

Senate Select Committee on Australia as a Technology and Financial Centre

Australia as a Technology and Financial Centre

Australian Financial Complaints Authority

AFCA QoN01:

CHAIR: Thank you, Dr Smith. How many complaints has AFCA had in relation to cryptocurrency?

Dr Smith: We have very limited numbers and statistics in relation to that, and we're happy to take that question on notice and provide those statistics to the committee. But a preliminary scan has not been able to identify the exact number to date.

CHAIR: We will require that on notice, please, Dr Smith, because it's a key reference point. It's a key data point.

Answer:

AFCA receives a very small number of complaints relating to cryptocurrency. As noted in AFCA's letter to the Committee, dated 4 August 2021, AFCA currently has limited data on complaints relating to the provision of cryptocurrencies or digital assets to consumers.

By way of background, AFCA is only able to consider complaints against financial firms that are members of AFCA. The vast majority of AFCA members are required to maintain AFCA membership under financial services legislation. For example, holders of Australian Financial Services Licences (AFSLs) and Australian Credit Licences (ACLs) and credit representatives are required by law to be AFCA members.

We understand that at present cryptocurrency or digital asset providers are generally not required to hold an AFSL or ACL, or otherwise required by law to be an AFCA member, in relation to these products. In recent times a small number of these providers have, however, become voluntary members of AFCA or have joined as a condition of their voluntary industry code.

Accordingly, AFCA has only received a relatively small number of complaints about cryptocurrency or digital assets providers.

In the last financial year (2020-2021), AFCA received 143 complaints in relation to cryptocurrency and digital assets. Since AFCA started on 1 November 2018, we received a total of 202 complaints in relation to these products and providers.

A review of complaints received by AFCA that relate to cryptocurrency or digital assets indicates that the three most common issues are:

- general service issues (such as access to accounts, updating of client information and delays)
- a decision made by the provider (such as a transaction value, transfer of client funds or account finalisation), and
- transaction related issues including disputed crypto transactions.

We note that most of these complaints are resolved at the earlier stages of the AFCA process, with only a very small number progressing to a formal decision. In the last financial year, only 9 complaints have progressed to a decision by an Ombudsman or Panel.