

SUBMISSION 15



ATTN: Paul Zinkel

House of Representatives Standing Committee on Economics

From: John Hearne

LIXI Limited



Mr Paul Zinkel
Inquiry Secretary
Inquiry into Competition in the Banking and Non-Banking Sectors
House of Representatives Standing Committee on Economics
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Parliament House ACT 2600
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Dear Sir,

The Lending Industry XML Initiative (LIXI) is a non-profit, independent industry organisation formed from members of the senior participants in the Australian Mortgage Industry. Its mandate is to develop e-Commerce standards that will remove barriers to data exchange and non-productive costs within the Australian Mortgage industry.

Since 2001 the commitment by the industry to the LIXI standard means that the systems, protocols and effectively the data language developed by LIXI have become the accepted ecommerce language which binds the mortgage processing industry together.

A notable example of this is the National Electronic Conveyancing System (NECs). LIXI is working closely with NECs to assist them in their business goal of national standards. LIXI's value in this process is leveraging existing standards and the working group methodology designed to bring together diverse groups with varied interests to achieve a unified goal.

LIXI members include all the major bank and non bank lenders, broking groups, mortgage insurers, valuers, lawyers and others in the lending distribution chain, as well as software and IT providers to the lending industry.

Currently LIXI are part way through an industry white paper which is examining the efficiency of the current mortgage processing system and the future of the industry and has identified that the four core Australian banks are in the process of modernizing their mortgage processing systems and each of them has ensured that as a part of this process the new systems support the use of the LIXI standards.

The research has also revealed that the major banks and mortgage brokers acknowledge that there is significant opportunity to reduce rework in the mortgage process, as high as 30%. Standards can play an important part of this solution.

Led by a board of volunteer members (comprising representatives of lenders, broking group, mortgage insurers, IT providers and the Mortgage and Finance Association of Australia), LIXI has a number of working groups that assess the needs of the industry and work to improve existing standards. New standards are released regularly for use by LIXI members.

It is clear that for more than a decade, standards have driven most technological change for both consumers and business. An obvious example is the world wide web and related Internet standards.



These standards create markets and opportunities, but they require considerable collaboration between all parties involved in industry and government.

One of the common observations of the Australian lending process is that it is not as efficient and it is more costly than international lending processes. LIXI's belief is standards foster efficiency, innovation and competitiveness but it is dependant upon appropriate collaboration of all stakeholders.

While there is good general support of LIXI standards by the lending industry, their implementation on an industry-wide basis is less than complete and as a result much inefficiency remains. These efficiencies require a sustained program of investment by our members which is conditional on clear and stable public policy.

As a peak body on standards within the mortgage industry, LIXI would welcome any opportunity to be involved in the ongoing debate of the roll of standards in improving the competitiveness of the mortgage lending industry.

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