

29 June 2015

Mr Daniel McAuliffe
Manager, Banking and Capital Market Regulation Unit
Financial Systems and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: unclaimedmoneys@treasury.gov.au

Dear Daniel

Unclaimed Moneys

Thank you for the opportunity to comment on Treasury's draft regulations and explanatory materials of 28 May which would give effect to a number of changes regarding the regulation of unclaimed monies.

COBA is the industry body for credit unions, mutual building societies and mutual banks. Collectively, the institutions we represent have \$92 billion in assets and serve more than 4 million customers. The customer owned model is the proven alternative to the listed model, delivering competition, choice, and consistently market leading levels of customer satisfaction.

At a broad level, we support the Government's decision to restore to seven years the time banking accounts can be inactive before they are transferred to the government. While this, and related amendments to the unclaimed money rules, will require banking institutions to make a further round of system changes, we welcome the pro-consumer intent behind these amendments.

Shortening the unclaimed monies period to three years has increased the risk of funds that are not genuinely unclaimed being transferred to the government. These unintended transfers are inconveniencing customers, and creating unnecessary red tape for the regulator, banking institutions, and the customers themselves. Returning to the original seven year period of inactivity will significantly reduce the number of effectively active accounts transferred unnecessarily.

COBA also welcomes the associated changes to unclaimed money arrangements being proposed as part of this package. In particular, COBA supports:

- Exempting children's accounts from the unclaimed moneys scheme given that these are generally long-term accounts;
- Exempting foreign currency accounts given that these are generally held by sophisticated consumers;
- Allowing customer notification to occur after 31 December, as this addresses the current inconsistency between the treatment of actual transactions and customer notifications which occur after this date;

While not directly impacting on COBA members, we also support the proposed changes to the Government's handling of unclaimed monies information. No longer publishing customer information in the unclaimed monies gazette, and restricting access to this data under Freedom of Information processes, are both reforms which will help to ensure that the privacy of individual's information is protected.

More generally, COBA notes that changing the unclaimed money arrangements will give effect to Recommendation 41 of the Government's Financial System Inquiry (FSI). COBA has been a strong supporter of the work of this Inquiry, and we look forward to the Government announcing its response to the remainder of the FSI's recommendations in coming months. In particular, we would reiterate our support for Recommendation 6 of the Inquiry, namely that the Government not pursue the introduction of the proposed Financial Claims Scheme levy.

Please contact me on 02 8035 8448 or Micah Green on 02 8035 8447 to discuss this submission.

Yours sincerely



LUKE LAWLER
Head of Public Affairs