

E-conveyancing: The digital revolution

Paper-based conveyancing, which is the legal preparation of documents for the transfer of property, is complex and laborious. But with the rise of digitisation, our reliance on paper records and the physical presence of all relevant parties could become a thing of the past

OFTEN taking up to 30 days to complete, conveyancing is a complex process during which buyers and sellers can experience numerous setbacks associated with delays in financial approval or settlement, manual processing errors, and late submissions. It is inefficient and time-consuming, and, until recently, it was the only system available for the legal transfer of property in Australia.

However, the Australian conveyancing industry is undergoing a digital transformation sparked by the establishment of an electronic lodgment and settlement system – e-conveyancing.

Part of the broader digital transformation of the Australian economy, e-conveyancing eliminates the manual processes and paperwork associated with property settlement by enabling lawyers, conveyancers and financial institutions to transact together via an online property exchange.

As e-conveyancing continues

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to roll out nationally, Deloitte Access Economics was engaged by PEXA (Property Exchange Australia) to undertake an independent analysis of practitioners' experiences of e-conveyancing, and to evaluate the potential benefits to the industry of embracing a 100% digital lodgment and settlement process.

To quantify the impact of an electronic lodgment and settlement process, we compared the time and cost differences between the electronic and paper processes, under current conditions and with 100% digital uptake. Consideration was also given to the interaction between the paper and electronic processes, in particular, the relevant transition costs associated with having both processes operating at the same time.

To inform this analysis and accurately model the impact of an electronic settlement and lodgment process, we conducted a total of 11



THE FACTS



\$89m

Benefit to industry practitioners should e-conveyancing be fully digitised by 2021–22



1 million

Number of property transactions completed via e-conveyancing as of April 2018



\$130bn

Value of transactions completed via paperless conveyancing

Source: Deloitte/PEXA

consultations with practitioners in NSW, Victoria, Queensland, WA and SA. In addition, we undertook workshops with practitioners in WA and NSW.

We used the results of these practitioner consultations and workshops, along with a combination of publicly available data, previous external research and an online survey, to calculate and model the total benefits and costs of electronic lodgment and settlement, including transition costs.

From our analysis, we estimate Australian property industry practitioners could stand to benefit to the tune of approximately \$89m per annum if a digitised lodgment and settlement process achieved 100% uptake by 2021–22.

Our research indicates that one of the biggest costs to practitioners under the current system is duplication of work across the paper and electronic processes. This occurs when one party is unable or unwilling to conduct the transaction electronically and all remaining parties must therefore revert to the paper process. We estimate costs will fall substantially as the duplication of work eases and practitioner uptake increases. The longer the industry takes to transition to e-conveyancing, the longer practitioners will encounter this cost.

Once full digital adoption has occurred, we believe the property industry will benefit from significant efficiency gains and cost savings. **VIP**