

1.3 QON: Hansard, p7-8

CHAIR: But, with respect, I think the banks have not demonstrated a willingness to open up data in this manner in the past. If you as the chief executive are saying that you think it is a good thing, that it would be good for consumers—and obviously your published values focus on the importance of the centrality of the consumer—presumably it would be entirely consistent with that for you to provide a significant financial incentive to your senior IT executives to open up that data for the benefit of consumers.

.....

CHAIR: Indeed, and nobody on the committee would be suggesting any different. Obviously the privacy of consumers is paramount. The UK regulator has concluded that those issues can be addressed. Whilst it is interesting to express in principle support, what matters is performance. That is why I asked the question, Mr Thorburn, about whether you would be open to providing financial incentives to your senior executives, particularly within IT, to ensure that this actually happens.

Mr Thorburn: The first thing is behaviour does count—you are absolutely right—but we are actually really active in the CCR space at the moment with data sharing. So we are involved and doing it quite actively. But let me take on notice—

CHAIR: I have asked you probably three or four times now and you have not addressed the question. So do I take that as a no?

Mr Thorburn: No. I am committing to you that, in the case of account portability and data sharing, we support it. I would like to take on notice the best way for me to lead our company to make sure those two things happen. You are asking for a very specific piece and I am committing to the principle.

CHAIR: If you could come back to the committee specifically on the issue of what the bank will do on that, and particularly how it will provide incentives to its senior executives to make this happen, that would be good...

ANSWER: *As stated at the hearing, NAB welcomes competition and believes it is currently easy to open and close accounts.*

The New Payments Platform (NPP) – whereby customers will have a unique account identifier which will enable them to link a unique piece of data (e.g. their email address, mobile number or ABN) to their preferred bank account – will significantly enhance the ability of customers to switch between banks. NAB does not support ‘full’ account portability (that is the ability to move someone’s BSB & account number between banks) due to the technical complexity of the change required to enable this, its significant cost, and the lack of long term customer benefit given the upcoming consumer enhancements offered by NPP. A 2011 report for the then Government into account portability by former RBA Governor Bernie Fraser support this view when it found account portability “would be a massively expensive undertaking in Australia.”

In relation to data, NAB supports the benefits that comprehensive credit reporting (CCR) will offer consumers. NAB has been sharing data in ‘private’ mode with credit reporting bodies since August 2015 and is the only major bank currently doing so. NAB notes though that the successful implementation of CCR requires active participation by all industry participants. NAB believes sharing customers’ data must be done with the correct protocols and security regimes in place. Moving to an open data regime without appropriate safeguards and requirements could raise significant security concerns.

NAB’s annual short term incentive plan works on a ‘balanced’ scorecard approach and rewards our employees for performance against specific scorecard objectives aligned with delivery of NAB’s

business strategy and values. Separate standalone incentives rewarding the delivery of a single activity are not generally supported. NAB has no near-term plans to offer data related incentives to executives.