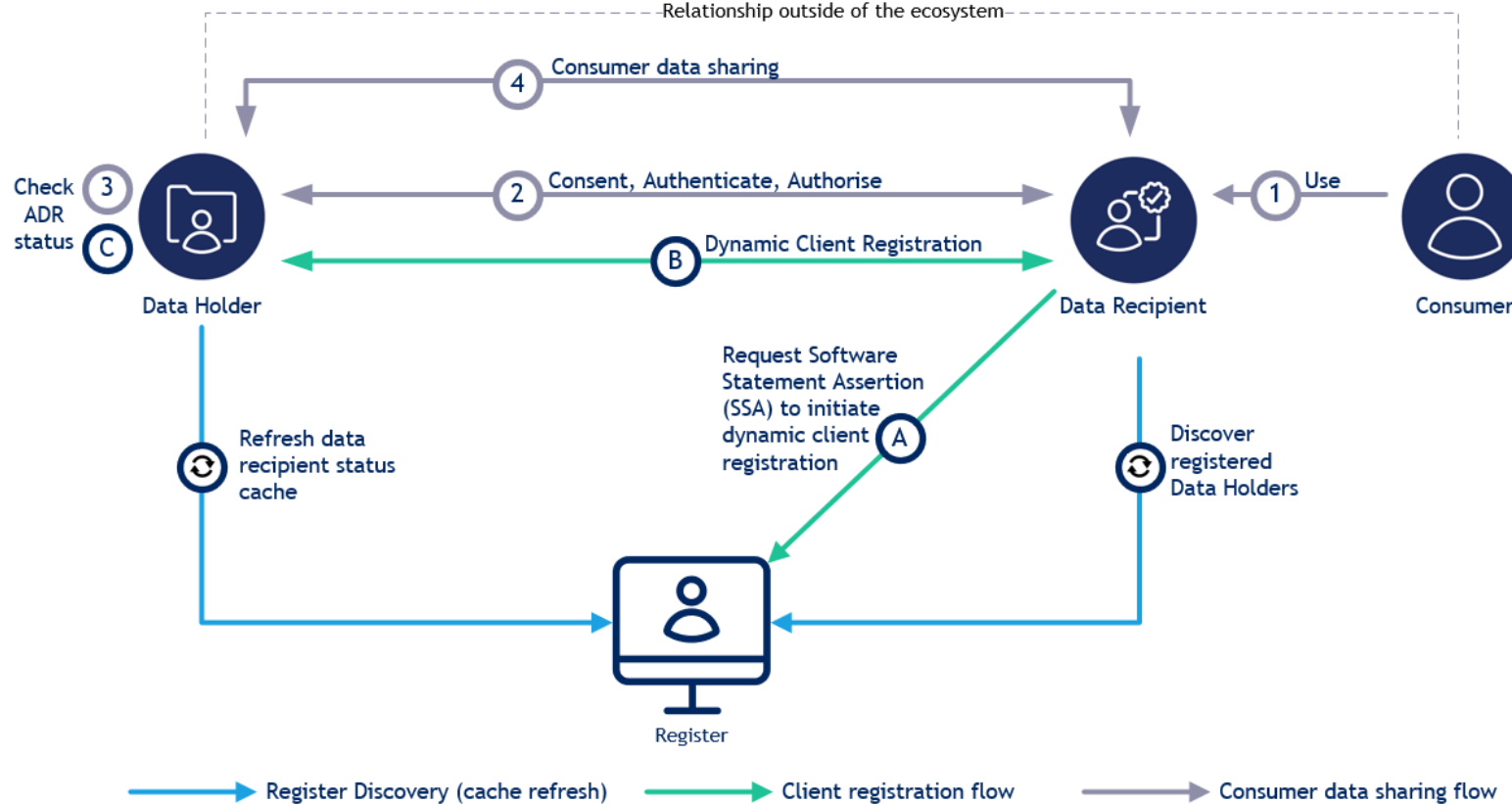
Protecting the consumer is part of the CDR design

The security and integrity of the CDR regime is maintained by 13 privacy safeguards, contained in the Competition and Consumer Act and supplemented by the Consumer Data Rules.

- ✓ Personally Identifiable Information (PII), such as date of birth, has been specifically excluded from the data shared
- ✓ Personal document information; such as drivers license, passport and medicare details are also excluded
- ✓ Specific provisions exist to allow data holders to support and protect vulnerable consumers



The CDR ecosystem is secure and technically challenging



(i) Get Connected

Data Holder & Data Recipient must connect to the ACCC Register to confirm their status in CDR. (A)

The Register is a dynamic list of active CDR participants that is continually accessed by participants. (C)

To enable data sharing, a Data Recipient must establish a secure connection with all a Data Holder. (B)

(ii) Consumer authorises sharing of data

Data standards define a common user experience to enable consumers to authorise for their data to be shared. (1), (2) & (3).

(iii) Data is exchanged based upon the consumer's consent (4)

Data Recipient's use the consent authority via a security token, to access the consumers information from the Data Holder.

The Data Recipient can then use the date to provide a service to the consumer. For example:

- compare products and services
- access better value and improved services
- assist financial and cashflow management.

Lessons from the rollout of the banking sector

Participants are required to interpret the various information required to design and test their CDR compliant solutions. It required participants to translate Legislation, Rules, Compliance and Enforcement Policies, Consumer Data Standards (CDS) and Register Standards into their design.

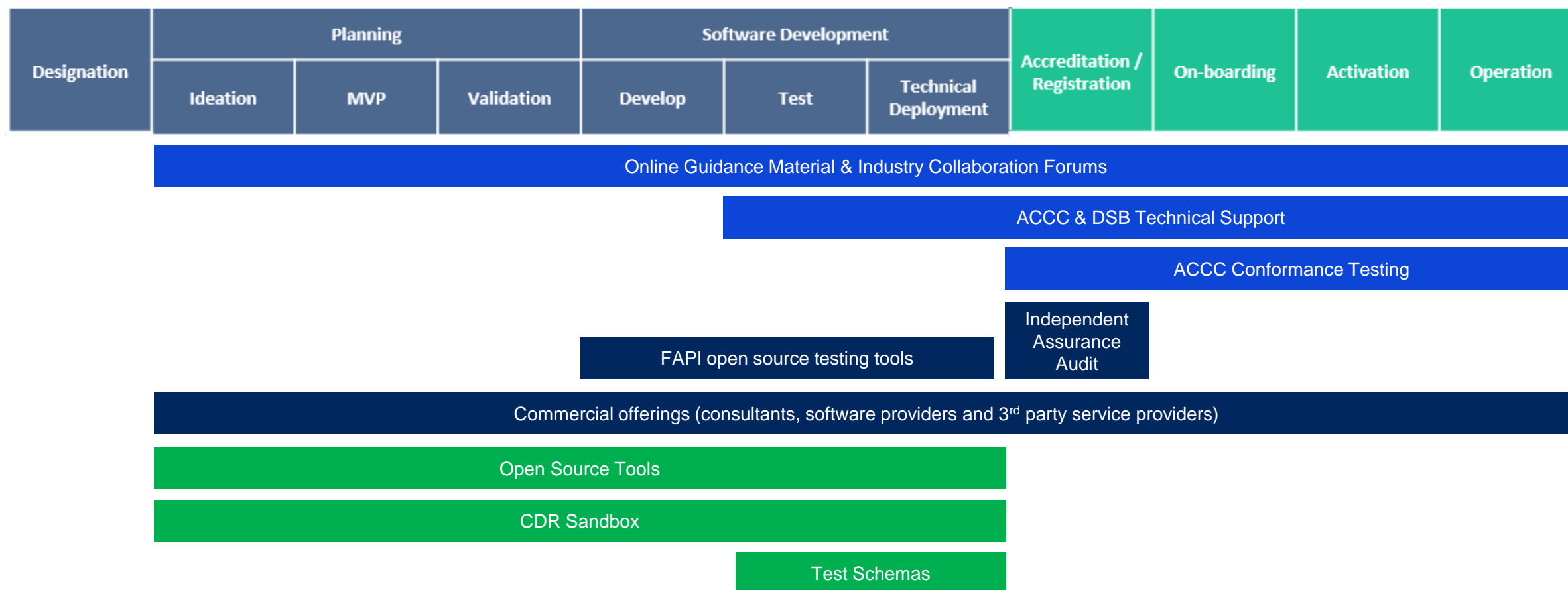
The result was; solutions that differed between participants and required post-production updates for the system to operate.

Supporting participants through their journey



The end-to-end participants support required earlier intervention

Below is an outline of key support available to participants entering the CDR. Support provided by the ACCC and DSB tended to be back-loaded. Commercial offerings had taken longer to develop, resulting in issues during conformance testing, activation and the early stages of operation.



Participants were focusing on technical issues rather than innovation

*We needed participants
focused on giving value to
consumers...*

Consumer
Value

Competition

*Participants were focused
here...*

Multiple iterations
through the ACCC
Conformance Test
Process

Mocking up test
environments to
simulate the
Register




Legal interpretation of
rules and standards

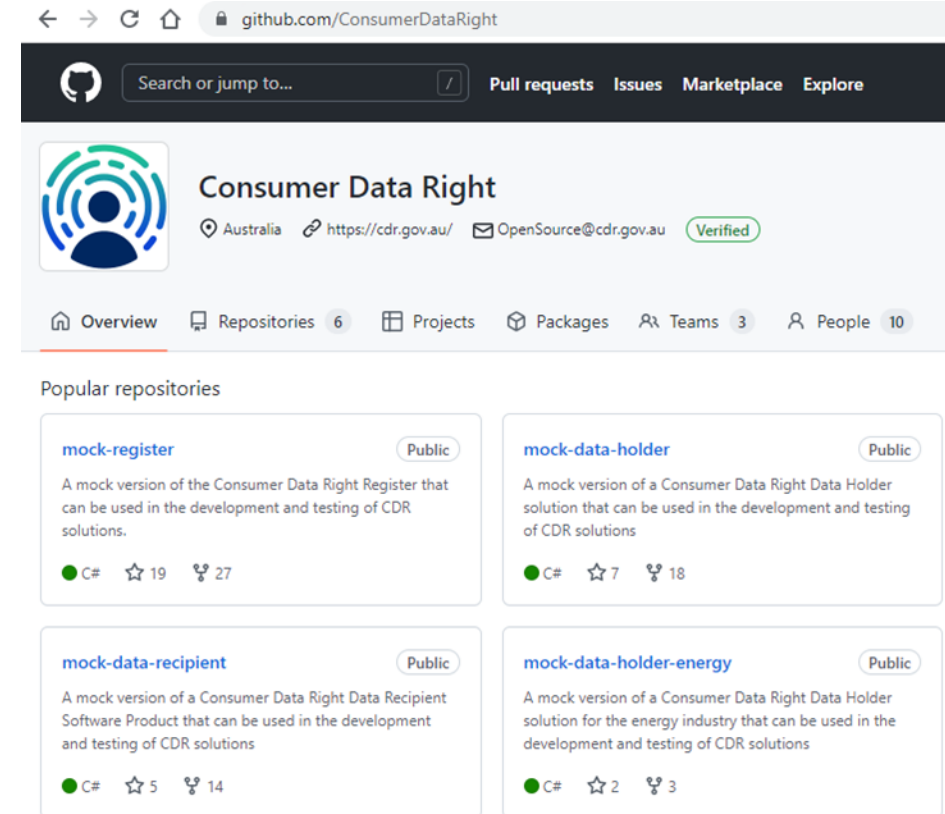
Collaboration

Developing software from
scratch

Test stubs to
simulate other
participants

Development of the mock tools commenced in July 2021

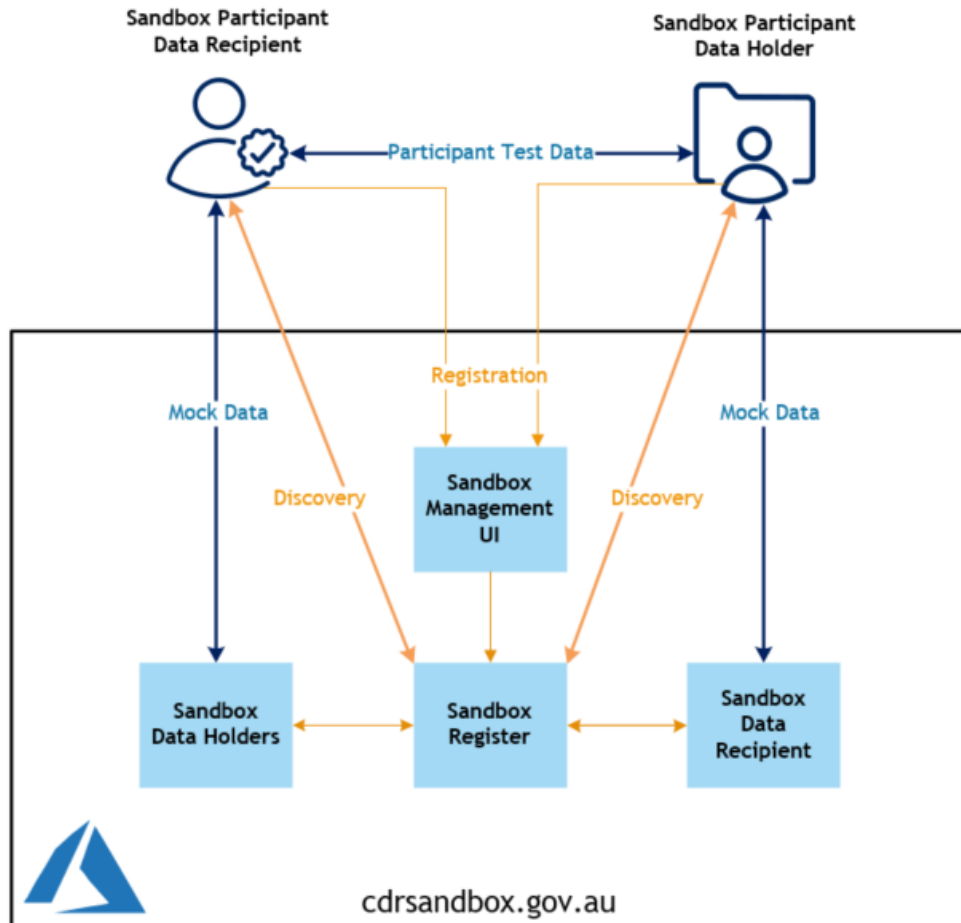
Mock Tools	 <p>Register</p>  <p>Data Holder</p>  <p>Data Recipient</p>
Capabilities	<ul style="list-style-type: none"> • Provide a reference interpretation of the CDR standards: Developers have access to functioning code that can be used as a reference or starting point for their own solutions. • Simulate the behaviour of the Industry components: Enabling a simulated environment to be established to assist during software development and testing. • Held in an online environment with documentation: The Mock Tools can be found on GitHub and Docker Hub <ul style="list-style-type: none"> • https://github.com/consumerdataright • https://hub.docker.com/u/consumerdataright
Benefits	<ul style="list-style-type: none"> • Open source: Enabling developers to access working software and contribute to the library. • Engage with the CDR technical community: Generate ideas and changes and increase contributions and collaborations from the CDR community that will in turn encourage adoption and to drive the ecosystem forward. • Increase information and tools: To help participants assess feasibility of joining. • Reducing the cost for participants: Allowing for more time to deliver value to consumers.. • Reduce on-boarding conformance testing timeframes: As participants receive feedback earlier on in the testing cycle. • Available to participants and service providers: For CDR to be a success, a vibrant support market will drive the adoption and success of CDR.



The screenshot shows the GitHub profile for 'Consumer Data Right'. The profile includes a bio, location (Australia), website (https://cdr.gov.au/), and email (OpenSource@cdr.gov.au). It also shows a 'Verified' badge. Below the profile, there are four popular repositories listed:

- mock-register** (Public): A mock version of the Consumer Data Right Register that can be used in the development and testing of CDR solutions. 19 stars, 27 forks.
- mock-data-holder** (Public): A mock version of a Consumer Data Right Data Holder solution that can be used in the development and testing of CDR solutions. 7 stars, 18 forks.
- mock-data-recipient** (Public): A mock version of a Consumer Data Right Data Recipient Software Product that can be used in the development and testing of CDR solutions. 5 stars, 14 forks.
- mock-data-holder-energy** (Public): A mock version of a Consumer Data Right Data Holder solution for the energy industry that can be used in the development and testing of CDR solutions. 2 stars, 3 forks.

The CDR Sandbox was launched in July 2022 using the mock tools



- Building on the mock tools, the next step was to create a 'production like' environment referred to as the CDR Sandbox. The CDR Sandbox provides an area for participants to interact in an environment conducive to development and testing.
- The CDR Sandbox consists of:
 - Hosted versions of the Mock Register, Banking and Energy Mock Data Holders, and Mock Data Recipient
 - New Sandbox Management User Interface for participants to register themselves and add their solutions
 - A full functioning register to facilitate discovery and participant to participant interaction
 - Sign-up is available for anyone interested in understanding the CDR ecosystem

Monitoring activity within CDR



The ACCC is accountable for the monitoring of the performance of the CDR

CDR has been specifically designed so that no government agency has access to consumer information exchanged between Data Holders and Data Recipients. To monitor the ecosystem, the ACCC has access to three key data sources; compliance reporting, metrics reporting and participant support incidents.

Bi-annual compliance reporting by participants

- **Participant reporting obligation:** Both Data Holders and Data Recipients are required to provide compliance reporting to the ACCC that is focused on complaints received, data sharing refusals and high-level statistical information.
- **Used to drive compliance monitoring and general system monitoring:** The data collected is defined within the CDR Rules as part of the overall reporting and record keeping obligations.
- **Shared with the OAIC*:** OAIC are accountable for the privacy aspects of CDR, compliance reporting is collected centrally to streamline the process for participants.

Participant support incidents provided via the ACCC support portal

- **The ACCC facilitates resolution of issues between participants:** Incident reporting enables participants to raise incidents against other participants to enable ACCC to be made aware of an incident that could then be resolved with the participant or escalated for enforcement considerations.
- **Incidents provide an important insight into technical difficulties participants are having:** The ACCC Technical Operations team seeks to resolve issues collaboratively with participants. Where we see systemic issues, we can look to provide additional support or guidance to participants to avoid future incidents.

Daily performance metrics provided by data holders via API

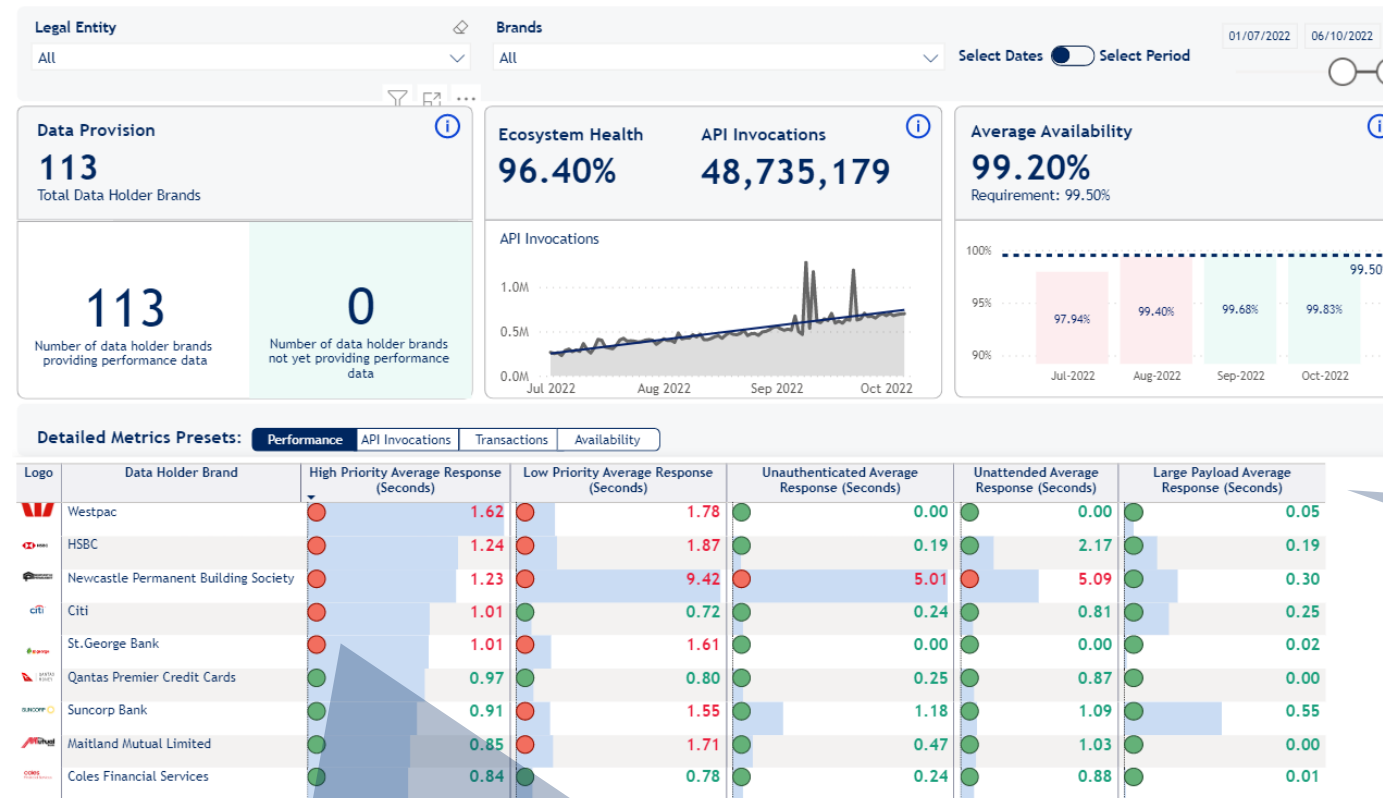
- **Each Data Holder is required to provide the ACCC access to a performance metric API:** The ACCC calls each Data Holder daily to retrieve performance metrics for the current day and up to 7 days previous. These metrics provide an indication of a Data Holders technical performance including response times, number of consents and number of API calls.
- **Publishing performance metrics provides a transparent public view of the ecosystem:** Without the need for complex enforcement intervention, a public dashboard has seen Data Holders self regulate to operate within the performance targets.

Drawing on the experience of Open Banking in the UK, where the public dashboard drove participant conformance to avoid a negative assessment of their performance.

CDR Performance Dashboard www.cdr.gov.au

The ACCC launched the performance dashboard in December 2021

Since the launch, the CDR performance dashboard has gone through three uplift iterations. With further planned over the coming months.



Dynamic reporting providing specific selection options

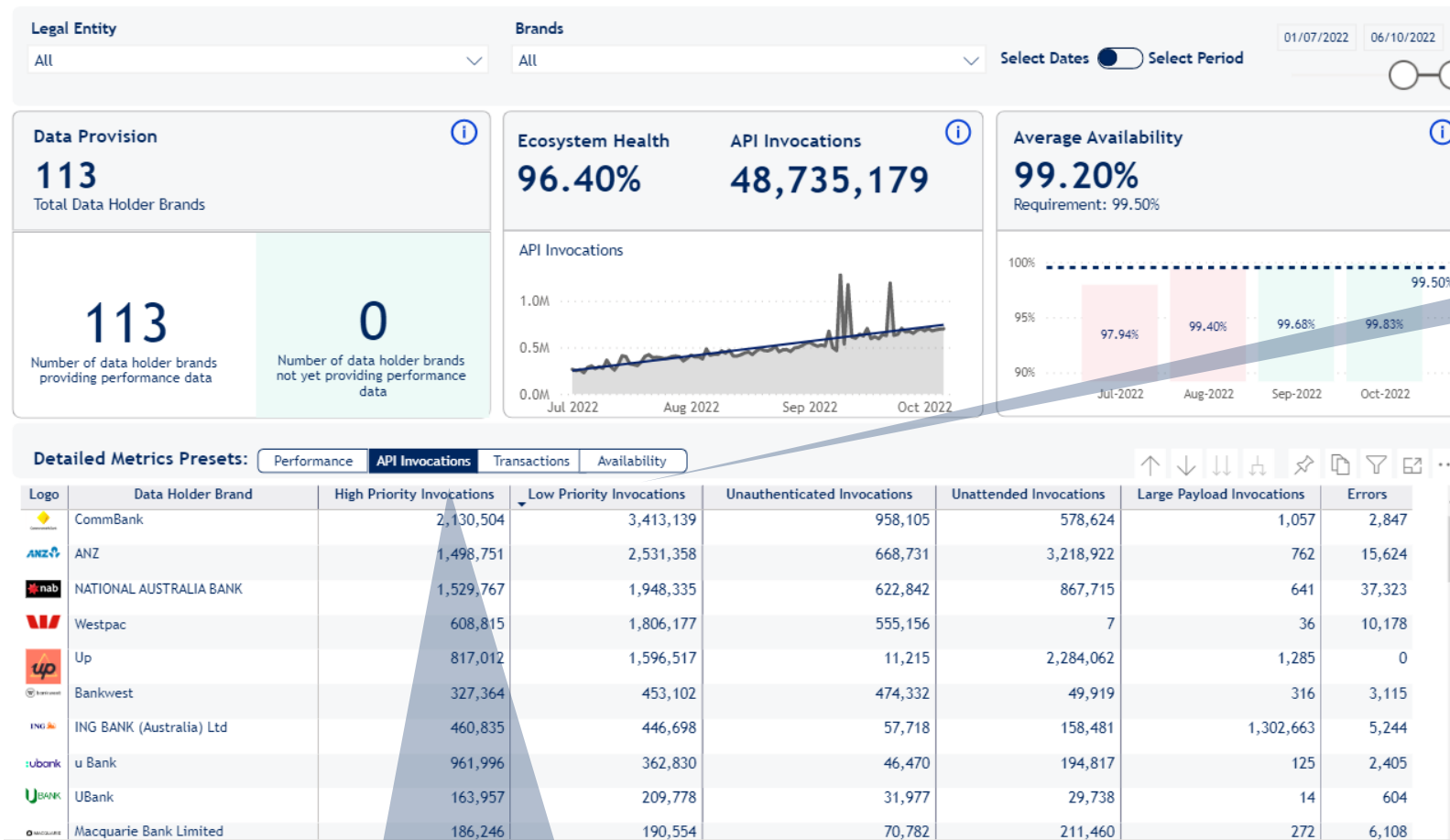
High level summary statistics of the system are provided

Red indicates an average outside of the performance threshold. This does not prove non-compliance, as the non-functional requirements are more specific.

CDR Performance Dashboard www.cdr.gov.au

Working with data holders to ensure correct information is provided

Early internal metric reporting highlighted discrepancies in the data provided. The ACCC team worked closely with participants to rectify anomalies found in the data and incorrect interpretation of the standards. Once a solid foundation of source data was established, the public dashboard was able to be launched.



Sort options for columns

Different views are available



Regtech Association Industry Update

Deborah Young, CEO, Regtech Association

Ben Hobby, Objective Corporation



RegTech


ASIC RegTech Liaison Forum

RTA Industry update

Fireside chat:

Deborah Young & Ben Hobby, Objective Corporation

October 2022

@RegTech_1 

The RegTech Association 

Industry update

- Our new industry research Industry Perspective report is due out in a few weeks
- Continue to roll out our successful online programs
- Government and regulators are a focus this financial year as our mutual banking sector
- Tech Collective are gathering on 25 Oct
- Gala Awards dinner – a few seats left
- Attending, speaking and moderating at SFF
- RegTech showcase event at ING Singapore
- RegTech showcase event at Accenture NYC and a landing pad for RegTechs
- Looking to UK around June next year
- Watch for dates on #ACCELERATERegTech2023
- Government and regulatory appetite is growing

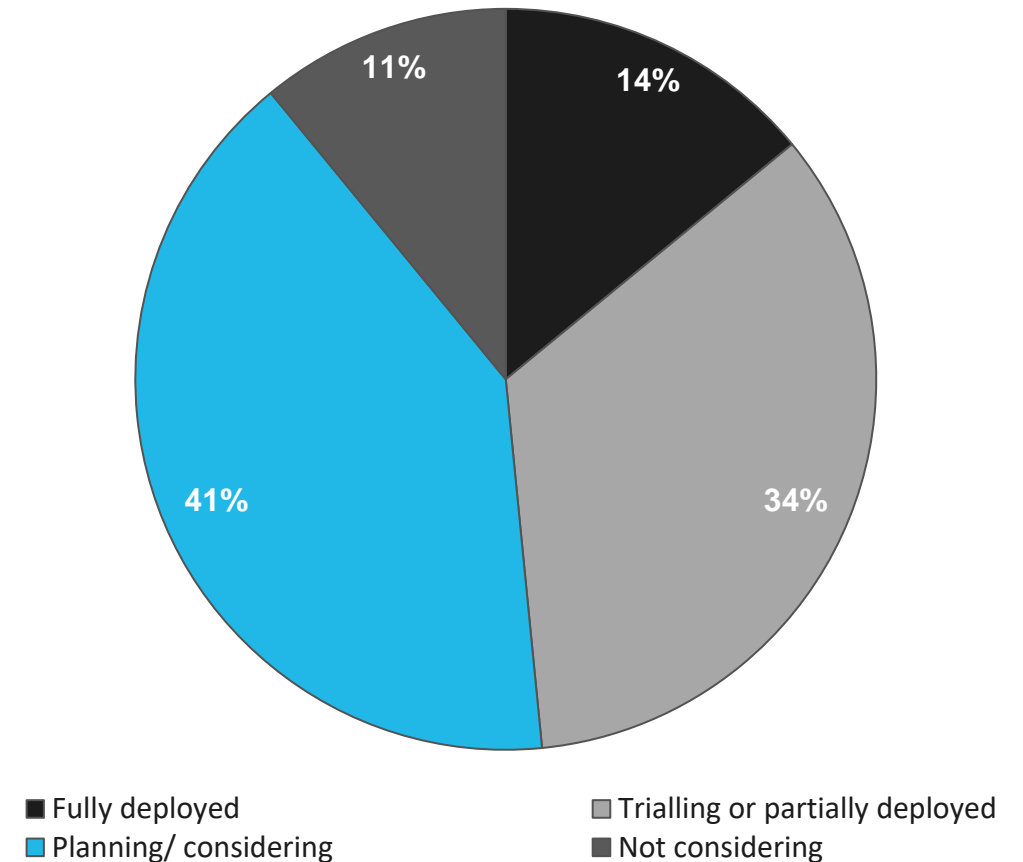
Data sharing is highly relevant but there is low adoption

95%
of respondents considered **data sharing across agencies
and/or jurisdictions** as relevant.

yet only

14%
reported they are **currently sharing data**.

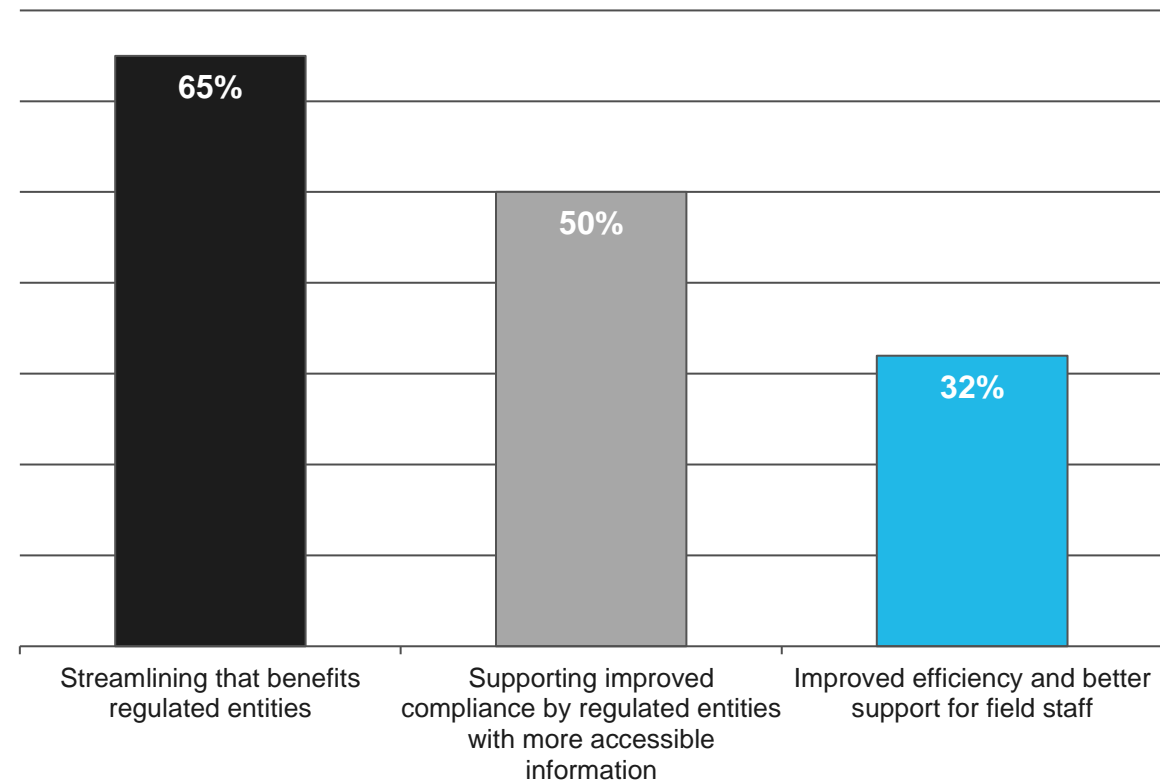
Figure 4: Data sharing with other agencies or jurisdictions



'Streamlining benefits for regulated entities' – the highest potential benefit of RegTech

The focus on RegTech that provides benefits for regulated entities may reflect government funding priorities, and the key themes of their published whole-of-government digital strategies.

Figure 1: What are the key benefits your agency is seeking from implementing technology to improve regulatory outcomes?
Moderately or very important

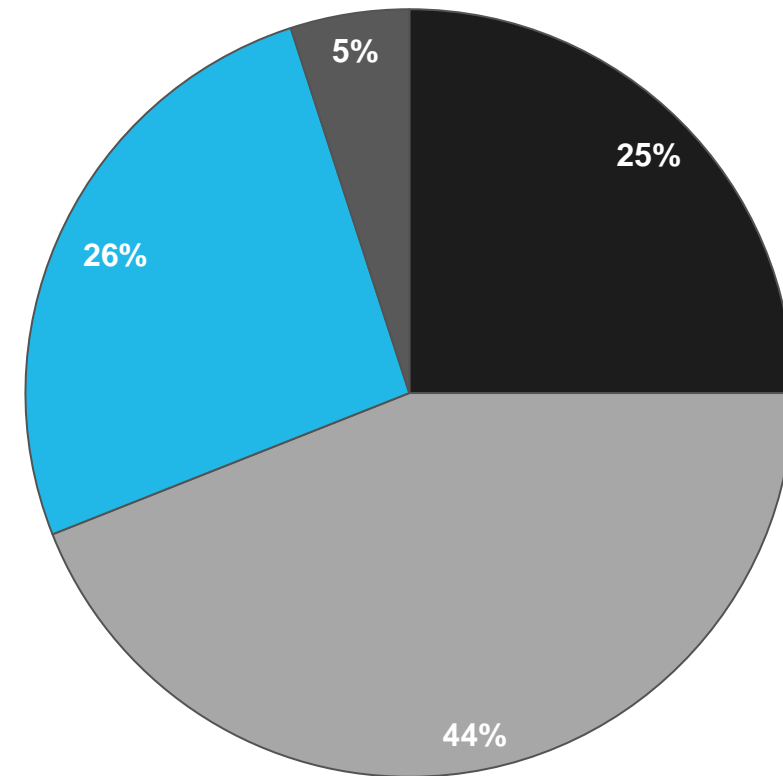


Adoption of technology to transform permitting and licensing regulatory functions is still very low

97%
of respondents considered
Web-based portals or mobile apps that allow regulated entities to lodge applications, including submitting information/documents directly, as relevant.

yet only

25%
have fully deployed these technologies.

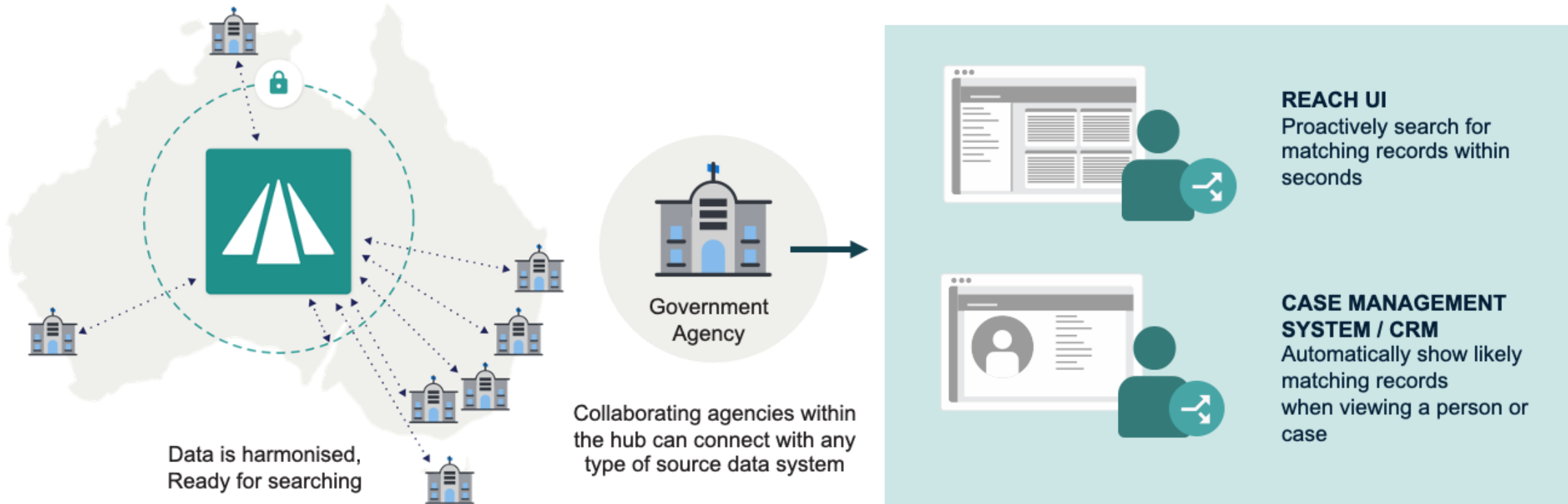


■ Fully deployed ■ Trialling or partially deployed ■ Planning/ considering ■ Not considering

Figure 2: Stage of technology deployment

Objective Reach Solves the Challenge

National interagency sharing of sensitive information





Thank you

innovationhub@asic.gov.au

asic.gov.au/for-business/innovation-hub