

## SUMMARY

Veda supports new measures to reduce the number of people with unclaimed monies whilst at the same time better protecting their privacy.

One of the surest resources for an updated address is the address details held on a credit report. It promotes efficiency and is extremely cost effective; moreover providing address from a credit report is less privacy intrusive than broadening use of tax file numbers. Finally, as a source of updated address, credit reports are superior to that of the tax file number, a remedy used previously to successfully reunite members with their lost superannuation.

### RECOMMENDATIONS

1. The Government should support suitable amendments authorising access to, use, and disclosure of select credit reporting information for the provision of an updated address.

This updated address could be used in the following circumstances:

- i. For the purpose of locating an updated address where an ADI has reason to believe the account holder has become un-contactable;
  - ii. For the purpose of confirming an address is still current where the account has been inactive for a period of years;
  - iii. For the purpose of assisting ASIC to locate a person reported as having lost monies.
2. ADIs annual reports should include information on efforts to prevent and reduce the number of lost account.

## CONSULTATION QUESTIONS

**4. Do the current arrangements for public disclosure of details of unclaimed bank accounts and life insurance moneys achieve an appropriate balance?**

**5. What changes could be made to sufficiently protect privacy and still ensure that account holders can easily locate their unclaimed accounts?**

*More rigorous efforts by ADIs and ASIC before public disclosure will reduce the numbers of names and addresses that are disclosed.*

*Government may also consider not publishing street number to reduce opportunistic searching of the register.*

**6. Should TFNs be able to be shared between ADIs and ASIC/the ATO to more efficiently reunite individuals with the unclaimed moneys?**

*From a privacy perspective, better use of updated addresses from credit reports is much less intrusive than broadening the use and disclosure of a tax file number. Whereas address information is associated with an individual, and is obviously changeable, a tax file number is a fixed number attached to the individual. Furthermore, part of the accepted use of an address is for the purposes of receiving information (mail), whereas a tax file number is expected to have a single purpose (lodging tax claims and when starting employment).*

*Broadening permission for recording and storing the TFN, as well as permitting wider usage for other purposes carries significant privacy concerns.*

*Beyond privacy concerns there is the critical question of effectiveness; the experience with use of the TFN for lost member's superannuation accounts is salutary.*

*At the time of permitting its use, the TFN was thought to be the solution to growing numbers of lost members in superannuation; but this was not the case, with the efficacy of the TFN impeded by:*

- *The number of people who use a tax agent for their address;*
- *The number of people who fail to lodge a return;*
- *The number of people who are not required to lodge a return*

**7. Are there any alternative approaches to more efficiently reunite individuals with their unclaimed moneys while effectively balancing privacy concerns?**

*Authorised access/use/disclosure of an updated address from credit reporting information can achieve substantial success at reuniting people with lost monies and can be done in a highly privacy protective way.*

*Credit reporting information already has permitted use to meet Government policy objectives, including AML-CTF compliance and to prevent marketing material being sent to people in financial distress (“pre-screening”).*

*Consideration should be given to its use by ADI’s/ASIC as a way to reunite people with lost monies and reduce the numbers of names held on the Unclaimed Money site.*

*Authorised use of credit reporting information can help prevent, detect and re-unite superannuation accounts with members.*

## **BACKGROUND**

The addresses held on credit reports – together with name and date of birth - offer a powerful solution to reuniting people with their lost accounts. It was a proven remedy for lost superannuation accounts and over the past ten years, leading superannuation funds have been provided with updated addresses for more than 3.4 million superannuation accounts.

Our superannuation clients have included AMP; AUSFund; Australian Superannuation; Australian Government Employees Superannuation Trust; CARE; CBUS; First State Super; HESTA; Hostplus; Q Super and REST.

That same resource can be available to ADIs and ASIC, dramatically reducing the numbers of people listed on MoneySmart or published in the Gazette.

A tightly worded amendment or regulation can make this available. This is not without precedent. Already, legislative amendment allows the use of certain credit reporting information to meet Anti Money Laundering and Counter Terrorism Financial Legislation as well as remove poor credit risk persons from receiving credit marketing material (“pre-screening”).

## **CREDIT REPORTS – AN INCREASINGLY ACCURATE SOURCE FOR ADDRESS**

Veda has credit reporting information on 16.5 million credit active Australians. Daily we process more than 150,000 information transactions, involving consumer credit and company information, identity verification and data analysis. Our data products are critical to the day-to-day operation of financial institutions, insurance providers, trade credit and government departments. Accuracy is essential.

Typically, credit reports are have been updated once or twice a year. Now, under new credit reporting legislation, much greater exchange of information, likely 10-12 times per year – meaning much greater address currency.

The insight offered also complements areas that the ATO information does not:

- People who have failed to lodge returns
- People who are not required to lodge a return:
- People who use a tax agent for their address.

## **INACTIVE ACCOUNTS**

Regardless of the length of time inactive, an address may still be current. One option is for ADI's to proactively confirm address against the address held on a credit report. This could be authorised where an account has been inactive for the statutory period of time (eg three/five/seven years).

## **BENCHMARKING ADI's EFFORTS TO PREVENT AND LOCATE LOST MEMBERS**

Rather than prescriptive regulation on what actions ADIs must complete in the event of lost members, entities should be obliged to publish in their Annual Reports:

- The numbers of lost accounts expressed as a percentage of overall accounts;
- The number of hitherto lost members who were found in the past 12 months; and
- The percentage this represents of overall lost member numbers.

In this way it will be possible to establish best-practice funds and with it establishing reasonable bench-marks institutions should be achieving in clear up rates.

## **ENHANCING PRIVACY**

Currently, ASIC's Moneysmart and the Gazette disclose name and address of individuals with unclaimed monies. The publication of these details does raise privacy concerns and there have been media reports of people being contacted after publication of their details by third parties, offering to recover monies in return for a fee.

More pro-active steps beforehand can reduce the numbers of people having certain information made public.

As outlined above, authorised use of credit reporting information to find updated address can dramatically cut the number of people impacted. Whilst we have submitted updated addresses should be available to ADI's, it is also an option for this to be available to ASIC, who upon receipt of a list from an ADI could wash the list with a credit reporting body to find updated addresses.

The net result could still be then published, albeit the Government may decide to publish street address without a number to reduce intrusion and opportunism.