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22 July 2011

Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

via: economics.sen@aph.gov.au

Dear Sir/Madam,

Business Names Registration Bill

AFC is a national finance industry association; our Member companies provide the full range of consumer, commercial and wholesale finance including to the SME sector.

AFC favourably responded to the Department of Innovation's consultation on this legislative package as follows:

Risk management and credit assessment processes of AFC Members rely heavily on the identity information provided by customers and the ability to verify that information on a real-time cost effective basis utilising technological solutions (eg e-processes). The move to a centralised system of Business Number / Business Name with on-line access through ASIC (including for registration and searching) will significantly assist that process in the context of commercial lending. It should also have flow-on benefits in terms of data accuracy and integrity.

We have recently been made aware that the draft Regulations for the Business Names Register make using it to verify the identity of the proprietor behind the business name more difficult. This is a bizarre outcome when taken in the context of the Government's AML/CTF laws which place considerable responsibilities, backed up by severe penalties, on financial institutions to verify the identity of their clients.

We understand that contrary to the pre-existing ability to verify the details of the business proprietor (eg. date of birth, address) via the state registers, the draft Regulations propose only to have the national register confirm the proprietor's name. This is hardly an improvement to the seamless national economy! Moreover it would mean that if a director applies to open an account with a financial institution in the company name, it would be able to verify against an ASIC register the name, address, date and place of birth details that had been provided for the account, but if the application is made by a proprietor in the business name, the ASIC register will only be able to confirm the proprietor's name. This anomalous result falls well short of the financial institution's legal requirement for customer verification and due diligence.

We expect that the thinking behind this is the policy rationale of information collected for one purpose not being available for use for another purpose, however we believe in the present circumstances even this is confused, and is certainly contrary to the Government's AML/CTF policy purpose.

We would ask that the Committee recommend that the BNR legislation allow for the proposed Register to operate in such a way as to efficiently allow financial institutions to meet their AML/CTF responsibilities.

We would be pleased to provide further information in support of this as required.

Kind regards,

Yours truly,

Ron Hardaker
Executive Director

cc Senator The Hon Nick Sherry, The Hon Brendan O'Connor MP



AFC MEMBER COMPANIES

Advantagedge Financial Services	Mercedes-Benz Financial Services
Advance Business Finance	Nissan Financial Services
Alleasing	Once Australia t/as My Buy
American Express	PACCAR Financial
Automotive Financial Services	Pepper Australia Pty Ltd
Bank of Queensland	Provident Capital
BMW Australia Finance	Profinance
Branded Financial Services	RABO Equipment Finance
Capital Finance Australia	RAC Finance
Caterpillar Financial Australia	RACV Finance
Centrepoint Alliance	Resimac Limited
Citi Australia	Ricoh Finance
CNH Capital	RR Australia
Collection House	Service Finance Corporation
Commonwealth Bank of Australia	Sharp Finance
Credit Corp Group	SME Commercial Finance
De Lage Landen	Solar Financial Solutions
Dun & Bradstreet	St. George Bank
Esanda	Suncorp
FlexiGroup	Suttons Motors Finance
Ford Credit	The Leasing Centre
GE Capital	Toyota Financial Services
Genworth Financial	United Financial Services
GMAC	Veda Advantage
HP Financial Services	Volkswagen Financial Services
HSBC Bank	Volvo Finance
Indigenous Business Australia	Westlawn Finance
International Acceptance	Westpac
John Deere Credit	Wide Bay Australia
Kawasaki Finance	Yamaha Finance
Key Equipment Finance	
Komatsu Corporate Finance	<i><u>Professional Associate Members:</u></i>
Leasewise Australia	Allens Arthur Robinson
Liberty Financial	CHP Consulting
Lombard Finance	Clayton Utz
Macquarie Equipment Rentals	Dibbs Barker
Macquarie Leasing	EDX Australia
Max Recovery Australia	Henry Davis York
Members Equity Bank	04/11 V1.0