

Introducing AUSTRALIA'S digital property platform



By 2020, thanks to legislators, lenders, property specialists, banks and others working together, most property transactions in Australia will be processed through the online PEXA network. Could it provide a template for the UK to follow?

Property Exchange Australia, or PEXA as it's better known, is an online network that connects over 6,000 lawyers, conveyancers and financial institutions. To date, more than a million transactions have been completed on the platform, for a combined value in excess of A\$100 billion – and it's growing at a rate of 300% per annum. But long before it was a widely used national platform, it was a legislative dream. In 2008, the Council of Australian Governments put e-conveyancing on its agenda. Two years later, PEXA, then known as NECDL, was formed to bring property transactions into the 21st century.

WHY CHANGE NEEDS TO HAPPEN

Conveyancing as we know it is an established, reliable process. But it's also outdated, using language and procedures that appear antiquated and ineffective in the modern world. The current system may work, but there is room for significant improvement. In a fast-paced digital economy, property cannot remain stagnant.

THE BENEFITS OF PEXA

Digitisation cuts down conveyance cycles significantly by reducing paperwork and allowing for near real-time electronic fund movement. Documents can be verified electronically by the land registry, which both provides security and makes communications more efficient. Gary Howard, General Manager of Redstar Customer Lending Operations at NAB, says a property

settlement can be a stressful experience, but, with PEXA enabling digital settlements, the process of property exchange has been simplified and digitised. "Before digital settlements, paperwork and manual processes increased the risk of errors and delays for our customers. Now, customers can expect faster access to funds and have more confidence that settlement will occur on time."

It's this aspect of e-conveyancing that many find attractive. A report by UK Finance mentions that, in mortgage lenders' experience, the home-buying process can be extended if parties do not provide the information required in a timely way. Perceived delays often occur because of the conveyancing process, and a system like PEXA can significantly cut down on this type of back and forth.

But what about property owners themselves? With settlement optimised, PEXA promises individuals and businesses involved in the conveyancing process considerable savings – all of which can translate to shorter timelines and less procedural expenses. It also allows for online scheduling of settlements and eliminates the need for physical settlements. The time recovered can be reinvested into the customer service experience, invaluable for individuals and businesses alike.

GETTING IN ON THE GROUND FLOOR

As the above suggests, there's a lot for banks to like about a platform such as PEXA. Yet

early attempts in Australia failed, mostly because they didn't account for financial services providers, and because they didn't consider the realities facing those working in the real-estate business. Buy-in from Australia's four main banks – NAB, ANZ, Westpac and the Commonwealth Bank of Australia – was crucial in getting PEXA up and running. The involvement of these institutions, which between them represent around 80% of the Australian lending market, encouraged everyone else to get on board.

Besides the business benefits, banks are a natural fit to take on a leading role in an endeavour of this scope, thanks to their extensive experience in digital transactions. In summary, it's a win-win for banks, who get to reap the rewards of change and have a say in the future of property transactions. As Mike Cameron, PEXA's Group Executive, Customer & Revenue, says, "Providing a forum for the banks and practitioners to collaborate and establish a shared vision for how a digital property ecosystem should look now and in the future has been crucial in creating a system that works for everyone."

As with all new technology, appropriate safeguards against fraud need to be in place – there must be a balance between speed and due diligence. Digital signature technology is also a cause for concern for some. In light of recent mass data breaches, cybersecurity is a worry, too, especially for such a vital part of the UK economy. In the age of GDPR and data privacy, the use and transfer of crucial property information – deeds, payment confirmations, agreements and more – is something that needs to be closely monitored.

PEXA appears confident in this regard. In addition to complying with ARNECC (the Australian Registrars' National Electronic Conveyancing Council), it is also subject to an annual independent review by Ernst & Young.

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