

21 December 2018

Mr Matthew Sedgwick
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: regmod@treasury.gov.au

Dear Mr Sedgwick

Submission on the modernising business registers program consultation

The Australian Banking Association (ABA) appreciates the opportunity to provide comments on Treasury's Consultation Paper on Modernising Business Registers Program: Review of Registry Fees. With the active participation of its members, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services. The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

The ABA welcomes the Government initiative to modernise its registers which include registers for companies, business names and Australian Business Numbers (ABN).

Banks rely on information from the ABR and ASIC registers to protect business customers and meet their regulatory obligations. Register data is used for a range of activities including:

- Performing Know Your Customer (**KYC**), Anti-Money Laundering (**AML**) and Counter Terrorism Financing (**CTF**) checks, both when on-boarding new clients and on an ongoing basis.
- Originating new products and services to meet new customer needs, e.g. when making credit decisions; and
- Providing updated data throughout the product lifecycle, e.g. to perform annual credit reviews.

Efficiency through innovation

The ABA believes that the modernisation of business registers can deliver greater efficiencies for all businesses. Business customers want to use self-service banking through digital channels without having to call or visit a branch. Self-service through digital channels enables business customers to be more efficient and use their time more productively by focusing on their business.

Currently, there are a number of bank processes which require a visit to the branch and/or paper-based processes which would be improved by the modernisation of the business register. At present, when an business account holder makes a digital request on behalf of a business, there is a need for the bank to verify the business structure (including current officeholders) at the point of the interaction, to ensure the bank is acting with the valid authority of the business. Being able to do this in a digital way rather than the current paper-based methods, could reduce costs for business and provide a richer and deeper digital experience. For example, when a customer adds a signatory to an account, customers are required to provide appropriate supporting documentation in paper form. This can be time consuming and often requires customers to attend a branch.



Pricing

Reducing the cost of registry data will allow the industry to explore opportunities to digitise a much broader range of service processes, leading to significant cost and productivity savings for Australian businesses. For example, digitising the large number of activities that currently require paper forms today could deliver significant efficiencies to both business and government.

The ABA agrees with abolishing search fees for publicly available electronic information. This will ensure it is consistent with current government policy as outlined in the consultation paper.

The ABA does not support the charging of infrastructure fees. A similar issue was considered as part of the Consumer Data Right (CDR) legislation. This legislation requires banks to give its customers greater control over their data, empowering customers to choose to share their data with trusted recipients only for the purposes that they have authorised. Under CDR, there is no provision for data holders to charge infrastructure fees despite incurring significant costs in offering the required APIs. It is the ABA's view that business register data is analogous to 'Customer Data' under the CDR and therefore the Government should be subject to the same principle.

If the Government is minded to introduce an infrastructure fee, the pricing structure should not be volume-based which could reduce incentives to innovate. There is significant appetite among the private sector to broaden the use of registry data, which could lead to a significant increase in the number of searches. The ABA considers that a volume-based pricing structure will be a disincentive and reduce potential innovations thereby denying benefits to government, business and customers.

I look forward to the outcomes of this consultation and if you have any queries about this submission please contact Karen O'Brien by email karen.obrien@ausbanking.org.au or by phone on 02 8298 0421.

Yours sincerely

Karen O'Brien
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