

Benefits Available Now With Open Banking

Australians are now able to share their savings, transaction and credit card data with accredited third parties to access more personalised banking products to suit their needs.

Many of us are faced with financial challenges during these trying times. But the introduction of open banking from 1 July 2020 allows you to access solutions that could help see you through this hardship.

What is open banking?

The purpose of open banking is to provide you with more control over your financial data including when and who the data is shared with.

This first phase introduced on **1 July** allows you to request any of the big four banks (ANZ, CBA, NAB and Westpac) that hold your financial data to share basic product information, such as credit and debit card, deposit and transaction account details, with other banks and authorised third party institutions/providers.

From **1 November** the big four banks will also be required to provide access to data regarding your mortgage and personal

loans, investment loans, joint accounts, direct debits, scheduled payments and payees upon your request to other banks and authorised third parties.

From **1 February 2021**, banks other than the Big 4 need to provide access to product, account and transaction data for mortgage products with the requirement extended to personal loan and other accounts from 1 July 2021.

Use open banking to your advantage

The move to an open-data environment will:

- **Simplify establishing relationships with new institutions** - Switching banks is expected to become more seamless. For example, if you are looking to set up a savings account with a new bank, you would previously gather all your legal documents to verify who you are. With open banking, you could authorise this data to be sent from your existing bank to your new bank with just a few clicks.
- **Improved efficiencies** - Given a new institution can instantaneously access your financial data (with your approval) and electronically analyse this data, credit

Benefits Available Now With Open Banking

decisions are expected to be made more efficiently.

- **Increased competition** – As all institutions, including smaller institutions and fintech lenders, may have consent to access your data, they will have the ability to compete head to head with the major banks creating greater competition for your financial business.
- **Greater ability to compare** – Being an existing customer no longer affords a lender a competitive advantage over other institutions. With customers being able to share their data easier, they have the potential to find more competitive choices from alternate institutions.

With a 'clean' financial history you will benefit from open banking

The better your money management including your repayment history, the more likely lenders will want to attract you as a new customer.

To take advantage of open banking you need to be mindful of your spending habits as each transaction with an institution required to participate in open banking will be recorded, including when and where. These transactions will form part of your financial data that can be shared under open banking and potentially utilised by the accredited institutions when determining how much they want your business.

It is important that the benefits of open banking are not offset by poor financial decisions that are likely to be included in your financial data. This data may reduce your ability to obtain new or additional products.

Did you know that missing a repayment, applying for loan balance transfers too often and maxing out on your credit card can all affect your financial data?

You do have the right to access your own financial data and

request that any errors with the data are corrected free of charge. The cleaner your financial data, the stronger your position will be to obtain a competitive financial deal.

First steps

Before switching banks and applying for new accounts or loans, talk to us first. We are across the various requirements from lenders. We will help steer you in the right direction to secure suitable banking products and mortgage deals.



Contact us to find out the importance in keeping your credit score healthy.

