

SENATE ECONOMICS REFERENCES COMMITTEE

MICRO-COMPETITION OPPORTUNITIES IN THE AUSTRALIAN ECONOMY IN RELATION TO E-CONVEYANCING

Commonwealth Bank of Australia (CBA)

QON01: Senator SMITH: Could you confirm—I'll get you all to check this and confirm it in writing—exactly what you pay, with a differentiation indication across the range of services that you ask PEXA to do, from the least to the most complex and everything in between.

Answer: The fees payable to PEXA by CBA as a subscriber are set out in the PEXA Pricing and Fee Schedule, which is published on the PEXA website.

An extract of the relevant fees (from PEXA's website) based on the range of transactions to which CBA is party, and effective from 1 July 2025, are set out below.

Transaction	Single Title	Multiple Titles
Caveat	\$19.80	\$34.32
Caveat with Financial Settlement	\$37.95	\$58.63
Discharge of Mortgage	\$25.30	\$40.26
Discharge of Mortgage (Express Refinance)	\$51.92	\$66.55
Discharge of Mortgage with Financial Settlement	\$51.92	\$66.55
Mortgage	\$52.80	\$72.93
Mortgage (Express Refinance)	\$70.18	\$90.75
Mortgage with Caveat Withdrawal	\$52.80	\$72.93
Mortgage with Financial Settlement	\$70.18	\$90.75
Withdrawal of Caveat	\$19.80	\$34.32
Withdrawal of Caveat with Financial Settlement	\$37.95	\$58.63

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QON02: Senator O'NEILL: On notice, can each of you respond to the conveyancers' submission and their evidence today?

Answer: CBA makes the following observations about the submission and evidence given by the Australian Institute of Conveyancers (AIC), as that evidence relates to the role or involvement of lenders in a conveyancing transaction.

In relation to the AIC's recommendation to mandate interoperability, CBA maintains its position that any support for interoperability must be on the basis that an interoperable system must be safe and sustainable, must not increase the risk of failed settlements and should result in an equal or high standard of service and certainty for our customers.

CBA acknowledges the AIC's recommendation that regulatory oversight be strengthened with a federal body. As stated in our submission to the Committee's inquiry dated 14 March 2025, a unified body with authority over both title exchange and financial settlement is critical to enabling banks to participate in an interoperable system.

In addition, attention should be given to achieving national uniformity and consistency in the implementation of e-conveyancing across all jurisdictions, including the removal of wet signature requirements on mortgage documents. Such measures will further improve the experience for our customers buying or selling a home.

In relation to resilience, CBA acknowledges the AIC's position that introducing multiple ELNOs may reduce reliance on one operator, e.g. with fully redundant ELNOs, but could simultaneously create more points of failure. We further note that issues impacting the exchange can be caused by any party involved.

With regard to evidence given about lender readiness for settlement, CBA notes that typically, a 2.00pm settlement time is proposed to allow all parties to a transaction sufficient time to prepare for settlement. We note that settlements often require four or more parties to be aligned and ready in order to be successfully completed.

CBA has one of the leading On Day Settlement rates (the primary industry measure to ensure that settlements are completed successfully on the day expected) among

our industry peers. Most of the issues impacting On Day Settlement are not infrastructure related. For example, customers might not be ready with deposit funds or documentation, or customers might change their mind and decide not to settle.

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QON03: Senator O'NEILL: Also, on notice, can you let us know if you have received any recompense for failure points in a service provided to your entities by PEXA or Sympli.

Answer: Under the term of the PEXA Participation Agreement, CBA received a refund of fees from PEXA after an incident where system reliability dropped below 99.8% in 2022. This meant the system was unavailable for a window of time.

At that time, PEXA refunded CBA \$33,961.87.

To date, no compensation has been received from Sympli for service disruptions.

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QON04: Senator SMITH: So it sounds to me like the Australian banking industry supports interoperability with heavy caveats: robustness, customer safety, security. What I'm keen to understand is the granularity: What actually is the robustness test? What actually is the customer safety test? So, on notice, can each of the banks provide to me what those statements actually mean in granularity, in functionality?

Senator DARMANIN: I'll just add an additional item on notice: cost effectiveness. I don't know which one of you mentioned it, but I think I understood that some of this is also about the cost to you in terms of interoperability.

Answer: For our customers buying or selling a home, a successful settlement experience is measured as happening on the day scheduled (unless the customer specifies otherwise), has a successful and fast transfer of title, and an immediate and transparent transfer of funds in exchange for the property.

Accountabilities across the process are clear and there is transparency as to the readiness of all parties involved in the transaction.

CBA has been involved in ARNECC's interoperability program since its inception, however any support for interoperability is on the basis that an interoperable e-conveyancing system must be safe and sustainable, must not increase the risk of failed settlements and should result in an equal or higher standard of service and certainty for our customers.

The following issues with interoperability remain outstanding and, unless resolved, compromise the safety and security of the e-conveyancing environment and customer funds:

- Program scope: E-conveyancing has two distinct processes - lodgement of title deeds and exchange of funds. The program has been scoped to only account for lodgement of title deeds, despite financial settlement being a critical component for a successful settlement. To date, ARNECC engagement and testing has been limited to ELNOs. End-to-end testing, including payments and with participation by financial institutions, is required given the significant financial impact and associated risk for property settlements and discharges.

- **Accountabilities:** The safety of our customers' funds is of primary concern. Accountabilities and customer recourse for interoperable transactions have not been defined, for example, trust account authorisations across ELNOs, accountabilities between the Responsible ELNO or Participating ELNO for incorrect payment flows, and customer remediation activities.
- **Functionality:** An interoperable transaction must be functionally equivalent to transactions under a non-interoperable framework. There is a risk that, without the same level of integration and functionality that is currently available, , settlements may be delayed to the next day (or later), resulting in a worse outcome for customers

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QON06: Senator SMITH: And, just to be clear, again on notice, could each of the banks categorically state that—as the APRA regulation, or instrument, requires at item 20—the board of each bank has consciously considered the application of the APRA CPS 230 in the context of the e-conveyancing platform provided by PEXA.

Answer: In line with the requirements of APRA Prudential Standard CPS 230, the CBA Board has approved Business Continuity Plans and tolerance levels for disruptions to the bank's critical operations, which includes property settlements.

These plans set out how CBA would maintain critical operations within tolerance levels, through a disruption, and that reliance on our material service providers, such as PEXA, is appropriately managed.

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QON07: Senator DARMANIN: On notice, it seems, certainly for CBA and ANZ, that in your opening statements you both specifically referenced greater efficiencies and outcomes for customers, and standards of service all being improved. However, we've heard from previous witnesses that actually things have slipped in terms of timing of settlements, of costs and of efficiencies. So I'm wondering if you can comment on how it is that you've arrived at your assessments—that efficiency outcomes and standards of service for customers have improved—in a bit more detail.

Answer: Electronic conveyancing has been a successful innovation, providing greater settlement certainty, transparency and reliability for all parties involved in a property transaction.

Settlement failure risk has been reduced as funds and title transfer occur simultaneously under an electronic conveyance. Compared to the paper-based model, documents are lodged instantly with land registries and financial settlement happens on the same day. Vendors receive cleared funds directly into their account on settlement, rather than having to wait for cheques to clear.

By way of comparison, land registry turnaround times for paper lodgements can exceed 10 days.

Accuracy has improved through automated checks and pre-populated forms, which reduces errors and rejections. Other problems which are common to paper settlements, including missing cheques, incorrect documents or documents not accurately signed, have also largely been eliminated, reducing on day settlement failure risk.

Practitioners can complete settlements online without being physically present at settlement rooms and work can be done outside of registry or bank branch hours.

In addition, the transparency of data means parties can track key performance indicators and improve over time (for example, the rates of 'On Day Settlement' or 'Signed on Time'). This data is also used to keep customers, lenders and brokers

directly informed of settlement status, and outstanding items, as close to real time as possible.

Our customers can check the settlement status and readiness of their applications in the CommBank app and receive push notifications as the application progresses. This is not available for paper settlements.

As a comparison, in July 2025, the On Day Settlement rate was 5.1 percentage points higher for incoming digital settlements, compared to paper settlements over the same period. We note there is a substantially higher volume of digital settlements compared to paper settlements.