



ABN 92 140 677 792  
Property Exchange Australia Ltd

Senator Deborah O'Neill  
Chair, Parliamentary Joint Committee on Corporations and Financial Services  
PO Box 6100  
Parliament House  
Canberra ACT 2600

By email: [REDACTED]

27 August 2024

Dear Senator,

**Inquiry into the financial services regulatory framework in relation to financial abuse in Australia**

The PEXA Group welcomes the opportunity to contribute to the Parliamentary Joint Committee on Corporations and Financial Services' (**the Committee**) inquiry into the financial services regulatory framework in relation to financial abuse (**the Inquiry**). We are additionally grateful to the Committee for accepting this submission outside the specified consultation period.

Financial abuse is a widespread issue across the nation with devastating consequences for both the victims who incur direct costs and the broader economy. Deloitte Access Economics' 2022 analysis finds *"the impacts of financial abuse are estimated to have generated \$5.7 billion in direct costs to victims. From a societal perspective, these costs lead to \$5.2 billion in broader economic costs in Australia in 2020"*.<sup>1</sup>

PEXA acknowledges that collaboration between all parts of our society, including government, business, not-for-profits and the Australian community, is required to address financial abuse. We support the Committee's endeavour to identify areas for improvement and are pleased to continue this work going forward in respect of outcomes from this Inquiry, and in collaboration with relevant stakeholders.

PEXA's contribution is primarily focused on addressing Part 4 of the Terms of Reference - *Steps that might be taken to support financial institutions to better detect and respond to financial abuse* – specifically, how Australia's electronic conveyancing regime can be leveraged to support industry practices to prevent financial abuse through timely intervention.

---

<sup>1</sup> The cost of financial abuse in Australia (2022), Deloitte Access Economics, Commonwealth Bank of Australia - <https://www.commbank.com.au/content/dam/caas/newsroom/docs/Cost%20of%20financial%20abuse%20in%20Australia.pdf>

For background, PEXA (formerly National E-Conveyancing Development Ltd) was formed from a COAG initiative approved in 2008 to develop a single national electronic conveyancing system as a step towards creating a seamless national economy. This transformation of the conveyancing process from paper-based to digital delivers considerable time savings and decreased risk of error for practitioners and financial institutions, reducing risks in delays, costs and reputational damage.<sup>2</sup> The successful implementation realised today reflects over a decade of collaborative discovery between PEXA, Land Registries, State Revenue Offices, over 160 financial institutions, regulators and, importantly, over 10,000 practitioner firms who now transact on the platform.

Today, the PEXA Exchange is recognised as a designated Critical Infrastructure asset (under the *Security of Critical Infrastructure Act 2018*) serving 7 jurisdictions (with implementation in the Northern Territory to follow in 2025) and processing over \$3 billion worth of property transactions each day. As a world-first digital settlements platform, PEXA has also expanded internationally to deliver similar benefits for the UK market. More broadly, the PEXA Group provides innovative digital services, including property and land data insights, creating value across the wider property ecosystem, and serving customer and community needs.

The Committee Chair, Senator Deborah O’Neill, has commented “*With the shift to online services, we need to investigate how family and domestic violence has shifted there too, and whether our regulatory systems are equipped to adequately deal with it*”.<sup>3</sup> Electronic conveyancing is one such example of this shift to online services with over 85% of property transactions in Australia now being settled via PEXA. The uptake of PEXA has driven increased efficiency for practitioners and banks. This is achieved through Electronic Lodgement Networks (ELNs), such as PEXA, which bring together disparate parties to a property transaction to prepare registry documents and financial settlement schedules in a collaborative electronic ‘*Workspace*’ (for example, 4 parties for a typical property transfer comprising the buyer’s and seller’s legal representatives, and the incoming and outgoing mortgagees).

Where regulatory systems are examined to ensure they remain fit for purpose within an evolving technology landscape, consideration should also be granted to how the technology itself can be leveraged or designed to drive improvements in the policy outcomes (in this case, for financial safety). In the context of electronic conveyancing, ELNs provide opportunities to standardise processes and centralise information relating to the property transaction, which can then be leveraged for flagging completed activities or notifying relevant parties about procedural steps taken. For example, banks use PEXA to process their refinancing transactions and contribute funds towards property purchases (as mortgagee). Through the gradual development of enhancements and innovations in PEXA’s systems to support the collaborative process, citizens, as end customers of the banks and conveyancing practitioners, have benefited from these efficiencies through reductions in preventable settlement delays and greater transparency of a transaction’s status and progress.

---

<sup>2</sup> Electronic Conveyancing - Analysis of the benefits of electronic conveyancing to conveyancer and lawyers in NSW (February 2018), KPMG - [https://www.registrargeneral.nsw.gov.au/\\_data/assets/pdf\\_file/0003/331095/eConveyancing-Final-Report.pdf](https://www.registrargeneral.nsw.gov.au/_data/assets/pdf_file/0003/331095/eConveyancing-Final-Report.pdf)

<sup>3</sup> Media Release - *New inquiry into financial abuse in Australia* (4 April 2024), Senator Deborah O’Neill (Senator for New South Wales), Ms Zaneta Mascarenhas MP (Federal Member for Swan)

With most Australian properties now being transferred electronically on a common secure and trusted platform, there is greater capability to promote standardisation among transaction participants and drive awareness of best practice methods to detect and prevent potential cases of financial abuse.

If the *Workspace* in which these parties collaborate to prepare properties for settlement can be reconfigured to prompt users at key stages of the transaction, for example, to review specific circumstances and/or ask further questions of their clients to detect potential financial abuse, those actions can then feed back into the organisation's own risk assessment processes. Since *Workspaces* are created in PEXA well in advance of the scheduled settlement date, this affords a unique opportunity to prevent financial abuse before the transaction occurs.

### ***Working with industry to prevent fraud***

A common scam targeting conveyancing practitioners exists where their business email account is compromised through a 'phishing' scam. The scammer then monitors their business activities and, at the right moment, impersonates a party to the conveyancing transaction by issuing fraudulent payment instructions to direct settlement funds into the scammer's own bank account.

PEXA has worked collaboratively with industry bodies and regulators to promote awareness of the risk factors associated with this scam and support resilience across the profession.

PEXA has also leveraged the standardised processes in its platform to ensure all practitioners are reminded of this risk when creating 'destination' payment instructions in the Workspace (where the client's nominated BSB and account numbers is inputted). The PEXA system has been configured to provide an on-screen warning encouraging the practitioner to confirm account details are correct and consistent with client instructions before signing (authorising) particular line items in the *Financial Settlement Schedule*. This notification alerts the practitioner to "*safeguard yourself from fraud*", providing an outline of the issue, and including links to relevant information and advice provided by conveyancing industry bodies.

Since some legal professionals only undertake conveyancing activities on rare occasions, this prompt serves to reinforce the professional guidance that is otherwise targeted to dedicated conveyancing practitioners and the real estate industry. In effect, electronic conveyancing, via an ELN such as PEXA which is mandated for use in some jurisdictions, helps to complement broader education and awareness campaigns where audience gaps exist.

We acknowledge these examples are still conceptual, however, we hope they illustrate the potential for leveraging and enhancing established digital infrastructure to provide innovative solutions. PEXA takes a proactive stance in addressing critical social and economic issues as a credentialed thought leader and welcomes collaboration with other stakeholders.

In the context of preventing financial abuse, PEXA supported the Attorney General's Department's 2021 proposal to establish a *National Register of Enduring Powers of Attorney* (EPOA). PEXA believes the establishment of a National Register of EPOA provides similar opportunity for positive transformation seen in the conveyancing context, from which a range of benefits and protective attributes could be delivered.

More recently, PEXA has recommended the Australian Government should accelerate the development and deployment of the *Progressive Residential Affordability Development Solution* (PRADS) Register in order to encourage private-sector investment in affordable housing at scale. Initiatives such as the PRADS Register may complement other solutions uncovered through this Inquiry into financial abuse. To the extent which access to aggregated land and property data helps to provide insights that inform policy responses to these critical issues, government should examine the regulatory and resourcing options that will unlock access to this beneficial information.

We have continued our tangible investment in Homes for Homes which has directly led to vulnerable people in our community securing safe housing through grant funded programs. PEXA further supports Homes for Homes by providing functionality within the PEXA Exchange platform allowing vendors to donate a portion of the proceeds of sale from their homes to Homes for Homes during settlement. PEXA has entered a number of strategic partnerships with likeminded institutions to create opportunities and impact, including with Victoria University to support the growth of digital talent, and the Melbourne Business School (Centre for Business Analytics) to collaborate on important data policy projects and support business analytics students through internships with PEXA. Additionally, PEXA undertakes significant work in respect of its Environmental, Social and Governance (ESG) framework to leverage our insights and advance material issues of social significance, such as housing affordability, climate risk and sustainability, wellbeing, and diversity.

We thank you for this opportunity to share our feedback and are keen to engage further where it may be helpful to resolve these critical societal issues. If there are any further questions in relation to this submission, please contact me at [damien.manuel@pexa.com.au](mailto:damien.manuel@pexa.com.au).

Sincerely,



Damien Manuel

**General Manager, Regulatory**