



1 June 2026

Dr Scott Farrell
Data Standards Chair
Data Standards Body
GPO Box 89
SYDNEY NSW 2000
AUSTRALIA
Via email: contact@dsb.gov.au

Dear Dr Farrell

**REGULATORY DATA STANDARDS DEVELOPMENT REFORMS – CONSULTATION
PAPER**

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia.¹ We appreciate the opportunity to respond to the Data Standards Body's (DSB) Consultation Paper on regulatory data standards development reforms.²

We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

¹ [Australian Finance Industry Association \(afia.asn.au\)](http://afia.asn.au).

² Treasury, [*Regulatory data standards development reforms*](#), 30 April 2026.
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INTRODUCTORY COMMENTS

AFIA represents a diverse membership including banks, and non-bank lenders (NBLs), many of whom operate with materially different scale, technical maturity and resourcing. Our submission reflects the importance of ensuring reforms deliver predictability, proportionality and simplicity, while maintaining a strong focus on consumer value, competition and operational feasibility. AFIA supports the DSB's intent to reduce regulatory burden and improve certainty as the ecosystem matures.

AFIA also notes that a number of members operate products with materially different structural characteristics to traditional bank offerings, including buy-now-pay-later arrangements and asset finance. Experience to date indicates that standards designed around bank products do not always translate cleanly to these products. This reinforces the importance of ensuring that standards are sufficiently flexible and adaptable to accommodate diverse product architectures without requiring workarounds or unstructured disclosures.

Given the imminent expansion of the CDR to include non-bank lenders, consideration should be given to including a non-bank lender representative on the Data Standards Advisory Committee, either directly or through established industry bodies.³ This would help ensure the perspectives and operational realities of this growing segment are appropriately reflected in standards development. To complement this, expert advisory working groups could be established beneath the committee to provide targeted technical input and specialised guidance on specific issues.

There is also a need for the DSB to be more responsive to requests for change, alongside improved transparency in its decision-making processes. Stakeholders would benefit from clearer explanations when proposed changes are or are not adopted, as current opacity can limit understanding and engagement. Enhancing both responsiveness and clarity would help build trust and ensure that standards evolve in a way that reflects industry and CDR participants' needs.

AFIA also highlights the importance of maintaining flexibility within regulatory data standards to accommodate the rapid evolution of international Digital ID and authentication frameworks. Global developments such as the European Digital Identity (EUDI) framework, PSD3, and the growing adoption of FIDO-based passkeys demonstrate that authentication, onboarding and fraud prevention models are continuing to shift quickly. As Digital ID capabilities increasingly intersect with CDR use cases, standards should avoid locking in prescriptive approaches that may become outdated, and instead support interoperability and adaptability over time. This will help ensure the Australian framework can align with emerging global practices while continuing to support innovation and strong security outcomes.

³ DSB, [*Data Standards Advisory Committee*](#), accessed 28 May 2026.

REGULATORY DATA STANDARDS PURPOSE AND SCOPE

AFIA supports the introduction of characteristic and strategic foundations as an important step toward improving clarity and discipline in standards development.

AFIA strongly recommends introducing an explicit “consumer utility/benefit” foundation requiring that each standards change clearly demonstrates the consumer or ecosystem problem being addressed and why regulatory data standards (CDR or Digital ID) are the most appropriate mechanism to resolve it. Embedding this foundation would help ensure changes deliver tangible value, reduce low-impact or duplicative requirements, and maintain alignment with overarching policy objectives.

While the proposed foundations represent a strong starting point, greater clarity regarding the likely future scope of standards and the expected operational impacts would improve certainty across participants and help reduce implementation risk.

In addition, AFIA recommends that the characteristic foundations explicitly recognise the need for structural adaptability, ensuring that standards can accommodate fundamentally different product designs rather than assuming alignment to existing banking constructs. Without this, there is a risk that providers are required to map products into ill-fitting data structures, reducing data quality and limiting the usefulness of CDR-enabled comparisons.

SCOPE LIMITATIONS AND EXCLUSIONS

AFIA considers that further clarity is required regarding what is within scope for regulatory data standards. Certain areas are not clearly reflected in the proposed framework, including technology and resilience requirements (such as cybersecurity baselines, encryption standards and continuity expectations) as well as operational standards (including SLAs, complaint taxonomies, incident reporting frameworks and testing practices). The absence of clarity across these areas may result in inconsistent interpretation across participants, as well as conservative and potentially costly implementation approaches.

This lack of definition also increases overall project complexity, delivery risk and uncertainty. AFIA therefore recommends that these areas be either explicitly incorporated into the framework or clearly addressed through complementary mechanisms such as rules or formal guidance to ensure consistency and reduce implementation burden.

AFIA emphasises the need for clear and disciplined scope boundaries in the development of regulatory data standards. In particular, standards should not become overly prescriptive or complex, nor should requirements expand into areas better addressed through other regulatory tools. It is also important to avoid “scope creep” into unintended areas, which can blur the role of standards and increase unnecessary burden on participants.

Industry experience indicates that changes targeting edge cases or low-frequency scenarios can introduce significant technical complexity while delivering minimal consumer or ecosystem benefit. This can lead to inflated costs, delivery delays and conservative design decisions that ultimately reduce customer value. AFIA therefore recommends a disciplined and proportionate approach, including prioritising changes with clear material benefit, explicitly assessing proportionality between cost and outcome, and limiting the accumulation of incremental complexity.

STANDARDS DEVELOPMENT FRAMEWORK

AFIA supports the proposed lifecycle approach as a structured and logical improvement. However, additional clarity is required regarding how issues are identified and prioritised, how standards are selected in preference to alternative regulatory interventions, and the criteria used in decision-making. Greater transparency around decision thresholds and impact assessment criteria would improve confidence that outcomes are evidence-based, proportionate and operationally feasible. AFIA also supports strengthening the evidence-based approach to stakeholder engagement and impact assessment, while noting that this will need to be carefully designed to avoid unintended gaps or risks in participation.

We further considers that the “Observe” phase may require additional focus for newly designated sectors. Participants entering the regime for the first time are less likely to proactively raise issues through existing channels, particularly during active implementation periods. Proactive outreach and structured engagement in the period immediately before and after designation would improve issue identification and reduce the risk of material gaps persisting into compliance.

A “targeted” engagement model without formal structure risks over-representing large institutions while under-representing smaller lenders and new entrants. This is a significant concern given that smaller organisations make up a substantial proportion of the ecosystem and typically face disproportionately higher compliance burdens, meaning their perspectives are critical to ensuring reforms are proportionate and workable in practice.

AFIA recommends that the DSB establish a structured engagement model that ensures representation across different participant types, supported by the application of segmented or weighted analysis in impact assessments to reflect varying capabilities and impacts. In addition, the DSB should provide clearer engagement timelines, practical response templates and defined feedback loops to support meaningful participation. AFIA also encourages engagement both through industry bodies such as AFIA and directly with individual members, as this will improve the overall quality, representativeness and usability of stakeholder feedback.

At the same time, existing informal engagement mechanisms, such as working sessions, technical forums and direct engagement channels, have proven valuable in resolving implementation issues in real time. Maintaining a balance between structured consultation processes and practical, responsive engagement will be important to ensuring both representativeness and effectiveness.

COST-BENEFIT ANALYSIS

AFIA strongly supports enhanced cost-benefit analysis and recommends further strengthening of current approaches. In particular, assessment frameworks should recognise the full cost of compliance by capturing not only direct implementation costs, but also vendor dependencies, operational complexity and the ongoing burden associated with maintaining compliance over time.

AFIA recommends that opportunity cost be recognised as a standalone category within cost-benefit analysis. The impact of opportunity cost can differ materially across participants, with larger organisations typically facing delays to incremental features, while smaller participants may experience delays to core strategic initiatives such as launching new products or platforms. These differences have direct implications for competition, innovation and overall market participation, and should therefore be explicitly considered in impact assessments.

Costs associated with regulatory data standards changes scale non-linearly depending on factors such as legacy systems, integration complexity and internal resource constraints. As a result, impact assessment frameworks should explicitly recognise these differences to ensure that cost estimates and implementation expectations are proportionate and reflective of real-world organisational challenges.

We strongly supports a focus on value and simplification within the standards framework, particularly by ensuring that the value of proposed changes is clearly articulated and that requirements which no longer deliver meaningful benefit are actively removed. In this context, consideration should also be given to adopting a “one-in, one-out” principle to manage cumulative regulatory burden and avoid the progressive build-up of complexity over time.

AFIA also emphasises that the timing of standards changes is a key driver of implementation cost. Changes introduced after development has commenced, or late in implementation cycles, can result in significant rework and disproportionately higher costs, particularly for smaller participants or those building CDR capability for the first time. This dynamic should be explicitly considered in impact assessments and release planning.

Industry experience indicates that initial CDR implementation programs for mid-sized participants can involve multi-million dollar investment and extended delivery timeframes. In this context, even minor changes introduced mid-program can have material cost and delivery implications.

RAISING ISSUES AND PUBLIC BACKLOG

AFIA supports formal consultation via the Treasury consultation platform as the primary mechanism for stakeholder engagement. While maintaining a publicly visible backlog can improve transparency, it also introduces a number of risks, including unequal participation due to governance constraints, reduced candour from larger organisations, and the potential exposure of technical or security-sensitive information, which may have broader cyber risk implications.

Notwithstanding these risks, AFIA acknowledges that transparency of identified issues can support coordination across participants. Clear signalling that backlog items do not represent committed changes, alongside appropriate governance controls, would help balance transparency with confidentiality and participation concerns. Structured engagement channels such as working groups and formal submission processes remain valuable for gathering detailed and representative input. AFIA therefore recommends a balanced engagement model that maintains transparency while protecting confidentiality and supporting equitable participation across all stakeholder groups.

RELEASE CADENCE, TIMING, AND IMPLEMENTATION PERIODS

AFIA supports improved predictability through defined release windows. However, implementing standards changes requires significant effort across both technology and operational functions, and more than one release per year may create strain for some participants. AFIA therefore recommends maintaining flexibility to reflect overall ecosystem capacity and avoiding large bundled releases, which can introduce delivery risk and increase implementation complexity.

Release timing should align with operational cycles to minimise implementation risk, including avoiding year-end change freezes and accounting for reduced capacity during the December–January period. Industry feedback indicates that a May release cycle is generally preferable, while late-year releases can increase delivery risk due to resourcing constraints and constrained deployment windows.

We also notes that predictability is particularly important for participants undertaking initial CDR implementation. Aligning standards changes with stable, well-signalled release cycles reduces the risk of rework and supports more efficient allocation of resources across both technology and operational teams.

AFIA supports the proposed low, moderate and substantial classification model and associated implementation timeframes, noting that this represents a significant improvement on past practices where implementation timelines were often less than six months. Those shorter timeframes frequently resulted in operational strain, increased costs and heightened delivery risk across participants.

To ensure the framework operates effectively in practice, AFIA recommends that classification criteria be clearly defined and published, aligned with risk and complexity-based principles, and supported by sufficient flexibility to account for vendor dependencies and core system constraints.

PUBLICATION AND COMMUNICATION

AFIA supports improved communication and transparency in the publication of standards changes. To strengthen this further, AFIA recommends linking changes to measurable and time-bound outcomes, such as improvements in customer outcomes or system efficiency. This approach would support better internal planning and prioritisation, enhance governance and board oversight, and ensure stronger alignment between regulatory intent and practical delivery outcomes.

CLOSING COMMENTS

AFIA supports the DSB's reform agenda and its focus on improving predictability, transparency and efficiency. To ensure these reforms deliver intended outcomes across a diverse ecosystem, we recommend:

- introducing a consumer utility/benefit foundation
- strengthening focus on proportionality and simplicity
- clarifying scope and avoiding scope creep
- improving decision-making transparency and criteria
- implementing structured and representative engagement mechanisms
- enhancing cost-benefit analysis to fully capture:
 - opportunity cost
 - scale and complexity impacts
- managing cumulative burden through simplification measures
- ensuring release and implementation settings reflect real-world operational constraints

AFIA looks forward to continued engagement with the DSB and Treasury. We would appreciate the opportunity to discuss our recommendations and provide further information about the specialised products, services and technologies offered by smaller lenders. Should you wish to discuss our submission or require additional information, please contact AFIA Senior Policy Advisor, David Delprat, at david.delprat@afia.asn.au.

Yours sincerely



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