

*Privacy Act changes
and
Comprehensive Reporting*

September 2013 Update

*Decision Intellect Pty Ltd
September, 2013*



Overview

The changes to the Privacy Act and the associated Comprehensive Reporting regime is now one month closer. At Decision Intellect, we hope that you have started to think about what needs to be done to ensure that your organisation will be compliant with the legislation changes that will come into force in March 2014.

If you are still coming to terms with this, the following document is a short, high-level outline of:

- How the legislation and different codes/standards fit together
- What needs to be considered for Day 1 compliance with the Privacy Act
- What needs to be considered if you are intending to transition to Comprehensive Reporting
- How Decision Intellect can help you with the changes

We are expecting that there will be a rush of activity between December and March as all organisations prepare themselves for the impending changes. For this reason, it is better that the work associated with day one compliance is planned and scheduled well before the cut-off date of March 13th 2014.

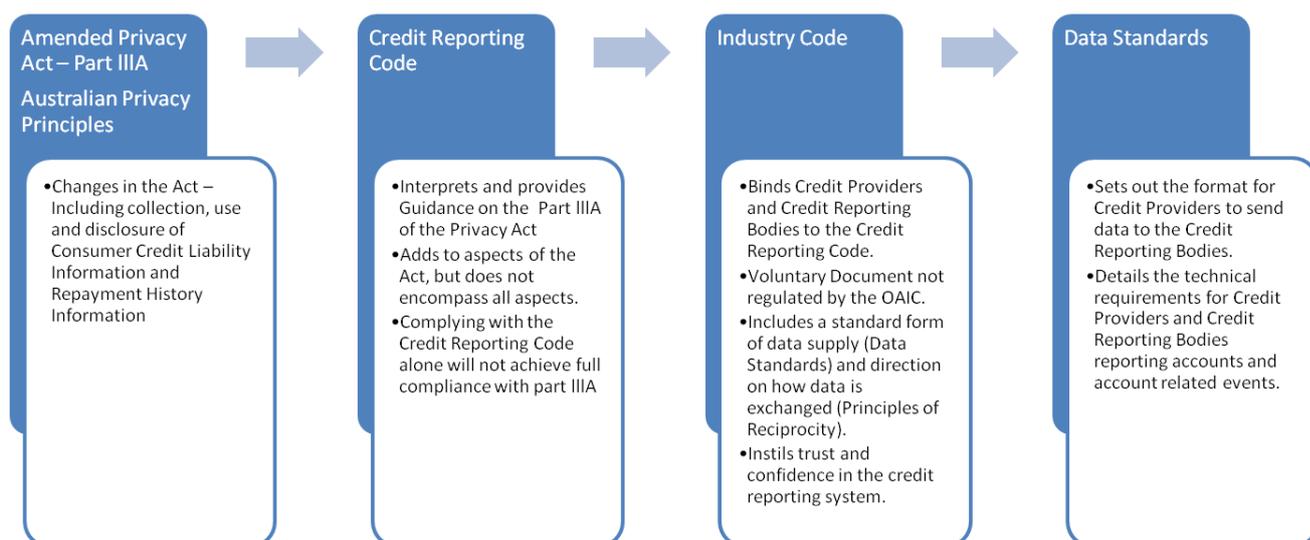
If you are planning to transition to Comprehensive Reporting, either on day 1 or sometime during 2014, now is the time to start planning for the necessary data load/provision component to ensure that you can maximise the value of the new data that will be available under the Privacy Act changes.

If this is something that you might have difficulties with, please feel free to contact us so that we can discuss how Decision Intellect can assist you with these changes. If you have already begun preparation for the changes, or feel you do not need any further assistance, please disregard this document.

How do all the different Codes and Requirements fit together?

With amendments to Part IIIA of Privacy Act coming into force in March 2014, there are a number of associated documents that need to be considered. These exist to support the interpretation of the Act and to assist interested parties to understand their obligations. In addition, they exist to guide organisations in their move to a Comprehensive Reporting environment. The following diagram gives a high level overview of how these documents fit together and the objective of each one.

Note: Credit Reporting Code is yet to be approved (expected Office of the Australian Information Commissioner (OAIC) decision Oct/Nov 2013) and the Industry Code regulations are expected to be released by March 2014.



What needs to be considered for Day 1 (March 2014) compliance with the Privacy Act?

- Terms and Conditions - review Terms and Conditions for all credit products to bring them in line with the legislative changes, e.g. providing appropriate notification to existing clients.
- Default Loading – there are changes to the current default loading process that will impact all Credit Providers:
 - Minimum default amount of \$150.
 - 3 different notifications to the customer regarding the account status and intention to list a default.
 - Must provide a request for payment that is separate from the notice of intention to list default.
 - Cannot list a default > 3 months after the customer is notified of the intention to list the default.
- Bankruptcy – Credit Reporting Body(s) can no longer collect Estate and Creditors Petition Bankruptcies.
- Serious Credit Infringements – Credit Providers have more stringent requirements when listing a SCI. At least 6 months must have passed since the lender has had contact with the customer. A default must be listed first and if payment is received the SCI must be removed.
- The Term ‘Consumer Credit’ now extends to include Investment Property related credit (previously reported as Commercial Credit). Credit Providers lending for Investment Property will need to review their Enquiry request.
- Collection and Storage of Personal Data – Credit Providers will need to adhere to the new requirements regarding collection and storage of personal data as per the Australian Privacy Principles (APPs).
- Corrections Handling – Credit Providers and Credit Reporting Body(s) need to take full ownership of correction requests, regardless of whether or not the correction relates to credit or personal information they own.
- Credit Card Masking - Credit Card numbers must be masked and cannot be provided as an account number, as per the Data Standards.
- Ban Periods – Credit Reporting Body(s) will return a new error code and message indicating the consumer’s file is under a Ban. Credit Providers will need to recognise this error code and be in a position to receive this. Ban periods are initially placed for 21 days and may be extended at the request of the consumer with agreement from the Credit Reporting Body.
- Audits - Credit Reporting Body(s) are required to audit Credit Providers to ensure they are adhering to the new requirements.
- Comprehensive Reporting – Credit Providers wanting access to Repayment History Information must be licensees (under the NCCP Act). Credit Providers must provide an initial data load of all account information and subsequent updates to account and repayment history information.

What do Credit Providers need to consider if they choose to participate in Comprehensive Reporting?

- Only Credit Providers who hold an Australian Credit Licence (as per the NCCP Act) are able to report and receive Repayment History Information.
- Review commercial agreements with Credit Reporting Body(s).
- Review contracts and terms & conditions with their customers.
- Provide notification to existing and new clients of intention to participate in comprehensive reporting.
- Establish a mechanism (as per the Data Standards format) for reporting Account and Repayment History Information to Credit Reporting Body(s) for an initial load and on an ongoing basis. (note: Telecommunications/Utilities companies cannot provide or receive Repayment History Information).
- Provide Credit Reporting Body(s) with an initial data load of all existing customer account information, repayment history information and default information (where relevant) in the Data Standards defined format.
- Provide Credit Reporting Body(s) with ongoing loads of all current customers and their account information, repayment history information and default information (where relevant) in the Data Standards defined format. This can be at a frequency that best suits the Credit Provider – but at least monthly.
- If Credit Providers are intending to load defaults using the Comprehensive Data Load mechanism, existing Default Loading Account types and Status fields will need to change to match the new Data Standards for Comprehensive Reporting providers.
- Consider a Bureau Hub solution to manage all interactions with one or more Credit Reporting Body(s).
- Notify the Credit Reporting Body(s) of the intention to start requesting the receipt of Comprehensive Reporting data.
- Change the product request type within the bureau request string to request a Comprehensive Report.
- Make changes to Inteflow or your originations system and processes to manage the receipt of Comprehensive Data and Score (only if the score is requested).
- Make changes to policies to utilise the Comprehensive Data and Score.
- Store the Comprehensive Data for use in the development and optimisation of policies/scorecards in the future.
- Train staff on how to interpret the new data returned and understand the changes to the Act and CR Code. Consider the initial need for increased staff as the new data may create more refers. It is expected that once policies and processes are updated, this should reduce.
- Credit Providers need processes in place to correct any data provided to the Credit Reporting Body(s) in error.
- Consider the possibility of Alerts from the Credit Reporting Body(s) to identify changes in Bureau Behaviour, which may indicate a change in circumstance for your customer.

What can Decision Intellect do to help you be ready for March 2014?

- Assist with conversion of account information and repayment history information, into the Data Standards format – on a 'one-off' or ongoing basis.
- Provide a Bureau Hub solution to manage all interactions between the Credit Provider and the Credit Reporting Body(s).
- Make changes within Inteflow or your originations system to accommodate the request and receipt of Comprehensive Reporting Data, and the updating of Terms & Conditions and Contracts.
- Advise on the impact and use of the new data and scores.
- Engage with your organisation and provide general consulting on the above.