

# CCR Case Study: CUA

May 2016

## Leading Mutual Paves the Way for CCR Implementation

- CUA leads the charge for CCR implementation among member-owned financial institutions
- Data loading project runs smoothly using SmartData software by Equifax to facilitate data transfer
- CCR to bring measurable value to both the business and its customers

## CUA and CCR

For CUA, Australia's largest member-owned financial services provider, deciding to implement Comprehensive Credit Reporting (CCR) was in large part about paving the way for other mutual banks and member-owned financial institutions to do the same.

Scott North, CUA Chief Risk Officer, said the company — which offers banking, general insurance and private health insurance services to more than 430,000 members nationally — had a history of innovation since its foundation in 1946. The implementation of CCR was just the latest in this long line of innovative decisions.

"We wanted to be proactively involved in making this happen not just for our organisation but also more broadly. We have worked closely with the Customer Owned Banking Association (COBA) throughout this initiative, keeping them abreast of our thinking and implementation progress, which has allowed us to be part of the decision-making process at an industry level," he said.

## The CCR Project

CUA kicked off its CCR implementation project in December 2014, and is currently finalising its data supply to Equifax and to other credit bureaus. Mr North said the company needed to replace its loan originations platform and it made sense to implement CCR in parallel with this development.

"The low cost of additional scaling was a key factor in our decision to implement multi-bureau loading, as was the ability to leverage the benefits of improved data quality. It also meant we only had to go through the process of loading data once, rather than multiple times over," he said.

CUA chose software solution SmartData by Equifax to transform its data extracts from internal SAS systems into the bureau agnostic XML that meets the CCR industry data sharing standard, ACRDS (Australian Credit Reporting Data Standard).

"Importantly for CUA as a smaller organisation, SmartData removed the dependence on a specialist skill set to code and maintain the XML conversions. This helped us focus on the business rules for the data supply files. The additional ongoing benefit is that changes to the ACRDS schema are plug and play, meaning that we can continue to focus on updating business rules rather than the technical changes," Mr North said.

"Under CCR, we will know more about our customers' credit histories and financial habits, and will be able to use that knowledge to help them make better credit decisions."

**Scott North**

CUA Chief Risk Officer

"To have the capability to transform our data in-house or to manage it in any other way would be too costly, and much harder on our CCR team."

**Scott North**

CUA Chief Risk Officer



From a business perspective CCR enables more informed decisions and, in turn, more innovative management of risk.

**Jason Murray**

CUA General Manager,  
Products and Marketing

More credit reporting data also means less time spent hunting around for information and asking questions of a potential customer, streamlining the application process for all involved.

**Working with Equifax**

CUA loaded its CCR data into a private environment with Equifax in December 2015. Staff from Equifax worked through the Christmas period with the CUA project team to monitor data loading and ensure the project was a success.

“Equifax has been extremely proactive in helping us as we undergo our transition to CCR. Their critical skills and openness enabled us to have conversations throughout the project that were incredibly beneficial for the growth and learning of our CCR team,” Mr North said.

Mr North also said that insights provided by Equifax into the transition process, gained from their first-hand experience in Australia and New Zealand, were helpful to CUA.

“The updates at each Early Movers Group meeting provided by Equifax are always helpful and very interesting; however the insights from the New Zealand case study by Equifax were of particular interest to us. Remarkably, 20-25 per cent of applicants in New Zealand were found to have some form of undisclosed debt and proves that there’s every reason to be taking CCR seriously,” Mr North said.

**Benefits of CCR**

For CUA, the decision to implement CCR will provide measurable value to both the business and its customers.

“CCR will deliver a greater degree of visibility on current and future customers, making it a powerful tool for lenders, who will be less reliant on unverifiable, customer-sourced background information. At the same time, the insights from CCR will help expand the market of prospective customers by giving lenders access to the positive credit behaviour of individuals with an under-represented financial history,” Mr Murray said.

Customers will also experience the positive impacts of CCR. While CUA is gearing up for CCR, it also sees this as an opportunity to support its members through the change.

“Quality customers will gain an advantage from CCR implementation, as more lenders move towards a risk-based pricing system. Furthermore, consumers won’t be penalised for shopping around under CCR, allowing them greater choice and encouraging healthy competition in the market,” Mr Murray said.

“As the volume of shared CCR data grows, so will the possibilities for lenders and customers alike. CUA is well positioned and we want to help lead this change. We are delighted to work with Equifax and access global CCR trends via their parent company Equifax,” Mr Murray added.

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