



MEDIA RELEASE

CCR will strengthen Australia's financial system

12 million Australians should see their score improve

18 September 2019: COMPREHENSIVE Credit Reporting (CCR) will make the Australian financial system more stable and introduce more competition into the \$1.8 trillion mortgage¹ and credit card markets, according to Australia's largest credit bureau, illion.

By Tuesday 17 September, the mortgage repayment data of Australia's big four banks is being provided to the data and analytics business illion, enabling sharing between lenders. This will make the assessment of credit applications by Banks on consumers more transparent, equitable and efficient. It will enable consumers to get the credit product that is right for them at the price that is right for them.

illion CEO Simon Bligh said the new system would enhance credit scores, providing greater certainty for lenders and be fairer for borrowers.

"CCR should provide a more accurate pricing of risk, meaning that consumer credit deals will begin to look more like insurance policies, in that 'premiums' (or interest rates and fees) could be priced according to a customer's risk.

"More comprehensive and accurate data means more accurate assessments of lending risk and for most Australians, lenders will see them as lower risk than before," he said.

The more accurate data made available by the major banks means future loan assessments would be much more robust, and could reduce the volume of bad debt write-offs across the industry.

The advancement brings the Australian financial system one step closer to the rest of the developed world. Countries like the US, UK, and New Zealand have enabled Comprehensive Credit Reporting.

"It's great to reach this milestone, however illion would like to see the Comprehensive Credit Reporting system further evolved by the inclusion of balance (how much money someone owes) on the bureau. This will further strengthen Australia's financial system and make lending more responsible.

"March 2019 marked the five-year anniversary since Comprehensive Credit Reporting became possible in Australia, but it was only fully embraced by the Big Four Banks in the last year.

"The Financial Services Royal Commission findings are encouraging banks to focus more on responsible lending, therefore minimising the risk they lend money to those who can't afford to repay it.

¹ Illion data and analytics team estimates from consumer credit bureau



“Under responsible lending laws, lenders are required to ensure that any product they recommend is ‘not unsuitable’ and must take reasonable steps to make sure they understand a customer’s situation.

“Comprehensive Credit Reporting allows banks to comply with the findings of the Financial Services Royal Commission, by more adequately assessing a borrower’s ability to pay back debt,” Mr Bligh said.

“It enables lenders to be aware of bad credit, like going into arrears, as well as good credit like regularly paying off a debt and never missing a payment.

“Many customers who would have been denied credit under the old system may now have access to credit. At the same time, many who were granted it then, might not get it now.

“It helps lenders with the many shades of grey between someone who might be a solidly reliable borrower and someone who might be a severe credit risk.

“It is a fairer, and more accurate, system for everyone.”

Media enquiries: Apollo Communications Adam Connolly 0417 170 084

What is illion?

illion is a leading data, analytics and information solutions provider. Its data registries are embedded across the credit economy and form a critical element of the region’s financial infrastructure. With a 130+ year history, it is trusted by more than 15,000 of the region’s largest corporate and government entities and more than 1.5 million consumers to provide essential customer verification, credit assessment, credit decisioning and customer management products and services. Its portfolio of solutions enable businesses and consumers to protect against fraud and identity theft, comply with regulation, lend responsibly and make important decisions with confidence. illion is headquartered in Melbourne, with operations in more than 20 countries worldwide.

ENDS