

# ARCA CREDIT DATA FACT BASE

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## IN THIS ISSUE

Background	1
Methodology	1
Transition Milestones	2
Market Size Data	3
Progress with CCR	4
Appendix — detailed methodology	7

## HIGHLIGHTS

At end of June, CCR data was being reported in 'public' mode for 52% of credit accounts

27 credit providers reporting CCR at end of June

85% of accounts expected to be reported by year end

## BACKGROUND

ARCA identified that government, regulators and industry needed clearer indicators to track the progress of implementing Comprehensive Credit Reporting (CCR) in Australia. The Credit Reporting Fact Base was therefore designed to:

- Track industry-wide progress on the transition to CCR.
- Provide a 'single source of truth' regarding key statistics on CCR coverage of the Australian consumer credit market.
- Assist credit providers with their internal decision-making and planning processes by communicating industry progress towards CCR.

This report is the seventh published set of data from the Credit Reporting Fact Base, and is based on information as at June 2019.

Data in the report includes:

- An overall assessment of the size of the credit market, expressed by number of open and active credit accounts in total, and by financial institution segment and product category<sup>1</sup>.
- De-duplicated and consolidated volumes of accounts for CCR data being reported in either production-ready or public mode.
- A market level forecast for how the volume of CCR data will grow from now until the end of 2019. The forecast is based on actual or intended participation in CCR, as advised to ARCA by credit providers who account for the majority of data in the system.
- A breakdown of participation in CCR by product category and industry sector.

## METHODOLOGY

The methodology used to create this report involves a combination of publicly available information which contributes to assessing the overall size of the market, combined with actual data (and participation intentions) supplied by individual Credit Providers (CPs) directly to ARCA, or supplied indirectly to ARCA via Credit Reporting Bodies (CRBs) with the permission of CPs<sup>1</sup>.

<sup>1</sup> See Appendix for more detail.

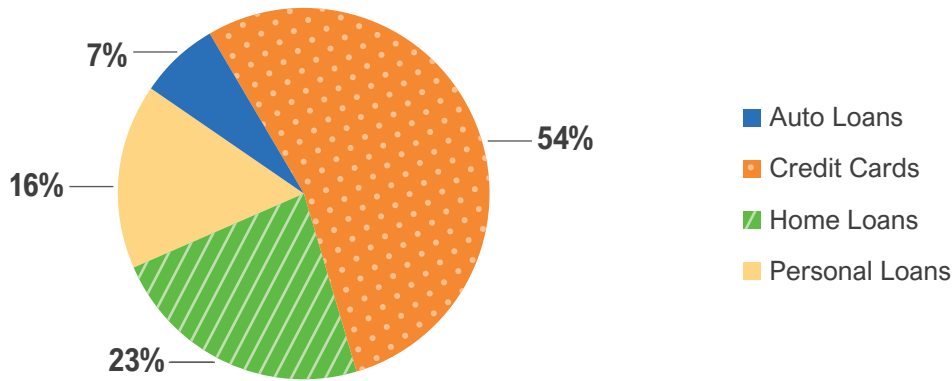
## TRANSITION MILESTONES

In preparation for reporting CCR data in public mode, financial institutions typically progress through a pipeline of milestones:

Milestone	Description
1	Decision to participate in CCR.
2	Commencement of active projects to enable CCR.
3	CCR or positive data is production-ready following testing and quality assurance at CRB.
4	Internal 'go-live' approval and target date decision point.
5	Becoming a signatory to the Principles of Reciprocity and Data Exchange (PRDE).
6	Sharing of CCR data in public mode.

## MARKET SIZE DATA

Fig 1: All open active credit accounts by product category | Total 30.2M accounts



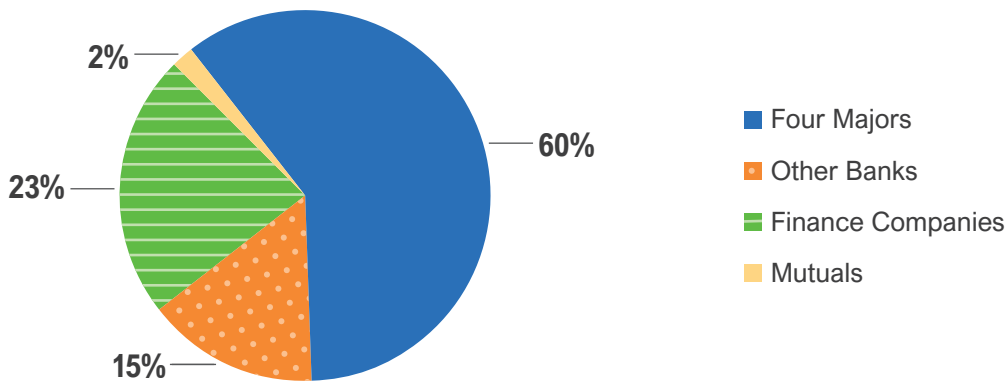
ARCA estimates that there are 30.2M open and active credit accounts that can be reported in the credit reporting system. The estimate only includes credit providers offering financial service products, i.e. credit providers from other sectors such as telecommunications and utilities are excluded.

Of the 30.2M credit accounts, over half are Credit Cards, with the next largest product type being Home Loans.

Looking at the number of credit accounts from an industry sector perspective, Figure 2 shows that Australian Prudential Regulation Authority (APRA) regulated banks account for 75% of the estimated 30.2M credit accounts. Australia's four major banks hold 60% of all credit accounts.

Outside the major banks, finance companies account for 23% of accounts. The finance company sector is broad, including specialist consumer finance providers, motor vehicle financiers and fintechs.

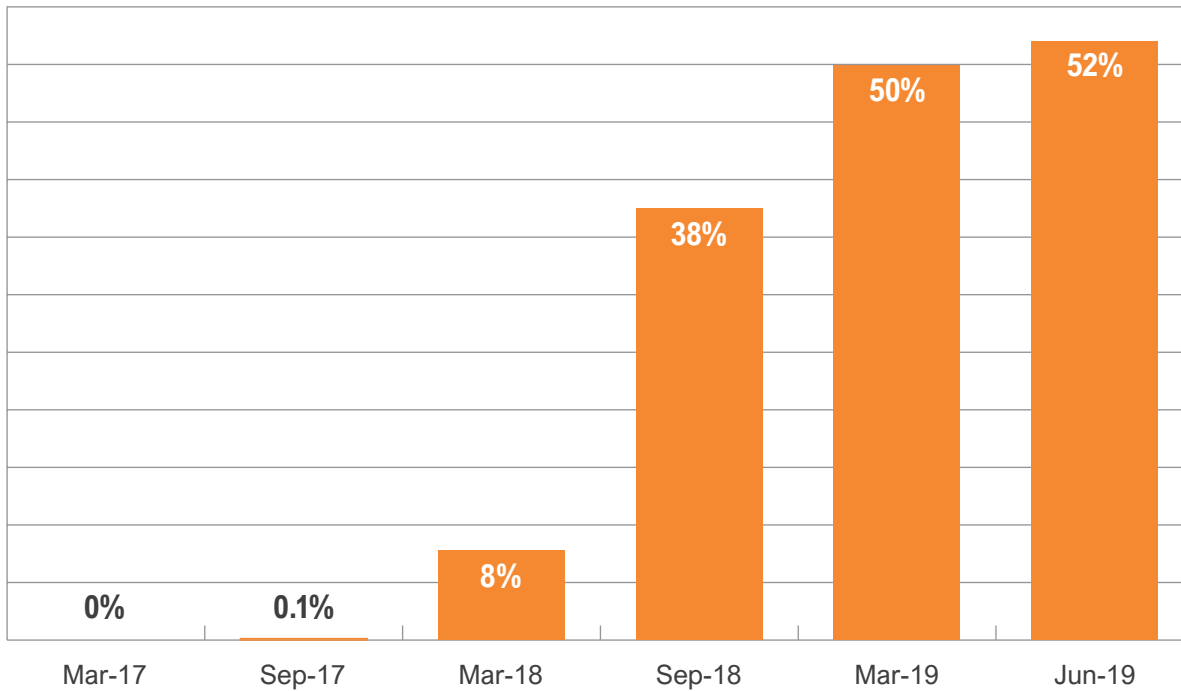
Fig 2: All open active credit accounts by industry sector | Total 30.2M accounts



## PROGRESS WITH CCR

This seventh report of the ARCA Credit Data Fact Base shows that, as at the end of June 2019, 52% of total credit accounts in the market have CCR data being reported at Milestone 6, or in 'public' mode. This is a significant increase from March 2018 when only 8% of accounts were being reported. 27 credit providers are supplying CCR data in public mode as at the end of June 2019.

**Fig 3: Percentage of CCR accounts reported publicly**



The momentum behind the growth in accounts being reported with CCR data will continue throughout 2019. Figure 4 tracks how CCR reporting is expected to progress from June 2019, revealing that the credit providers responsible for the 52% of accounts already in public mode, will report a further 26% of all accounts by the end of the calendar year. In other words, 78% of all accounts are committed to be reported by credit providers already taking part in CCR. It should be noted that the projection in Figure 4 assumes that the remaining accounts from credit providers already reporting publicly will be released into public reporting on the anniversary of their initial participation. Our understanding is that many of these credit providers will likely complete reporting prior to that date – hence the projection in Figure 4 is conservative.

Figure 4 also reveals that another group of credit providers holding around 10% of all credit accounts are as of June 2019 preparing accounts for public reporting.

By the end of September, 82% of accounts are expected to be reported publicly, with a further 5% of accounts committed to be reported by credit providers supplying CCR data at that time.

By the end of December 2019, 85% of all accounts are projected to be reporting CCR publicly.

**Fig 4: Credit providers' CCR rollout timeline**

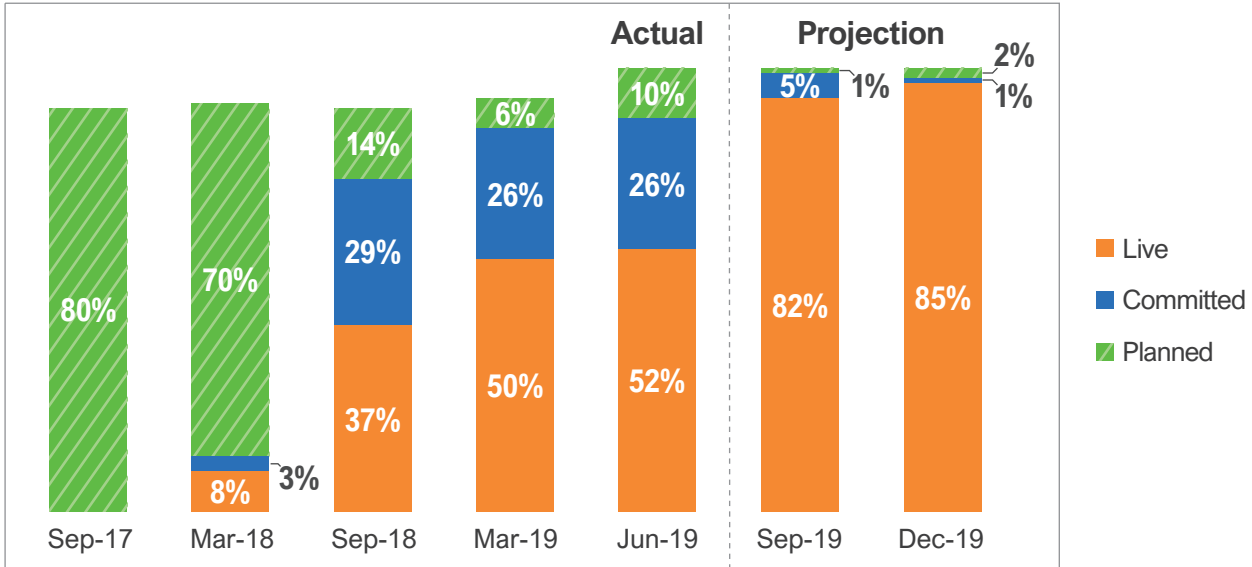
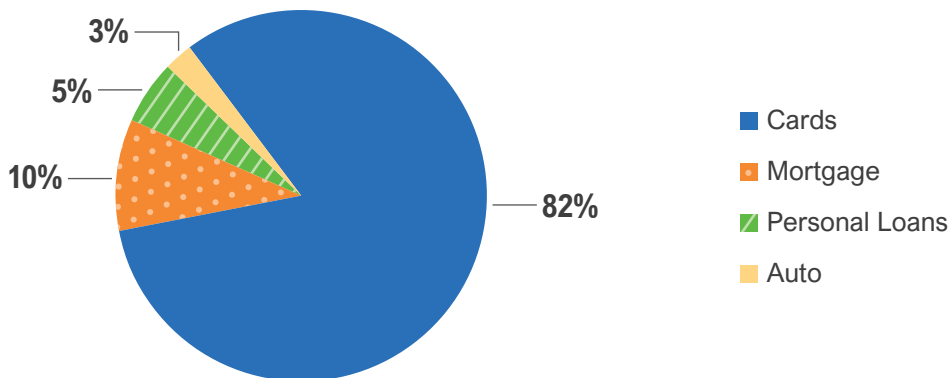


Figure 5 breaks down the CCR accounts being reported publicly into product type. Credit cards make up 82% of accounts currently being reported publicly, mortgages make up close to 10%, while personal loans make up over 5%, and auto loans nearly 3%.

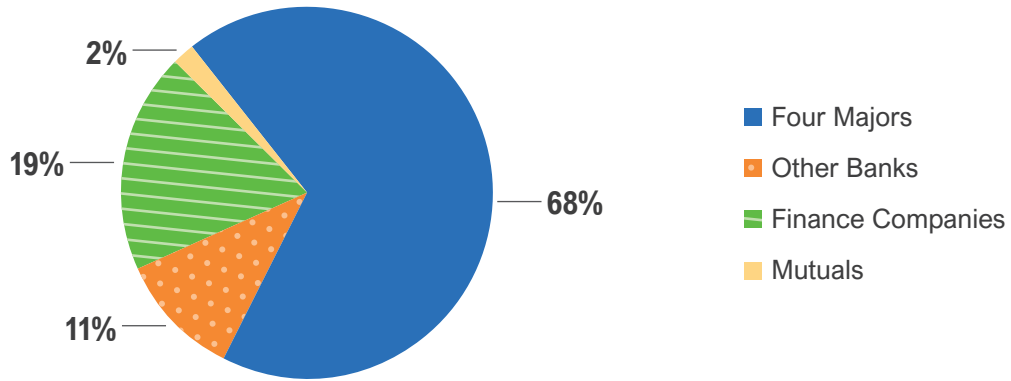
It is not surprising that credit providers have focused on credit cards initially – they are the largest single portfolio in many credit providers overall portfolio of accounts, and as an unsecured product the value of CCR is significant. Overall, it is estimated that over 80% of all credit card accounts now have CCR publicly reported, compared to on average only 20% of other types of accounts. Over the next 6 months, it is expected that most of the residual credit card, home loan, and personal loan accounts will be reported.

**Fig 5: CCR accounts reported publicly by product type**



**Fig 6: CCR accounts reported publicly by industry sector**

Figure 6 breaks down the accounts for which CCR is currently being reported according to the industry sector of credit provider. The four major banks are responsible for 68% of accounts for which CCR is being reported, significantly higher than their proportion of all credit accounts in the market (60%). This indicates the four majors are relatively more advanced than other sectors in implementing CCR. As a sector, other banks and finance companies are relatively less advanced in terms of implementation.



## APPENDIX — DETAILED METHODOLOGY

There is no publicly available point of reference that quantifies the size of the credit market across all financial institutions and all product categories in terms of open and active account volumes. Thus, tracking CCR progress as a percentage of total accounts required derivation of a sufficiently accurate 'denominator'.

Initial market size estimates were derived from public domain statistics, including RBA and APRA statistical data and individual CP financial reports submitted to ASIC, in order to generate estimated credit account volumes by lender by product category.

Some individual credit providers have also validated and returned their actual account volumes by product category.

Actual data held in the credit reporting system is obtained from the Credit Reporting Bodies (CRBs). Each of the 3 major CRBs, using a standard file template, provides an extract showing the number of CCR credit accounts on the bureau by Credit Provider (CP) and by product category (CP level data provided with the permission of the CP). The data supplied by each of the CRBs is de-duplicated and consolidated in order to derive a single overall view of CCR status across industry. Data in this report relates to June 2019.

This data is then compared to the total size of the credit market across all financial institutions.

It is important to note that whereas many CPs have assisted us to refine our estimate of the overall size of the credit market by validating the number of credit accounts by portfolio applicable to their institution, not all CPs have reverted with validated data. Thus the denominator figure is still subject to some variability.



For more information on this report and the methodology,  
please contact **MIKE LAING** > [mlaing@arca.asn.au](mailto:mlaing@arca.asn.au)  
or **GERALDINE CREMIN** > [gcremin@arca.asn.au](mailto:gcremin@arca.asn.au)

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