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Independent Review of the Principles of Reciprocity and Data Exchange

Reciprocity and Data Exchange Authority

Report

November 2024

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1. Introduction

1. Credit Reporting in Australia is governed by a complex web of legislation, Commonwealth government regulators along with a number of industry co-regulatory and self-regulatory arrangements. In addition, consumers of credit are able to take complaints against credit providers and credit reporting bureaux to a number of approved external dispute resolution services.
2. This review is concerned with the Principles of Reciprocity and Data Exchange (PRDE), the operating rules that provide much of the detail requirements giving effect to the various higher-level obligations set by legislation, regulatory and self-regulatory obligations.
3. The PRDE rules are supported in turn by the Australian Credit Reporting Data Standards (ACRDS) – which go to the definition and formatting of credit reporting data, error handling and so forth. The content of the ACRDS is not in scope for this review, however in framework design terms, the standards are part of the PRDE and where appropriate, are discussed together. Both the PRDE and the ACRDS are available through www.prde.com.au.
4. The PRDE was first authorised by the ACCC in 2015 and first independently reviewed in 2019. This, its second independent review, can be regarded as the first since the PRDE reached critical mass. In July 2024, the PRDE administrator, the Reciprocity and Data Exchange Administrator (RDEA) appointed Phil Khoury of *cameron. ralph. khoury* (CRK), a consultancy with expertise in self and co-regulation and external dispute resolution, to conduct an independent review of the PRDE. The Terms of Reference for the Review are available at <https://prdereview.crkhoury.com.au>.
5. Note that the Review has not been completed by the deadline nominated in the Terms of Reference. There were delays in kicking the process off and the consultation process encountered some difficulty in achieving timely engagement.
6. In undertaking our assessment, our review process has included:
 - Briefing meetings with RDEA and Arca staff
 - Review of background documents and data
 - One-on-one or small group meetings with stakeholders (a cross-section of Credit Providers, Credit Reporting Bureaux, Regulators, EDR schemes, Consumer advocates and Industry association staff)
 - Feedback provided in response to a circulated Draft Report
7. Concurrently with our review, the Commonwealth Attorney-General's Department-commissioned independent review of the Credit Reporting Framework was underway. We have liaised with Framework reviewer Ms Heidi Richards and her team during the course of our review.

Acknowledgments

8. We understand that our review came on top of a series of changes and reviews impacting the financial sector – and that we encountered an understandable level of exhaustion and ‘consultation burnout’.
9. The Reviewers would like to acknowledge the openness and great assistance provided by RDEA staff and the assistance and contribution to this report from signatories, credit reporting bodies (CRBs) and stakeholder organisations who generously offered their time to assist in our understanding.

Structure of report and terminology

10. This report is structured as follows:
 - Key themes from our review are summarised in the Executive Summary at Chapter 2.
 - The context is briefly described in Chapter 3.
 - Our consultation process is discussed at Chapter 4.
 - Chapter 5 attempts to describe the way the credit reporting environment works.
 - Chapters 6 to 9 address each of the four key themes in detail and include Recommendations.
 - Note that the PRDE and the standards are very operational and we have not attempted to address them at a detail level, nor to specify how recommendations should be implemented. We expect that the final form of any changes will need to be developed by RDEA in collaboration with operational signatory staff and consulted with signatories and other stakeholders.
 - We offer a few observations about implementation and a Recommendation at Chapter 10
 - A listing of all the Recommendations is at Chapter 11

Consultation

11. The consultation process for this review was more protracted and ‘thinner’ than we would have liked. The financial sector – credit providers, regulators, EDR schemes, Consumer Advocates, CRBs and industry associations – were all suffering from stretched resources at the time of the review.

12. Many told us they could not respond with a written submission. We frequently struggled to find attendees for roundtable consultations. At times, we found that there was insufficient expertise within the attendees to cover all the issues we were enquiring about. A very detailed and informative briefing paper from the RDEA seemed to have gone largely unread.
13. Many told us that while they wanted to contribute, they would not be able to meaningfully respond until presented with concrete proposals for change. In an effort to obtain input, we offered to some groups that we would arrange a presentation of tentative key findings near the end of the process – and count their reaction to those findings as their consultation.
14. In the end, we are confident that the key issues were surfaced by the consultation process, however, for most issues we did not receive clear strong feedback that we could work from. As a result, the report's findings and recommendations are as much a result of analysis as they are of stakeholder input.
15. As a final testing of reaction, we circulated a draft of this Report to stakeholders and received a small amount of feedback in response. We made a handful clarifications in the text of this final version (now available at <https://prdereview.crkhoury.com.au>).

Scope

16. While the credit reporting system's operating framework is characterised by multiple layers of obligation, these distinctions are somewhat artificial and bureaucratic (in that they are designed to divide operating scope and responsibilities – rather than reflect community understanding). Feedback from stakeholders as well as some of our findings do not fall neatly into these regulatory and administrative layers.
17. In practice, we have had to discuss some aspects of the system holistically and many in ways that overlap the boundaries of the various layers. This was, in our view essential to providing a coherent report. We do understand the boundaries and while our findings may overlap or stray from scope, to the extent practicable, we have aimed to have our recommendations targeted more tightly to our PRDE scope – however in some instances that simply was not possible.

Expertise

18. While CRK has significant experience in reviewing co and self-regulatory frameworks and codes, we are by no means subject matter experts when it comes to the operation of the PRDE. We have relied extensively on the expertise of stakeholders and RDEA and Arca staff to understand how the system works and the potential impact of our ideas.

19. We are conscious that it is primarily the RDEA and participants in the system who will be responsible for determining which of our findings and recommendations to accept and the final detail of their implementation.

Philosophy/approach

20. We have been reviewing different forms of self-regulatory systems for more than two decades and our approach to this review reflects learnings from our experience.
21. Just as there are types of regulatory tasks that are best done by government, there are types that are best done by the participants, working within a sound structure and rules in a self or co-regulatory framework.
22. In our view, the self-regulatory frameworks that are successful over a long period are the ones that demonstrate an awareness of and engagement with all of their stakeholders, that are responsive to changing community expectations, that are transparent about the issues that impact on their domain and that are seen to be serious about continuous improvement of the things that matter. In other words, those that are trusted – even if it is with a little scepticism.

2. Executive Summary

23. Our Review found that the RDEA, the PRDE and ACRDS as a system supporting the CR Code and the overall Credit Reporting Framework, has come a long way from its origins over a decade ago.
24. The vast bulk of credit reporting data is being exchanged, and from the accounts we heard, signatories are largely satisfied that the system works and that the significant investments that have been made in systems development and capability building have been worth the effort.
25. That said, some signatories, including CRBs, felt that there were gaps in the effectiveness of the system that needed to be addressed and that this was an opportune time to deal with them. These perceived gaps were by no means universal, ranging from concerns over the transparency of monitoring and compliance to timeliness, to requests for a system more suited to small players.
26. From the perspective of external stakeholders, however, the picture is less positive. While we have been mindful of our scope, we nevertheless reviewed submissions to the CR Framework (Richards) Review and found considerable dissatisfaction with the overall framework. This was repeated in the discussions we had with external stakeholders – to the extent that they were able to distinguish the issues that related to the PRDE itself.
27. The Findings fall into four key themes – as shown below, and for each theme we have identified an imperative for change. In the body of the Report, we go on to provide recommended specific areas for improvement. These recommendations are generally high level and if accepted, will require, to differing degree, more development by subject matter experts from RDEA and the sector – and of course consultation with stakeholders and regulators in particular.

Findings	Imperatives
1. PRDE was conceived as a business-to-business framework (B2B) and has not sufficiently built in consideration of the consumer interface that it provides.	RDEA needs to strengthen its social license to operate by improving community confidence in the ease of use and responsiveness of consumer-facing parts of the system.
2. The PRDE language and provisions are seen by signatories as complex and hard to follow – and by external stakeholders as opaque and confusing.	RDEA needs to clarify and simplify the structures, language, terminology of the PRDE wherever possible (while retaining the essential detail that it requires).
3. Stakeholders, both internal and external lack confidence in the integrity of the system.	RDEA needs to strengthen its monitoring and compliance of the PRDE, providing

	greater transparency and credibility with stakeholders.
4. The CR system has moved on from its original focus on mainstream credit providers and now has increasingly diverse signatories and potential signatories.	RDEA needs to adapt and refine the PRDE to better fit to its changing signatory base.

28. We have also included a couple of observations and suggestions that go beyond our PRDE scope and make suggestions for greater integration of administration and monitoring and compliance between the PRDE/ARCDS and the CR Code itself. We hope to be forgiven for this, because we see it as an opportunity that aligns well with the four imperatives above and would, we think, strengthen the self-regulatory system by going a little further.

3. Context

29. The PRDE is at its essence a set of rules and standards to support the implementation of the provisions of the law and the CR Code. For most purpose in this Report, although not formally correct, we treat the ACRDS (Data Standards) conceptually as simply a part of the PRDE.
30. PRDE signatories currently include some 120 credit providers and 3 credit reporting bureaux. We note that one of the current CRBs – Experian, has recently acquired another Australian CRB, Illion. We understand that for the immediate future, the two entities will continue to operate as two different brands - for practical purposes keeping three signatory CRBs in the Australian marketplace. (I am aware that there is at least one other small non-signatory CRB operating in Australia.)
31. It is important to note that not all credit reporting is covered by the PRDE. While the vast majority of financial sector credit transactions are being reported by signatories to the PRDE, there remains a long tail of non-signatory and generally smaller credit providers. In addition, with one or two exceptions, telecommunications providers and utilities who are not signatories, provide credit to a vast number of Australians.
32. There are also data items (inquiry details) that are a regular element of credit reporting that are not covered by the PRDE – as a consequence of the framing of the law and the practical operation of the credit reporting system (ie. “inquiry” which is a CP undertaking a credit check with a CRB).
33. To return to signatories, the PRDE and ACRDS provisions are administered by the RDEA, a subsidiary of Arca with its own CEO and Board. Under a services agreement, Arca provides the resourcing (including staff) to enable the RDEA to administer the PRDE.

Credit Reporting System

34. At some risk of being seen to be exceeding my remit, a few words to describe the overall Credit Reporting system are needed – to consider the role that the PRDE and Data Standards (ACRDS) are intended to play and how they fit (or don’t) to the overall ecosystem.
35. Comprehensive credit reporting was introduced in Australia roughly ten years ago and was overlaid on a financial system that was already overseen by a complex, highly fragmented framework of regulatory, co-regulatory and self-regulatory regimes. Credit reporting therefore inherited that complexity.
36. From the perspective of a review of the PRDE, two debates that raged at the time of introduction are key and were both essentially about fairness. The first was the consumer-side debate about potential risks to the community of an insufficiently controlled

enormous database of consumer information accessible to anyone willing to pay for access to it. These risks included inappropriate exposure of citizens' personal information, the use of credit reporting information to unfairly restrict access to credit and predatory and/or inappropriate mass use of the data for marketing and sales.

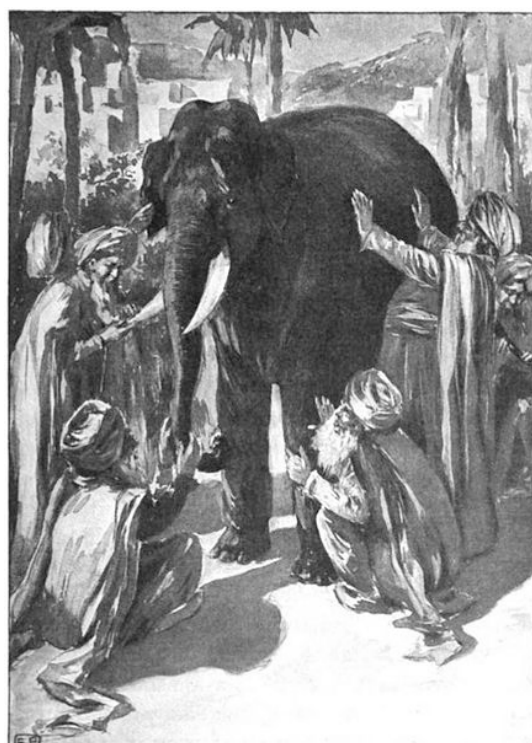
37. The second debate was largely confined to the credit sector and was about the commercial and competitive impact of the CR Reporting system. Some concerns were that the cost of participation would act as a barrier to entry and diminish competition, that credit providers would game the system, drawing on information without contributing their own, that only very big players would be able to afford to take advantage of the CR information or conversely that small players would get a 'free ride' on the big players' data.
38. There were of course, many other debates, but at some risk of over-simplification, these are the two that most impacted the development of the PRDE.
39. First, in response to the community concerns (Para 36 above), the design choice was made for the primary regulation of credit reporting to be established under the Privacy framework (an unusual choice in global terms) and, significantly, the data that could be used in credit reporting was tightly defined in the legislation.
40. Second, it was generally accepted that heavy involvement from the sector would be needed given the degree of technical complexity and detail required to implement and operate a system that complied with the range of regulatory requirements (from legislation overseen by OAIC, ASIC, APRA and the ACCC, along with the self-regulatory codes of practice that governed parts of the operations of credit providers such as the Banking Code and the COBA Code). A co-regulatory and/or self-regulatory structure would be essential to translate the regulatory obligations into working requirements.
41. Third, in order to encourage credit providers to participate and to satisfy them of fairness within the system, a set of rules and standards would be needed based on the principles of reciprocity (contributing the data that you intend to take from the system) and to provide the detail necessary for an operating data exchange system. This became the PRDE and the ARCDS and was heavily driven by the need for business-to-business fairness – and by the ACCC's interest in protecting competition in the sector.

Mandatory reporting

42. Not implemented until some years after the commencement of Comprehensive Credit Reporting (CCR), the Federal Government legislated for mandatory contribution of CCR information in 2021 by the largest credit providers. While some in the sector argued that little changed, given that almost all affected were already doing this, it seems to have reinforced a perception of a two-speed system and is possibly fuelling a concern amongst some mandatory signatories that non-mandatory participants may not be fully playing the game or fairly bearing the costs.

4. Consultation

43. Our review relied on a mix of techniques:
- a. Briefings from RDEA and Arca
 - b. A detailed background paper prepared by the RDEA
 - c. Publishing our own Issues Paper
 - d. Inviting written submissions
 - e. A series of online workshops with signatory and industry association stakeholders
 - f. A small number of one-to-one interviews with individuals and small group discussions with signatories
 - g. A series of small group discussions with staff from EDR Schemes, from consumer advocacy groups and government regulators
 - h. Once we had arrived at initial findings, we tested these with stakeholders – including at two online workshops with PRDE signatories and prospective signatories – these were attended by almost 100 participants
44. While we would have liked to have greater engagement with stakeholders in the early stages, in the end we were satisfied that it had been sufficient to make sure that the key issues had been surfaced. We did not however, obtain much in the way of clear, strong direction from stakeholders.
45. Many stakeholders had limited line of sight to the PRDE – restricted to the way in which they particularly interacted with the system. Perspectives depended heavily on where contributors stand relative to the PRDE. For almost every view expressed, there would be an opposing one.
46. In our early presentation of tentative findings, we used the parable of the blind men and the elephant to illustrate the different understandings and perspectives of the framework.
47. While we asked for written submissions, it was soon evident that many had recently worked very hard to produce lengthy,



detailed submissions to the government's 'senior' CR Framework Review – and simply did not have the resources or energy to also provide written comments to this more narrowly focused review.

48. In the end we received six PRDE Review submissions, which were very helpful for our thinking, however as a number requested that their submission not be published, we decided not to post any on the Review website as we thought the limited number would be somewhat misleading.
49. While we could not have completed the Review without the contribution of those consulted, our findings are as often driven by analysis and application of good practice in self-regulation as they are stakeholder-driven.
50. While we received input on a wide range of topics, we have distilled the most common feedback into four overall themes which we think covers the most important territory.

ACRDS (Data Standard)

51. We note that the small amount of feedback we received regarding the ACRDS was overwhelmingly very positive, with the exception of:
 - a desire for less frequent rounds of version updates where possible – to reduce the work of development and testing
 - an observation that more needed to be done to the ACRDS to ensure better consistency between CP reported data
 - this may include changes to timeliness obligations, tighter definition of data meaning and improved error handling
52. We also understand that the ACRDS working groups have grown over time to something around 60 people. We think this is excessive. Design, drafting and problem solving is best done in much smaller groups (less than 10). We think the RDEA should review the operation of signatory input to the ACRDS, possibly including expanding the use of expert panels to develop proposals for change. We imagine that these panels would have some peer input into their composition, some formality around their terms of reference and of course, once developed, proposals would be subject to broad consultation and approval.
53. With regard to scheduling of version updates, we think that some scheduling is important – to enable both signatories and RDEA to plan their activities resourcing in plenty of time. Two yearly seems a sensible interval to adopt as a default.
54. We also think that good practice is for sensible level of flexibility to also apply – eg. by aligning version updates with any government regulatory changes or delaying version updates where there are only small or limited value changes contemplated.

Recommendation 1

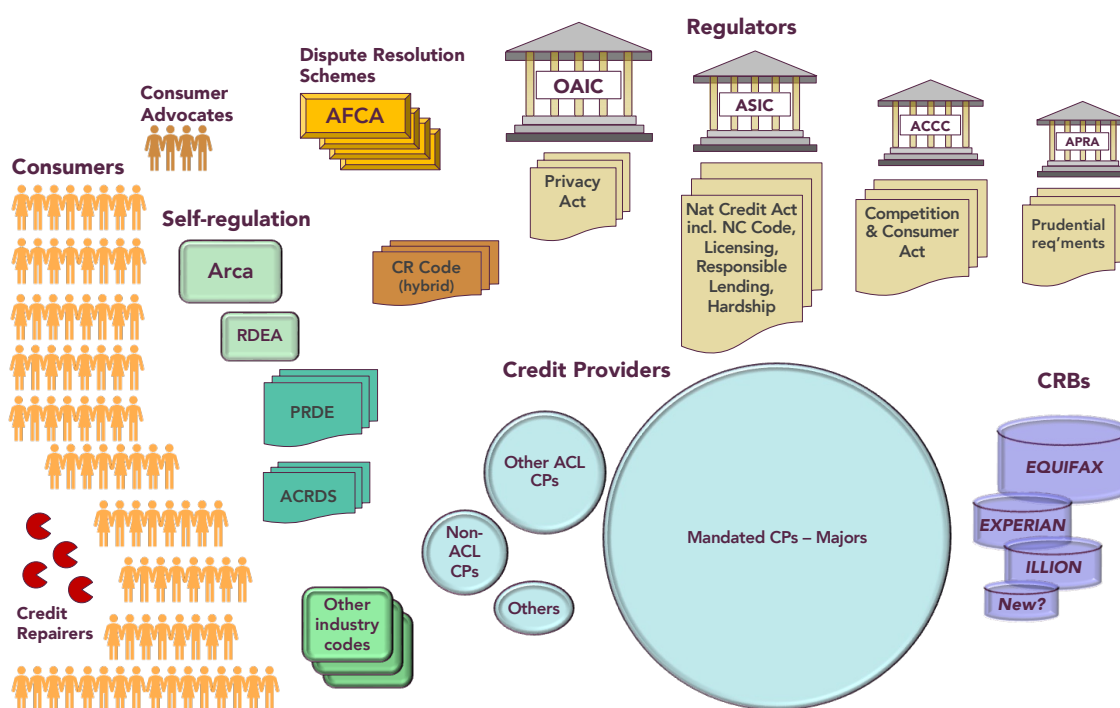
The ACRDS processes for development and approval of data standards should be reviewed with the aim of improving efficiency and reducing consultation workload. The review should consider options for reducing the number of participants in drafting, expanding the use of smaller expert panels and revising the voting arrangements for signatory consultation and approval.

Recommendation 2

The ACRDS scheduling of version updates should continue – as a default setting, with flexibility applied to adapt to changing circumstances, to reflect the scale of proposed changes and to practically minimise effort and cost to signatories.

5. How PRDE system works

55. Financial sector regulation in Australia is complex and fragmented and the Credit Reporting framework reflects that reality – and largely for historical reasons adds some more fragmentation of its own.
56. On being appointed to the Review, amongst other reading and research, I asked about for a diagram of how the system worked and was a little surprised to discover that there did not appear to be one in common use. In the end, to fully understand the landscape, I had to attempt one myself (below). As will be embarrassingly evident, I am not a graphic artist, however enough people I spoke with commented on the usefulness of a diagram that I reproduce it here, hoping it will be of some assistance.



At one stage I attempted to include lines illustrating the relationships between each of the elements – and there were so many that it made the diagram illegible. The reader will (hopefully) still see how complex the framework is and in particular, note the number of sources of regulatory authority. I have some sympathy for compliance officers from very small signatory organisations, often with minimal resourcing, who complained about the difficulty of figuring out and staying on top of all the various provisions.

6. Theme A – B2B and consumer-facing

57. It is evident that the PRDE functions best consistent with its conception as a business-to-business set of rules – aimed at both fairness (Reciprocity provisions) and data exchange (rules and standards). An enormous investment in systems has been made, millions of data items are exchanged every month and it is claimed that more and cheaper credit is being made available along with more accurate prediction of future credit stress.

From signatory stakeholder feedback, it is clear that for most signatories the overall system is currently working generally satisfactorily. However, areas for improvement were raised with us during consultation the most important of which included:

- a. consistency of the underlying meaning of data items
 - b. timeliness of credit data reporting
 - c. better, more timely error-handling and more rigorous data integrity checking
 - d. stronger continuous data quality improvement
 - e. greater transparency of monitoring and compliance
58. While it is difficult to distinguish the impact on consumer issues of the PRDE, the Law and the CR Code, we have taken the view that where the operation of the PRDE can impact the effectiveness of consumer interaction with the credit reporting system, we should recommend action.
59. Conceptually, we see the PRDE as providing many of the practical mechanisms and rules for signatories' interface with the CR system by consumers – helping consumers to exercise their rights by defining the quality and responsiveness they receive. In practice, this includes to obtain a copy of the credit rating that is provided to credit providers, to check the accuracy of their credit reporting information, to correct errors and to apply protections such as those for financial hardship, situations of domestic violence or identity theft.
60. While arguably, the more extreme privacy fears of implementing CCR from ten years ago have not come to pass, it is evident that the system is frequently failing consumers in this interface. EDR schemes such as AFCA, TIO, EWON and EWOV along with consumer advocates from a range of community services have evidence of thousands of complaints from consumers about the opaqueness of the procedures involved, the difficulty of engaging with the system, slow responses, poor communication and inflexibility.
61. Anecdotally at least, even skilled professionals with experience in the financial sector find the system impenetrable, strongly resistant to accepting corrections and very slow to respond. Perhaps a more insidious consequence is the number of consumers who turn to so-called credit repair agencies, some of whom charge significant fees to consumers already in financial stress, for services that are available elsewhere for free. These agencies

are also accused of attempting to commercially arm-twist credit providers into 'fixing' a client's credit record by threatening them with an EDR complaint that could cost the CP thousands of dollars.

62. The dissatisfaction and aggravation should not be underestimated. Some of the views we heard and indeed, submissions to the CR Framework Review, consider the system unsavable, that the entire framework should be scrapped as not fit for purpose and a clean sheet redesign undertaken.
63. Our view is that the credit reporting system is certainly salvageable, but to restore or strengthen its social license to operate, using the personal information of most adult Australians, it must give clearly stronger recognition of the need to properly service the needs of consumers interacting with credit reporting. The system needs to be more understandable/recognisable to external stakeholders, more transparent in its operation, more consistent in its operation and outputs and in the benefits that are meant to be flowing to the community (not just CPs) as a result of the system. The PRDE has a significant role to play in this.

Transparency

64. A key element of achieving stakeholder confidence in CCR is for them to have confidence that the system is producing measurable benefits for the community. Consumer advocates in particular are highly sceptical that the system actually benefits anyone other than credit providers and credit reporting bureaux.
65. It is not healthy for a largely self-regulated system to still be attracting a criticism as fundamental as this, a decade after its implementation. While this is clearly a bigger picture issue, we see this relating to the PRDE rules and standards because that is the point in the system that should or could be reporting on it. Large CPs we spoke to assured us that they had internal data that would provide the evidence of the CR system's benefits to the community as a whole – which we think is a key element to the social license.
66. We understand however that to regularly publish this data would be difficult without impinging on commercial confidentiality sensitivities. We suspect that once agreed, the provision of the data would likely need to be made compulsory. There may also be competition issues for the regulator, but we think there would be an arguable case for the benefit to the community. For that reason, we think that a trusted intermediary should be collecting that data from all, or at least the major signatories and reporting on it in an aggregated, anonymised and credible way.
67. We do not think that this should be seen as excessively burdensome. To be able to publish figures showing how the credit reporting system is working in terms of lowered borrowing costs, access to credit, lower rates of default or incidence of missed payments for example need not be done more frequently than (say) once a year, would not need to be extremely precise or exhaustive, nor would it need to be in real time (last complete year of data should serve the purpose).

68. We think the best positioned body to do that reporting is the RDEA. It may need some additional capability and capacity to credibly extend to that type of economic and data analysis and reporting, but it already understands the system, already has reporting interfaces with every signatory and has an independent governance structure in place.

Recommendation 3

The RDEA should develop the ability to regularly report to the community on the benefits that the Credit Reporting framework is delivering to the community. This development should involve CPs and CRBs with appropriate skills and knowledge (data and economics) and will need to include:

- a) Agreeing the dataset that best illustrates the benefits of the system
- b) Collecting that data efficiently and reporting it in an anonymised way
- c) Consulting with regulators and consumer advocates on the format and structure of the explanatory notes
- d) Publishing the data on a regular basis (at least annually), tracking progress over time

Consumer understanding

69. Despite worthwhile education initiatives such as Arca's CreditSmart, efforts from governments, regulators, CRBs and consumer advocacy/support organisations – the general public's 'resting' knowledge of credit reporting and ratings is poor.
70. As it is for many types of consumer information, consumers cannot hope to accumulate, understand and maintain complex information across multiple consumer interfaces that they may need only rarely, if at all. Because of this, providers of consumer information typically emphasise providing consumers with clear signposting to where the information or assistance is when they need it. Let's call it their ability to 'acquire' knowledge when needed.
71. From our quite extensive direct experience in this space, even that strategy is expecting far too much of many consumers. For those who can correctly diagnose their problem, do the right internet searching, read the online advice on a few different sites, figure out which of the different advice or terms apply to them, find what seems the right place to go for help or advice, patiently stay in a queue of some kind, confidently and accurately describe their problem to a stranger and then understand enough of the advice to go on to act in their own best interests – the strategy probably helps.
72. Unfortunately, at these times of high personal stress, urgency is often a factor, confusion is common along with an inability to think clearly (precisely the emotions that Credit Repair Agencies leverage in their sales practices). In our experience, the number of consumers

in this position that take bad advice or make wrong choices, while unacceptably high, is dwarfed by the number who will decide it is all too hard and do nothing at all.

73. To make this as effective as possible for a consumer involved in credit-related activity, we argue that ideally:
 - a. There should be a single well-known, authoritative, trusted source of information – with referral to a range of sources of trusted human advice
 - b. The consumer should be able to readily access, verify and if necessary, correct their credit reporting data – in one place and only once
 - c. They should be able to see all CRBs' credit reports for them in one place and with a clear, trusted explanation of what the information means
74. Much has been made during the CR Framework Review as to whether CRBs should be required to hold consistent consumer data (either by CPs reporting to all CRBs or by some after-the-fact sharing between CRBs.) This is a matter above my paygrade, however if, as is now the case, CRBs do not hold identical credit data, then the consumer interface should be able to notify a consumer correction to all CRBs and relevant CPs in a single authorised transaction.

Testing access to trusted information

75. We are told that Google represents well over 90% of information searches today. We entered a Google search on "my credit report". Our first 15 results (first page) included 7 commercial or commercially sponsored 'free' sites, 3 credit providers, 3 credit reporting bureaux and 2 government sites (ASIC's MoneySmart and the OAIC). The industry's CreditSmart site and the National Debt Helpline appeared halfway down the second page. We are also told that something less than 6% of searchers go to the second page of search results. The odds of finding a non-commercial, trusted source are low.

Testing the credit report

76. Despite understanding that a one-off sample is generally an unsound idea, we nevertheless tested the process of applying for a free credit report for myself from each of the current CRBs. The experience did not fill us with confidence.
77. First, having to supply personal details three separate times is time-wasting and annoying. (As it is with every online form completed, it also raises the concern about the extent of the marketing communication that is likely to ensue.) Second, one of the websites obliged us to scroll through a series of fee for service options before being able to select the free option. Third, the reports are presented in quite different ways, requiring some poring over them to figure out what information is common and what is different and why.

78. The accuracy and consistency of the core information (credit accounts and payment history) was pretty good – albeit not easy to compare. One CRB announced on one page that I had zero credit providers and on another page went on to list four credit accounts.
79. All reports correctly showed a single historical credit enquiry by me. One also showed three additional historical enquiries by a broker. One showed a dozen monthly credit checks by a single CP that started and stopped for no discernible reason. My current contact details were largely correct. Past addresses were a mess, ranging from none to a list of seven that were incomplete and out of order. Two reports provided Directorship information which were incomplete.
80. Consumer help information varied. All provided basic descriptions of the data presented, one provided several pages of consumer information as to how to read the report and one referred the reader in fine print to a website for further information on how to read the report.
81. As a consumer, I received one numeric rating which was apparently the maximum achievable and Excellent, another which was about 90% and also Excellent and a third which was a colour coding indicating that my score was somewhere between 70% and 100% and also Excellent. It is the law I understand, but for any one new to it, a difficult process requiring several read-throughs of three quite different documents.
82. While there was some attempt to explain the factors that would drive a score up or down, the commercial-in-confidence nature of each CRB's internal algorithms means that the ratings vary and the exact workings are concealed. Furthermore, the consumer does not know which CRB data their CP or CPs are relying on, nor have any insight into the CPs own internal algorithms for assessing credit risk.
83. While this all seems quite unsatisfactory, we accept that there is an argument that it is nevertheless better than a completely opaque system where a CP could take unexplained action based on undisclosed data and an undisclosed credit risk assessment. We do not think that it is a way to build confidence and trust.
84. We have also heard the argument that the critical current and recent information is mostly sound and the errors and inconsistencies are generally about what seem to be peripheral matters and there are always errors in databases. For the consumer, who is not privy to what is important and what isn't – every error they see erodes confidence.

Correcting your credit data

85. Perhaps the worst anecdotal feedback we have seen comes from people trying to correct erroneous credit data. A read through AFCA or consumer advocate submissions to the CR Framework Review is depressing. Attempts to correct information can be directed at any one of a consumer's CPs or past CPs, any of the CRBs, or debt collectors or if all of that fails, to any number of EDR schemes or, if one is very patient, to a regulator.

86. The experiences recounted are poor. Consumers report demands for high levels of evidentiary proof, long delays, being referred to other parties to the chain, suspicion, failure to respond at all and so on. In particular, we heard great frustration at what looks to the consumer to be a huge double-standard – CP data apparently being accepted with little or no quality control and an individual consumer having to jump through hoops to correct their own data.
87. We understand that the presence of aggressive credit repair agencies pushing for dubious corrections to data is complicating this issue. In our view, this is a serious issue, but one that we think will have to be dealt with by combined action of a number of players on a number of fronts. The PRDE should be explicit in discouraging CPs from agreeing to these approaches and may have a role in some future solution, but not by itself.

Recommendation 4

The PRDE should set out a specific clause setting out the expected conduct by signatories in dealing with approaches by third party commercial ‘credit repair’ agents attempting to achieve dubious changes to credit reporting data through financial pressure.

Directions for reform

88. To return to the objectives we proposed above, RDEA (and where necessary Arca) should be moving to an environment in which:
 - a. There should be a single well-known, authoritative, trusted source of information, more structured and supported by signatories – with referral to a range of sources of trusted human advice
 - b. The consumer should be able to readily access, verify and if necessary, correct their credit reporting data – in one place
 - c. They should be able to see all CRBs’ credit reporting for them in one place/report and with a clear, trusted explanation of what the information means
 - d. They should be able to also use a similar central access point with trusted advice to apply permitted consumer protections for matters such as financial hardship, domestic violence, repayment agreements and identity theft
89. Critically, to achieve the above will involve not just provision of information, but provision of service. We understand that it will not be straightforward, will impact the commercial interests of signatories and others, will require involvement of regulators, and will require some investment.

90. We also recognise that this would have to be done in a series of steps and will take some time. We do not think that all of this requires huge system investment. We saw a prototype of a platform that would provide a single interface for the consumer to apply once to access all of their credit reports and that would present the three sets of reporting information and the ratings with trusted, independent explanatory notes. Similar systems exist elsewhere in the world and would be an excellent first step for the Australian system.
91. We are told that the same style of platform could be developed further to allow self-service data correction. Much of this could be layered over the current system without requiring mandated data sharing between CRBs or other such structural reform – although that could possibly make things easier.
92. We don't think that this is a role for government regulators – because of the need for service, not just information and generic advice. The costs would belong to the sector as would the detail work needed to develop the interfaces, rules and standards. We think the job should be done by CreditSmart for both consumer self-service and for accredited access by support services such as Financial Counsellors.
93. We did receive some feedback that this suggestion would be unnecessary, too costly and that it would add risks to data security. This was disappointing to say the least. Hundreds of millions have been spent on enabling CPs to lend more, to lend more reliably and at lower cost. To argue that a minimum usable consumer interface is unaffordable is exactly how social license is lost.

Recommendation 5

Arca and the RDEA should, working with other participants in the CR system, and depending on the outcomes of the CR Framework Review, work to achieve a platform or online interface for consumers to access the credit reporting system. That interface should provide:

- a) A single well-known, authoritative, trusted source of information, supported by signatories – with referral to a range of sources of trusted human advice
- b) The consumer with the ability to readily access, verify and if necessary, correct their credit reporting data – in one place and only once.
- c) They should be able to see all CRBs' credit reports for them in one place and with a clear, trusted explanation of what the information means
- d) In the longer term, the interface should be developed to enable the consumer to also apply protections available under the law such as for adding information, situations of domestic violence or elder abuse, identity theft, etc

Monitoring and compliance

94. Perhaps the clearest stakeholder message we obtained from our consultation, although by no means universal, was the need to strengthen monitoring and compliance in credit reporting. We include this brief reference here because we think it is a critical element of the social license needed to operate credit reporting. For the full discussion – refer to Theme C below.

Data quality

95. Apart from the question of consumer access to correct errors in credit information, there remains the underlying question of the quality, consistency and timeliness of the CR data. Signatories told us that the current error-checking, rejection processes are problematic and need to be strengthened in terms of rigour, comprehensiveness and timeliness.
96. Also problematic is that most of the effort is focused on making sure that data elements comply with the data exchange requirements – ie. they are compliant with the PRDE obligations and ACRDS specifications. What is not sufficiently addressed is the consistency of what that data means. A number of signatories told us that two CPs could both report a data element that meets all the data exchange requirements such as label, permissible reporting information, field type, length, date information, etc - but mean substantively different things within each of the individual CP's own systems.
97. Timeliness is an issue raised with us by a number of signatories, often saying that some looseness of the standards for reporting means that credit reporting data, if not timely, can be quite misleading. An example raised was in Repayment History where CP reporting practice means that missed payments can be too late in being reported. They argue for tighter, more consistent standards.
98. Signatory CPs also argued for tighter timeliness requirements for CRBs in reporting data errors and rejections. They report that response information can be anywhere from instantaneous up to 2 weeks after lodgement – with the latter causing backlogs and at times being too late to prevent re-lodgement of the erroneous data.
99. Clearly the matters above (para 95, 96, 97 and 98) need improvement, and given they are integral to the benefit of the data to signatories, we think it cannot be controversial to urge improvement. We see this as an RDEA responsibility to investigate and drive.
100. As a matter of maintaining stakeholder credibility, we also see the need for more evident continuous effort to improve data quality generally. We think this should involve:
- a. Progressive refining and tightening of data definitions, timeliness obligations for both CPs and CRBs, and error-handling requirements.
 - b. Periodic (at least annual) independent random testing for quality and consistency

- c. Agreed measures for data quality along with KPIs that individual signatories must meet
- d. Regular RDEA published results and tracking progress over time
- e. Ability to call out/sanction signatories that do not make bona fide efforts to deal with data quality

Recommendation 6

The RDEA should have an explicit mandate to monitor and improve credit reporting data quality. As part of that mandate, its activity should include:

- a) Progressively refining and tightening PRDE and ACRDS data definitions, timeliness obligations and error handling requirements – where this provides more practical detail for current provisions in the law
- b) Agreed measures for data quality along with KPIs that individual CP and CRB signatories must meet – including specification accuracy, timeliness, consistency of meaning, error management, responsiveness to corrections and genuine effort by signatories to progressively improve
- c) In order to achieve momentum within the sector for data quality, the RDEA should develop and declare a structured plan of priority areas for signatories to tackle in improving CR data (eg. “in the first half of 2025/26, our priority will be _____”).
- d) RDEA should conduct (or oversee) periodic independent random testing for quality and consistency
- e) Regular RDEA published results and tracking progress over time
- f) Ability to call out/sanction signatories that do not make bona fide efforts to deal with data quality

7. Theme B – Clarify, inform and simplify

101. We were struck by the extent that both internal and external stakeholders found the language, naming conventions and drafting difficult to understand and follow. External stakeholders in particular found much of this impenetrable, or to use a frequently applied descriptor – “weird”.
102. Our view is that much of this comes from the system’s unique environment at the time of its conception. Things were named and structured as the system evolved – which took some time. They were also heavily influenced by a general desire to persuade and encourage participation, to convince a range of stakeholders of the benefits, and in particular to reassure CPs that commercial competitiveness would be protected, that there would be action to limit the risk of free-riding and that monitoring and compliance would not impose an enormous resource overhead.
103. It seemed obvious to us that in today’s world, simplification and a shift to more conventional, familiar terms and language was an obvious direction to recommend. We were however reminded in early testing of our findings that urging clarity and simplicity must be within an understanding that the PRDE rules and standards are, by their very nature, highly detailed and specific. Expectations under this theme must be tempered by the need for practical application.
104. With that in mind, we think the priorities should be:
 - a. Clarifying and simplifying (more informative) naming and terminology for the elements of the system
 - b. Tidying up the PRDE drafting
 - c. Move some PRDE provisions to enforceable detailed policy attachments
 - d. Considering simplifying the PRDE by replacing codified exemptions and transitional arrangements with a more flexible, responsive relief regime
 - e. Providing better explanatory information regarding the PRDE for external stakeholders

Naming and terminology

105. We understand that a decade ago, there were different drivers for the naming and terminology used by industry in establishing the elements of the Credit Reporting system. Today however, the names are confusing and make the system appear more complex than it needs to be and while this may seem a relatively minor issue, we think it sets a tone and should be fixed.

106. To illustrate, the current self and co-regulatory environment has two bodies and three documents. The bodies are:
- a. Arca (originally Australian Retail Credit Association) – in our view a perfectly sensible name that imparts at least some sense of what the organisation does.
 - b. Partly separated from Arca is the administrator of the rules and standards of the system – the Reciprocity & Data Exchange Administrator (RDEA). First, “reciprocity” is a weird word not in common usage and which only means something to participants in the system. Second, at no point is the connection to credit reporting made.
107. The three documents are:
- a. Privacy (Credit Reporting) Code 2014 known as the “CR Code”. While we could criticise this label too – it is named by the regulator and not much can be done about that. In practice, the term “CR Code” is commonly used, which we think is fine.
 - b. Principles of Reciprocity and Data Exchange (PRDE). First, while there are principles referenced, the document is actually dominated by detailed and highly explicit requirements – rules - so not Principles really. Comments above about the term “reciprocity” also apply here. Finally, the rules make no mention of credit reporting.
 - c. Australian Credit Reporting Data Standards (ACRDS). First – it is an informative name, however, why distinguish it so strongly from the PRDE? These are the specific standards that are used by signatories to the PRDE. It is for all intents and purposes an attachment to the PRDE. We understand the desire to distinguish processes and responsibilities, however in our view, it adds to the confusion for external observers – as another apparent layer that must be explained.
108. Our view is that now that the CR Reporting system is well established, for the future, the naming conventions should be driven by their clarity and how informative they are to external observers.
109. We suggest something like:
- The Credit Reporting (CR) Code
 - The CR Code Dx (data exchange) Rules and Standards
 - (Administered by the CR Code Dx Administrator)

Drafting

110. As raised above, stakeholders find the drafting and structure of the PRDE difficult to follow, although like many prescriptive rules, people who use them eventually get used to how they work and once they are familiar, generally stop complaining about them.
111. One does not have to search far in the PRDE for an example - see Paragraph 1 below:

Effect of the PRDE

The PRDE are a set of agreed principles that are governed by the PRDE Administrator Entity. The principles within the PRDE are given effect by each signatory executing the Deed Poll on the Signing Date and covenanting to comply with the requirements of the PRDE and therefore to be bound by the obligations contained within this PRDE. Upon a CP or CRB executing the Deed Poll and nominating an Effective Date, the CP or CRB are deemed to be Signatories from that Signing Date and are bound from the Effective Date to comply with any request made by the PRDE Administrator Entity pursuant to this PRDE, any recommendation issued by the Industry Determination Group (which is accepted by the parties) pursuant to this PRDE and any decision issued by the Eminent Person pursuant to this PRDE.

112. As a non-lawyer, after multiple reads through, it seems that the Paragraph means something like:

The PRDE

This document governs the operation of credit reporting data exchange by its signatories. It is owned and administered by the RDEA.

Signatories agree to comply with the PRDE provisions from an Agreed Date, by executing the Deed Poll specified by the RDEA.

This agreement includes complying with any request by the RDEA, any recommendation by the Industry Determination Group (that has been accepted by the parties) and any decisions by the Eminent Person, providing that any of these are pursuant to the PRDE.

113. We do understand that the area of application is complex and the rules are informed by multiple sources. We also understand that there is generally only a small and technically competent readership, so while clearer drafting would be good – it is arguably not the greatest priority.
114. However, internally-facing material that is confusing and impenetrable for external stakeholders is part of the reason behind the suspicion from some towards the Credit

Reporting system generally. It should be minimised where it can be and in particular, the provisions that have a consumer-facing role, should be reviewed for clarity.

115. There are also other minor unnecessary confusions such as describing both the levels of credit reporting and the levels of signatory fees paid to RDEA as "tiers".
116. While we don't think a clean sheet redraft of the PRDE is essential, we recognise that if all the changes proposed are made (in particular moving to a relief regime), it may be that a more complete redraft becomes more important and/or much easier to do.

A guide

117. We recommend that a plain English, very brief stakeholder guide to the PRDE would be worthwhile. This should be clearly only explanatory – not confusable as a substitute or alternative wording. It could take the form of brief margin comments in the PRDE itself – and/or as a separate guide.

A relief regime

118. Discussed further under Theme D, we think there would be worthwhile simplification of the PRDE with the possible adoption of a relief regime to handle variations from the PRDE obligations.

Recommendation 7

In a drive to achieve better understanding and ease of use, the RDEA should implement a series of changes including:

- a) Renaming elements of the CR system (ie. structures, codes, rules and standards) to be more clearly integrated and informative as to the purpose of each
- b) Redraft elements of the PRDE to replace 'odd' language, clarify the drafting and better distinguish some labels/terminology
- c) Remove no-longer-widely-used provisions (eg. designated entities) from the PRDE
- d) In a number of places, shift the detail currently embedded in PRDE provisions to a separate (enforceable) policy document/attachment
- e) Considering simplifying the PRDE by replacing codified exemptions and transitional arrangements with a relief regime – where the administrator is able to grant relief from the standard provisions – within established parameters and within what is permitted by the mandatory reporting regime.
- f) Develop a 'guide' to the PRDE for external stakeholders

8. Theme C – Monitoring and compliance

119. As discussed earlier, this is a clear area for improvement – sought by both internal and external stakeholders. Monitoring and compliance needs, we think, to be a more obviously independent function, with a role definition that more clearly combines administration, monitoring and compliance and a transparency mandate.
120. The aim is an understandable, recognisable, confidence-building oversight of the system of data exchange to both internal participants and external stakeholders.
121. We think that this expanded role should be built upon the established base of the current RDEA and like all regulatory frameworks, should continue to rely to a significant extent on CP and CRB reporting along with some new monitoring collaboration between the CRBs and RDEA.

Transparency mandate

122. RDEA should explicitly be charged with a transparency mandate - strengthening its reporting to the sector, to regulators and to the community of the results of its monitoring and compliance activity.

More authoritative - and practical

123. In our view, the most basic of tools that the RDEA needs in a strengthened monitoring and compliance framework is the ability to issue binding guidance. The RDEA advised that they would use such a power to deal with provisions that are insufficiently specific (eg. "materiality", "reasonable timeframe", "good faith").

Recommendation 8

To enable a progressive refinement and strengthening of PRDE provisions, the RDEA should have the authority to issue binding guidance (in consultation with signatories).

124. One aspect of this is for the RDEA to have a reinforced ability to require signatories to take compliance action (eg. conduct an audit or provide specific information) and to do 'own-motion' projects/investigations to provide stakeholders with the transparency they are asking for – in particular other signatories. In all of this, the RDEA would of course, need to have a reasonable basis for taking action.

125. Given the continuous nature of credit reporting data exchange, it will be important that the RDEA retains an effective way to distinguish the timely treatment of day-to-day errors and remediation from more serious breaches.
126. The RDEA will, we think, need the ability to sensibly set enforceable rules or guidance as needed from time to time (see above). Should RDEA (and where applicable, Arca), accept these recommendations, there will be a number of issues for Arca and RDEA to sort out regarding responsibility for any additional powers or functions. Amongst other things, there may also be a few issues with funding and with the use of IP owned by Arca Members.

Signatory reporting

127. For the RDEA, within its role of oversight of the PRDE rules and standards we think this means the ability to strengthen reporting to RDEA by signatories. This will go to both internal confidence in the transparency of the system and external confidence in monitoring and compliance.
128. We see this as permitting the RDEA to continuously improve on reporting and also, from time to time, take on project-based reporting for particular analysis that is strategically important to credit reporting.

More conventional

129. The RDEA should be reconfiguring the approach to monitoring and compliance, and in particular moving away from language and concepts that are seen as excessively 'cosy' or weak (eg. "signatory led" and "anonymous self-reporting").
130. From comments to our review, we think that the monitoring and compliance regime should include recognisable elements, such as powers for own-motion enquiries, public reporting on compliance, disputes processes, more independent governance, found in other self-regulatory regimes for familiarity and credibility's' sake if nothing else.

More independent

131. There needs to be some strengthened independence for the RDEA Board – by some adjustment to its composition – reflecting the "B2B and consumer" role. This need not mirror the common elsewhere governance model of equal numbers of industry and consumer plus an independent chair. The work of the PRDE is heavily technical (rules and standards) and it would be, in my view, a waste of scarce consumer advocacy resources to load up the RDEA Board with consumer representatives. But some adjustment would improve both the perspectives and the optics. An example might be a director with experience in some other regulatory environment.

132. A more effective and efficient way to bring consumer perspectives to the oversight of the PRDE would be through more structured and formal consultation – perhaps an expert panel. Other than in times of significant change, we would expect this to be infrequent – perhaps twice a year.
133. The RDEA should take on some monitoring and compliance functions currently left to the CRBs – as a more demonstrably independent and accountable body. We think this will remain a collaborative arrangement as the CRBs are uniquely placed to efficiently carry out some aspects of compliance checking. The key in our view would be to have the CRBs focused on identifying and reporting and for the RDEA to take responsibility for any compliance follow up or remediation.

Expert panels

134. We recognise that a number of the changes we have suggested will increase the overall authority and powers of the RDEA. Given the very 'light touch' of the current regime, we do not think there is any risk of this becoming excessive, however we understand that the relationship between the RDEA and signatories must continue to be healthy and collaborative.
135. As a general principle, we think that the RDEA should rely more thoroughly on expert panels (a concept already in the PRDE) to make controversial decisions such as sanctioning, dispute resolution, enforcement or relief/exemptions. These panels could also be used to consider and recommend changes to the PRDE – and we think as a useful way to lighten the consultation workload for signatories and the RDEA and to speed the development of proposals for change (discussed further under 10. Implementation).
136. A model to be considered would be initially to establish a pool of (perhaps two dozen) experts from the sector with a range of skills, and draw from this pool, assembling as required, a smaller panel (say 6-10) made up of the best skills for each type of advice or decision.
137. These panels should operate with some formality. Depending on their purpose, they could have a formal terms of reference or charter, stakeholders should have some input to the composition, there should be an agreed process for communication/transparency and/or review/approval of proposals.
138. We have focused on internal operational expertise here, but over time, there would be the option of broadening the expert panels to skills such as data scientists, consumer advocates or lawyers.
139. The use of expert panels has the additional advantage that operational matters can be further removed from the RDEA Board's agenda, allowing it to focus on more strategic and governance matters.

Signatory communication

140. One consequence of a more robust monitoring and compliance regime as discussed in this section will be the need for transparency within the signatory community. To make this efficient, we envisage a signatory-only webpage that is continuously updated by RDEA with reporting information, signatory compliance information, proposed forms of relief and so on – ie. the operational transparency that a signatory may need to work within the PRDE framework.
141. For example, a CP may wish to object to a form of relief being proposed, or be alerted to the fact that another CP is doing some systems or data remediation and for a time will not be reporting all credit data, or to comment on a proposal for change to a policy or standard.
142. This is not a criticism of RDEA's communication at present – however the idea is to add capability for some matters to be internally alerted and also to shift the weight of responsibility for monitoring communication and PRDE activity to signatories.

Recommendation 9

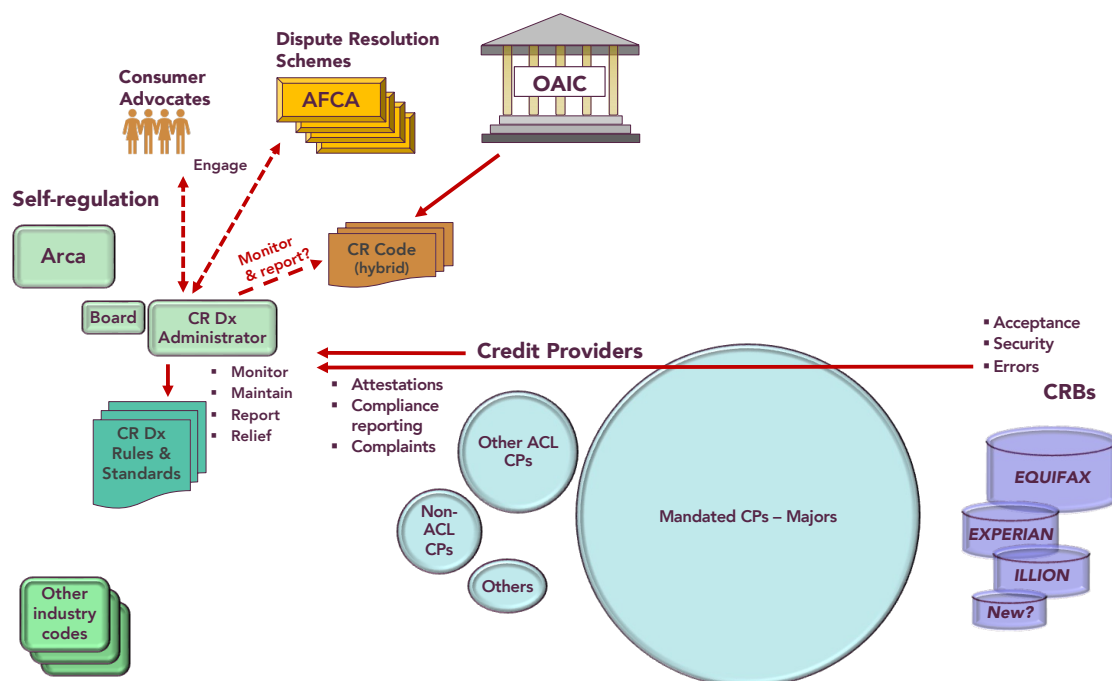
In order to drive to a strengthened and more credible monitoring and compliance regime, the RDEA should implement a series of changes including:

- a) Taking on an explicit transparency mandate
- b) Taking a more authoritative, leadership role in the function
- c) Embedding the ability to distinguish low harm, 'everyday' remediation from more serious breaches
- d) Being empowered to seek some greater reporting from signatories
- e) Ensuring that the monitoring and compliance function contains elements that are recognisable and more closely meet expectations of external stakeholders
- f) Adjust the governance of the PRDE to be more evidently independent
- g) Develop the use of Expert Panels to enable faster, more sure-footed development of the rules and standards
- h) Develop a communications hub for signatories that provides news, updates, compliance information and a vehicle for commenting on policy, changes to rules and standards and on breaches

CR Code integration

143. As signalled earlier, we think there would be value in considering a more integrated model for monitoring and compliance in credit reporting, by including in the RDEA's remit some monitoring of compliance with the CR Code itself.
144. The split between the oversight of the Code and oversight of the PRDE is bureaucratic rather than a natural division. Stakeholders largely do not distinguish the layers. Many of the issues raised with us are really to do with the CR Code (or even the law) and are only peripherally to do with the PRDE.
145. External stakeholders intuitively expect the whole of the credit reporting self-regulatory framework to be overseen together. We think that as a result, stakeholder expectations of the RDEA's quite limited scope are currently somewhat unrealistic.
146. The CR Code is a co-regulatory instrument – drafted and refined by Arca and approved by the OAIC. By all accounts, between the two organisations, there is very little (if any) monitoring and compliance actually being undertaken with the CR Code. We were told that Arca does not do it because it is a sector association/lobby group and conflicted and the OAIC does not do it because it does not have the resources and confines what activity that it can manage to a tiny fraction of the complaints and breach allegations it receives.
147. We think that in small steps and in collaboration with the OAIC, the RDEA's function could be expanded to take in monitoring of CR Code compliance – and confined to transparency reporting and reporting issues of concern to the OAIC as regulator. We think it would be an opportunity for industry to step in to help fill a gap, generate some goodwill and at the same time strengthen the credibility of its self-regulatory intent and effectiveness. (If this suggestion was taken up, we think that the governance of the Administrator would need to have more formal consumer representation.)

148. The diagram below represents our thinking re: the future model for PRDE monitoring and compliance. The dashed red arrows near the top left represent how the expansion of responsibility could take on some monitoring of the CR Code. (If adopted, the CR Dx Administrator would presumably be renamed something that accommodated its extra responsibilities.)



149. We appreciate that this proposition is beyond the strict limits of our Terms of Reference – so we will leave it as a suggestion rather than a recommendation.

9. Theme D – Adapt to a changing sector

150. The PRDE Review briefing paper and a number of those consulted raised issues that we think go to this fourth theme – issues related to the increasing diversity of the signatory population.
151. When the PRDE began, these provisions were largely about recognising that new signatories needed time to progressively develop their system and processes, migrate non-compliant legacy credit databases to a CR-compliant form, to deal with legacy legal structures and so forth.
152. Over time, flexibility in the system was needed to deal with more diverse participants, that did not immediately fit the 'classic' CP business models and internal processes. It seems that this need continues, with a current example being the inclusion of BNPL providers (who do not think that they 'fit') into the CR system.
153. We heard that there are regular calls for additional types of signatories – and whether they ultimately join or not, competition and reducing barriers to entry mean that the PRDE must be able to at least consider the need to vary or adapt the core PRDE provisions to accommodate new types of signatories.

A relief regime

154. In the interests of simplifying the PRDE (by removing specific provisions that vary requirements) and providing a more responsive and flexible way of dealing with change, the RDEA could examine the practicality of a relief regime to deal with these variations.
155. Conceptually, this could be like the ASIC regime in which the regulator can consider applications for 'relief' from provisions in the law, where flexibility is appropriate.
156. We have in mind a process for applications to be accepted (along with a reasonable fee) by RDEA staff who would assess the application and draft a response for approval by an expert panel (not the Board).
157. Relief granted would need to be consistent with the principles and intent of the PRDE and might be temporary or permanent or with a sunset or review point specified. The relief would need to specify the limitations and conditions that would apply. Some might be 'class' relief applying to a type of signatory or an individual relief reflecting some unique circumstance.
158. The PRDE could have a few clauses governing and limiting the relief that could be granted and there would need to be transparency provisions that enabled others to see or object to the proposed relief.

159. We understand that this would take some detailed analysis, not least of which is to identify what simplification of the PRDE could actually be achieved and what practical benefits might be achieved. Development of any such regime would of course require some resources and consultation and regulatory consultation/approval.

Recommendation 10

In order to simplify the PRDE and enable a more agile and flexible response to the increasing diversity of PRDE signatories, the RDEA should consider replacing exemptions and transitional provisions that are 'hard-coded' into the PRDE with a more flexible relief regime, analogous to that run by ASIC. That regime would likely include:

- a) Powers granted to the RDEA and an expert panel to vary the provisions of the PRDE for individual signatories or groups in a 'class order'.
- b) These might be for different periods but would need a sunset clause of some duration to ensure periodic review.
- c) We envisage a process for signatories or prospective signatories to make an application to the RDEA (including a reasonable fee)
- d) RDEA staff would assess the application and make a recommendation to an expert panel for decision
- e) There would likely need to be an 'exposure period' to enable affected stakeholders to comment or object.
- f) Any signatories currently accommodated by the PRDE exemption/transitional provisions would be grandfathered.

Fees Review

160. While a fees review is not the first thing the RDEA should tackle, once there is agreement to the package of reforms to be taken forward, a PRDE fees review will be essential.
161. There is already a sense from signatories that the fees regime lacks a coherent basis for its distribution, along with concerns for some as to its practical fairness. This Review, and potentially the CR Framework Review, may result in some additional costs for functions such as reporting, consumer service and monitoring and compliance.
162. Fees reviews need to be approached with some caution. Fees can be an emotional issue, especially for smaller players. Fees are also a zero-sum game and anything reduced in one place must be made up in another. Generally, most can see excellent reasons why the burden should fall elsewhere. A great deal of heat and light can be generated for little gain.

163. Good practice in this space is to first establish a simple framework of agreed factors to be taken into account in settling a fees schedule – eg. a commitment to cost-efficiency, some base element of funding security/predictability for the administrator, some simple ratio of fixed to variable costs, some element of user-pays, an aim to keep barriers to entry at a practical minimum, some volume-related or fee-for-service element to ensure that some part of the fees adapt to workload and so on.
164. Once criteria are established, then and only then, begin the conversation about amounts and put a strict end date for the process.

Recommendation 11

Once the package of reforms that the RDEA are willing to accept have been settled, the RDEA should conduct a fee review that:

- a) Proposes a simple framework of criteria (eg, user-pays, cost-efficiency, low barriers to entry, etc) for revising the fees regime, that can also be applied in future revisions
- b) Conducts consultation with signatories to agree the framework
- c) Analyses costs and options for assessing fees distribution and prepares an options paper for comment
- d) Consults with signatories – and considering the feedback, proposes a solution for approval by the Board

10. Implementation

165. We are very conscious that we are not subject matter experts in this space. We understand that the PRDE is a small part of a much larger framework – which is itself subject to potentially significant change as a result of the AGD Review.
166. We also understand that costs are an important consideration, especially for smaller players in the signatory world. Like all reviews – it is ultimately up to the administrators of the system to accept or reject our recommendations and suggestions – as well as prioritise and schedule those accepted.
167. We are also conscious that in many respects, we are recommending half-formed ideas for RDEA and Arca to complete and test. Given that the devil may well be in the detail, some of our recommendations may ultimately fail for practicality reasons.
168. With our apologies and best wishes for implementation, from our experience of consultation exhaustion during this review, we would like to offer an observation about the best way to carry out the necessary consultation.
- The multiple layers of government, self and co-regulation, the diversity of the stakeholders and the sheer number of decision-makers around this framework means that consultation will always be difficult.
 - Some part of the painfulness of consultation to date we think goes to the role of the RDEA and attitudes to the PRDE. We observe that there has been a tentativeness in the RDEA approach, which at times results in very open questions being put out for feedback, that (often uncertain) feedback being taken back to develop a partly formed idea(s) for initial testing and that feedback in turn going to a near complete proposition for testing.
 - This has become something of a self-fulfilling approach, with signatories now accustomed to having two or three opportunities to provide input – and therefore not participating fully at the beginning and – not unreasonably – wanting to see the finished proposal before expressing a view. This risks the RDEA, acting on low levels of input and encountering surprise objections towards the end of their consultation or reducing the ultimate acceptance of a proposal.
 - The RDEA, particularly for the ACRDS, has tried many ways to improve all of this including the use of smaller working parties. It is not, in our view, a matter of not being trusted by signatories. The RDEA gets very good feedback for knowledge and skills and being good to deal with.
 - We think the issue is authority. We are not suggesting dictatorial imposition of ideas, however we do think the RDEA and their working parties need the imprimatur to develop proposals more fully and earlier and more openly recommend their adoption. Less asking and more proposing.

- An additional mechanism that we think would assist is raised under Expert Panels at paragraph 134. In combination with a more assertive RDEA, expert panels could be used to provide a stronger imprimatur and credibility for more fully formed proposals to become the subject of a more efficient consultation.

Recommendation 12

In a future where the RDEA has some expanded remit and is empowered to act with more authority, its consultation processes for developing proposals should:

- a) Begin with describing the outcome being sought, propose and seek agreement to the aims and success criteria for the proposal
- b) Develop the proposal or options with the participation of experts/stakeholders (possibly an expert Panel) as appropriate
- c) Apply group decision-making discipline to the final consultation - ie. Does the developed proposal continue to meet the strategic objectives for the sector? How well does it meet the agreed specific aims/objectives? Do the inevitable trade-offs between success criteria make sense?
- d) It should be clear that this point in the process is not an opportunity to take up the editing pen or to start again or to introduce new criteria.
- e) The default mode of operating should be that unless there are serious objections, propositions developed using this agreed process should be adopted. No signatory should feel that they have a right of veto.

169. Note also comments and a recommendation regarding the ACRDS consultation processes at paragraph 52

11. List of Recommendations

The Report recommendations are presented in order of the four themes identified. Note that Recommendations 1 and 2 appear at the end of this list under the fourth theme - Adapting to a changing sector.

Theme A. B2B and consumer facing	
Recommendation 3	The RDEA should develop the ability to regularly report to the community on the benefits that the Credit Reporting framework is delivering to the community. This development should involve CPs and CRBs with appropriate skills and knowledge (data and economics) and will need to include: a) Agreeing the dataset that best illustrates the benefits of the system b) Collecting that data efficiently and reporting it in an anonymised way c) Consulting with regulators and consumer advocates on the format and structure of the explanatory notes d) Publishing the data on a regular basis (at least annually), tracking progress over time
Recommendation 4	The PRDE should set out a specific clause setting out the expected conduct by signatories in dealing with approaches by third party commercial 'credit repair' agents attempting to achieve dubious changes to credit reporting data through financial pressure.
Recommendation 5	Arca and the RDEA should, working with other participants in the CR system, and depending on the outcomes of the CR Framework Review, work to achieve a platform or online interface for consumers to access the credit reporting system. That interface should provide: a) A single well-known, authoritative, trusted source of information supported by signatories – with referral to a range of sources of trusted human advice b) The consumer with the ability to readily access, verify and if necessary, correct their credit reporting data – in one place and only once.

	c) They should be able to see all CRBs' credit reports for them in one place and with a clear, trusted explanation of what the information means d) In the longer term, the interface should be developed to enable the consumer to also apply protections available under the law such as for adding information, situations of domestic violence or elder abuse, identity theft, etc
Recommendation 6	The RDEA should have an explicit mandate to monitor and improve credit reporting data quality. As part of that mandate, its activity should include: a) Progressively refining and tightening PRDE and ACRDS data definitions, timeliness obligations and error handling requirements – where this provides more practical detail for current provisions in the law b) Agreed measures for data quality along with KPIs that individual CP and CRB signatories must meet – including specification accuracy, timeliness, consistency of meaning, error management, responsiveness to corrections and genuine effort by signatories to progressively improve c) In order to achieve momentum within the sector for data quality, the RDEA should develop and declare a structured plan of priority areas for signatories to tackle in improving CR data (eg. "in the first half of 2025/26, our priority will be _____") d) RDEA should conduct (or oversee) periodic independent random testing for quality and consistency e) Regular RDEA published results and tracking progress over time f) Ability to call out/sanction signatories that do not make bona fide efforts to deal with data quality
Theme B. Clarify, inform and simplify	
Recommendation 7	In a drive to achieve better understanding and ease of use, the RDEA should implement a series of changes including: a) Renaming elements of the CR system (ie. structures, codes, rules and standards) to be more clearly integrated and informative as to the purpose of each b) Redraft elements of the PRDE to replace 'odd' language, clarify the drafting and better distinguish some labels/terminology c) Remove no-longer-widely-used provisions (such as designated entities) from the PRDE

	d) In a number of places, shift the detail currently embedded in PRDE provisions to a separate (enforceable) policy document/attachment e) Consider simplifying the PRDE by replacing codified exemptions and transitional arrangements with a relief regime – where the administrator is able to grant relief from the standard provisions – within established parameters and within what is permitted by the mandatory reporting regime f) Develop a 'guide' to the PRDE for external stakeholders
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Theme C. Monitoring and compliance

Recommendation 8	To enable a progressive refinement and strengthening of PRDE provisions, the RDEA should have the authority to issue binding guidance (in consultation with signatories).
Recommendation 9	In order to drive to a strengthened and more credible monitoring and compliance regime, the RDEA should implement a series of changes including: a) Taking on an explicit transparency mandate b) Taking a more authoritative, leadership role in the function c) Embedding the ability to distinguish low harm, 'everyday' remediation from more serious breaches d) Being empowered to seek some greater reporting from signatories e) Ensuring that the monitoring and compliance function contains elements that are recognisable and more closely meet expectations of external stakeholders f) Adjust the governance of the PRDE to be more evidently independent g) Develop the use of Expert Panels to enable faster, more sure-footed development of the rules and standards h) Develop a communications hub for signatories that provides news, updates, compliance information and a vehicle for commenting on policy, changes to rules and standards and on breaches

Theme D. Adapt to a changing sector

Recommendation 1	The ACRDS processes for development and approval of data standards should be reviewed with the aim of improving efficiency and reducing consultation workload. The review should consider options for reducing the number of participants in drafting,
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	expanding the use of smaller expert panels and revising the voting arrangements for signatory consultation and approval.
Recommendation 2	The ACRDS scheduling of version updates should continue – as a default setting, with flexibility applied to adapt to changing circumstances, to reflect the scale of proposed changes and to practically minimise effort and cost to signatories.
Recommendation 10	In order to simplify the PRDE and enable a more agile and flexible response to the increasing diversity of PRDE signatories, the RDEA should consider replacing exemptions and transitional provisions that are 'hard-coded' into the PRDE with a more flexible relief regime, analogous to that run by ASIC. That regime would likely include: a) Powers granted to the RDEA and an expert panel to vary the provisions of the PRDE for individual signatories or groups in a 'class order. b) These might be for different periods but would need a sunset clause of some duration to ensure periodic review. c) We envisage a process for signatories or prospective signatories to make an application to the RDEA (including a reasonable fee) d) RDEA staff would assess the application and make a recommendation to an expert panel for decision e) There would likely need to be an 'exposure period' to enable affected stakeholders to comment or object f) Any signatories currently accommodated by the PRDE exemption/transitional provisions would be grandfathered
Recommendation 11	Once the package of reforms that the RDEA are willing to accept have been settled, the RDEA should conduct a fee review that: a) Proposes a simple framework of criteria (eg., user-pays, cost-efficiency, low barriers to entry, etc) for revising the fees regime, that can also be applied in future revisions b) Conducts consultation with signatories to agree the framework c) Analyses costs and options for assessing fees distribution and prepares an options paper for comment d) Consults with signatories – and considering the feedback, proposes a solution for approval by the Board

Implementation

Recommendation 12

In a future where the RDEA has some expanded remit and is empowered to act with more authority, its consultation processes for developing proposals should:

- a) Begin with describing the outcome being sought, propose and seek agreement to the aims and success criteria for the proposal
- b) Develop the proposal or options with the participation of experts/stakeholders (possibly an expert Panel) as appropriate
- c) Apply group decision-making discipline to the final consultation - ie. Does the developed proposal continue to meet the strategic objectives for the sector? How well does it meet the agreed specific aims/objectives? Do the inevitable trade-offs between success criteria make sense?
- d) It should be clear that this point in the process is not an opportunity to take up the editing pen or to start again or to introduce new criteria.
- e) The default mode of operating should be that unless there are serious objections, propositions developed using this agreed process should be adopted. No signatory should feel that they have a right of veto.