



# GLOBAL DATA ALLIANCE

## TRUST ACROSS BORDERS

December 9, 2020

Senate Select Committee on  
Financial Technology and Regulatory Technology

Submitted via email at: [fintech.sen@aph.gov.au](mailto:fintech.sen@aph.gov.au)

Dear Sir or Madam,

The Global Data Alliance<sup>1</sup> (GDA) welcomes the opportunity to share its views in response to the November 2020 “Issues Paper” produced by Australia’s Senate Select Committee on Financial Technology and Regulatory Technology. The GDA supports Australia’s goal outlined in the Issues Paper of maintaining an internationally competitive position in financial services - recognizing that technology will be a key driver of future jobs and economic growth, the acceleration of global digitalization in light of COVID-19, and a shifting regional financial services landscape.

The GDA submits these comments on the role of cross-border data transfers in supporting economic growth and the development of innovative financial services, in supporting global risk management and compliance programs, including by making it easier to detect cross-border money laundering and terrorist financing patterns, and in enhancing defenses against cyberattacks.

### I. Introduction

The GDA is a cross-industry coalition of companies, headquartered in different regions of the world, that are committed to high standards of data privacy and security. Global Data Alliance members share a deep and long-standing commitment to supporting economic development, building trust in the digital economy, and protecting personal data across regions, technologies, and business models. Alliance member companies rely on the ability to transfer data responsibly around the world to create jobs and make industries at home and abroad more competitive. Cross-border data transfers are important to growth in all sectors of the economy<sup>2</sup> and to companies of all sizes.<sup>3</sup> Cross-border data transfers foster innovation and economic development, creating jobs, and promoting regulatory compliance, risk management, safety, and environmental responsibility.

Cross-border access to technology and seamless movement of information online are critical to economic growth generally and to achieving the specific goals outlined in the Issues Paper. Cross-border data transfers

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<sup>1</sup> The Global Data Alliance ([globaldataalliance.org](http://globaldataalliance.org)) is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the ability to transfer data around the world to innovate and create jobs. The Alliance supports policies that help instill trust in the digital economy while safeguarding the ability to transfer data across borders and refraining from imposing data localization requirements that restrict trade. Alliance members include BSA members and American Express, Amgen, AT&T, Citi, ITB360, LEGO, Mastercard, Medtronic, Panasonic, Pfizer, Roche, UDS, United Airlines, Verizon, Visa, and WD-40 Company. These companies are headquartered across the globe and are active in the advanced manufacturing, aerospace, automotive, consumer goods, electronics, energy, financial services, health, supply chain, and telecommunications sectors, among others. BSA | The Software Alliance administers the Global Data Alliance. See Global Data Alliance, *About the Global Data Alliance* (2020), at: <https://www.globaldataalliance.org/downloads/aboutgda.pdf>

<sup>2</sup> Global Data Alliance, *Jobs in All Sectors Depend On Data Flows* (2020), at: <https://www.globaldataalliance.org/downloads/infographicgda.pdf>

<sup>3</sup> Global Data Alliance, *Cross-Border Movement of Data: Creating Jobs and Trust Across Borders in Every Sector* (2020), at: <https://www.globaldataalliance.org/downloads/GDAeverysector.pdf>

are estimated to contribute trillions of dollars to global GDP,<sup>4</sup> and 60 percent of global GDP is expected to be digitized by 2022, with growth in every industry driven by data flows and digital technology.<sup>5</sup> Furthermore, 75 percent of the value of data transfers reportedly accrued to traditional industries like agriculture, logistics, and manufacturing.<sup>6</sup> In 2020, the importance of data transfers has only grown, as populations increasingly rely on cross-border access to cloud computing solutions to work, learn, consult with health professionals, and stay connected.<sup>7</sup>

## II. Discussion

As the Select Committee considers Australia's broader digital trade policy, the GDA would like to reiterate our support for the inclusion of data flows provisions specific to the financial services sector, such as those in the Australia – Singapore Digital Economy Agreement (**DEA**). Rules specific to any sector, such as the financial services, which have been addressed in separate chapters in past free trade agreements, must be substantially the same as the rules of general applicability on cross-border data flows and localization. The inclusion of financial services in the DEA is very forward looking and demonstrates the commitment of the Australian government in promoting strong digital trade in the region. We further urge that a similar approach on financial data flows be considered for Australia's future trade agreements, such as the ongoing Australia – United Kingdom Free Trade Agreement.

Consistent with global financial best practices, we encourage the Select Committee to continue to support the ability of financial service providers in Australia to access analytical and other software tools in the cloud and to transfer data seamlessly across borders. As recognized by regulatory authorities in leading financial centers, "the ability to aggregate, store, process, and transmit data across borders is critical to financial sector development. The expanding use of data in financial services and the increasing use of technology to supply financial services offer a range of benefits, including greater consumer choice, enhanced risk management capabilities, and increased efficiency."<sup>8</sup>

Additionally, cross-border access to technology and cross-border data transfers can help companies meet regulatory compliance requirements and manage risk. As stated by Singapore and the United States in their joint announcement on cross-border data transfers in the financial services sector in February 2020:

Data localization requirements can increase cybersecurity and other operational risks, hinder risk management and compliance, and inhibit financial regulatory and supervisory access to information. Data mobility in financial services supports economic growth and the development of innovative financial services and benefits risk management and compliance programs, including by making it easier to detect cross-border money laundering and terrorist

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<sup>4</sup> See Global Data Alliance, *Cross-Border Data Transfers Facts and Figures* (2020), at <https://www.globaldataalliance.org/downloads/gdafactsandfigures.pdf>.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Ibid.*

<sup>7</sup> See Global Data Alliance, *Cross-Border Data Transfers and Remote Work* (Oct. 2020), <https://globaldataalliance.org/downloads/10052020cbdtremotework.pdf>; Global Data Alliance, *Cross-Border Data Transfers and Remote Health Services* (Sept. 2020) <https://globaldataalliance.org/downloads/09152020cbdtremotehealth.pdf> (Remote health technology solutions, often accessed across national borders via the cloud, have become indispensable to protecting populations and economies in the COVID-19 era. Expected to grow by 700% by 2025, some regions are seeing even more rapid growth – up to 40-fold – for non-urgent telemedicine visits).

<sup>8</sup> See United States-Singapore Joint Statement on Financial Services Data Connectivity (Feb. 2020), at: <https://www.mas.gov.sg/news/media-releases/2020/united-states-singapore-joint-statement-on-financial-services-data-connectivity>

financing patterns, defend against cyberattacks, and manage and assess risk on a global basis.<sup>9</sup>

Data flows are also critical to enhancing cybersecurity. The ability to collect and holistically analyze data is essential to ensuring the cybersecurity of financial sector operations which often takes place across regions. Preventing cyberattacks often requires collaboration with private- and public-sector stakeholders located in various areas of the world. When a suspicious activity or file is detected, financial sector companies can use the services of cybersecurity companies that automatically search for matches in their global database of emerging threats, often blocking the spread of new attacks. Delays in uploading threat incident information to cybersecurity companies' networks due to regional data restrictions could expose customers in that region to new threats spreading from other parts of the world, reducing information privacy and security for those customers.

Leveraging cross-border data transfers and data analytics to combat regulatory risks and enhance cybersecurity – and prohibiting data localization mandates — is a widely accepted international best practice, recognized by regulators from numerous countries.<sup>10</sup>

While Australia seeks to bolster its competitive position as a financial services center, other jurisdictions that unnecessarily limit cross-border data transfers or impose data localization mandates are undermining their own attractiveness as financial service hubs. Such restrictions disrupt companies' operations and make it costlier to provide services, effectively undermining the ability of those companies and their customers to benefit from advanced analytics-driven services and putting them at a competitive disadvantage. For these reasons, we strongly recommend such restrictions measures be avoided.

We appreciate the opportunity to share these views and we hope they will be helpful as the Select Committee considers its next steps

Sincerely,



Eunice Lim  
Senior Manager, Policy – APAC  
BSA | The Software Alliance

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<sup>9</sup> See United States-Singapore Joint Statement on Financial Services Data Connectivity (Feb. 2020), at: <https://www.mas.gov.sg/news/media-releases/2020/united-states-singapore-joint-statement-on-financial-services-data-connectivity>

<sup>10</sup> See e.g., Australia-Singapore Digital Economy Agreement, Art. 25 ("Neither Party shall require a covered financial person to use or locate computing facilities in the Party's territory as a condition for conducting business in that territory, provided that the Party's financial regulatory authorities, for regulatory or supervisory purposes, have immediate, direct, complete and ongoing access to information processed or stored on computing facilities that the covered financial person uses or locates outside the Party's territory."), at: <https://www.dfat.gov.au/trade/services-and-digital-trade/Pages/australia-and-singapore-digital-economy-agreement>; US-Mexico-Canada Agreement, Arts. 19.11 (prohibiting cross-border data transfer restrictions and localization mandates) and 17.8.2 (prohibiting such localization mandates ... so long as the Party's financial regulatory authorities, for regulatory and supervisory purposes, have immediate, direct, complete, and ongoing access to information processed or stored on computing facilities that the covered person uses or locates outside the Party's territory.), at: <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between>; UK-Japan Comprehensive Economic Partnership Agreement, Art. 8.84, 8.85, 8.63 (prohibiting such data transfer restrictions or localization mandates, including for regulatory purposes, subject to a requirement that regulated Parties be able to provide "sufficient and timely access that is provided without undue delay.")