

SENATE ECONOMICS REFERENCES COMMITTEE

INQUIRY INTO MICRO-COMPETITION OPPORTUNITIES

RESPONSES TO QUESTIONS ON NOTICE

ANZ

Senator O'NEILL: 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 that ANZ pays PEXA for the four transaction services ANZ typically uses are:

Transaction service	Fee
Mortgage with Financial Settlement	\$70.18
Discharge of Mortgage with Financial Settlement	\$51.92
Mortgage	\$52.80
Discharge of Mortgage	\$25.30

The full list of PEXA's fees is publicly available at <https://www.pexa.com.au/pricing/>.

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

Answer:

In response to the positions expressed by the Australian Institute of Conveyancers (AIC):

- We support competition between electronic settlement providers.
- We agree with the AIC's caution against overstating the benefits of interoperability with respect to costs, innovation and resilience.
- We agree with the AIC's view that there may be a greater role for the federal government in coordinating interoperability.
- We agree that innovation and consumer protection are key considerations.
- We do not have views on any other AIC positions, including specific legislative and regulatory proposals.

Senator DEAN 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?

Answer:

Our position is that interoperability must not increase the risk of failed settlements and should not lessen the standards of service we provide our customers.

This means that the number of settlements that do not occur or are delayed due to system outages should not increase. It also means that there should be no risk of customer funds being directed to the wrong place.

To date, financial settlement has not been included in the scope of the interoperability program of work. Without a detailed plan to incorporate financial settlement, we have not been able to undertake a detailed assessment of the risks.

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:

We think that the costs of developing and implementing an interoperability solution must not be so high that its potential benefits are outweighed.

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:

Digital conveyancing has improved efficiency and standards of customer service by reducing reliance on manual processes and paper handling. This has helped, among other things:

- Facilitate faster settlement processing and document lodgement
- Enable instant transfer of funds and immediate confirmation of title registration
- Reduce errors and fraud risk
- Enable higher volumes of transactions to take place with fewer resources
- Remove the time and costs associated with physical attendance
- Better enable settlements to be arranged or rescheduled at short notice.

Digital conveyancing has been mandated in most Australian states.