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Lenders to save costs with NECS

The National Electronic Conveyancing System (NECS), a Federal Government and industry initiative to build a national electronic system to lodge and settle property transactions, promises lenders considerable cost savings when settling a mortgage.

Past projections have noted that a fully operational NECS would reduce the average cost of a major bank settling a loan from the mortgage preparation step to the registration step by about \$68, representing a \$46 million cost saving across the lending industry.

The establishment of NECS has been in the works since 2006 and has recently gathered pace with last month's announcement by the New South Wales Government that it is in partnership with the Victorian and Queensland Governments to establish National E-Conveyancing Development Ltd (NECDL), another step towards a national system.

Australian Bankers' Association chief executive David Bell welcomed the news. "The ABA sees the move by the three states to form NECDL as a key milestone on the way to delivering a significant new piece of business and economic infrastructure for Australia," he said. "A single national electronic conveyancing system across all states and territories will mean major efficiency gains for everyone involved."

"Benefits such as faster and more efficient processes, elimination of bank cheques, easier co-ordination of settlements and greater certainty for all, can be achieved with an e-conveyancing system and these benefits may flow through to consumers."

Bell said the work done so far in developing a national system, particularly on operational requirements, risk and liability management, gave NECDL "a solid start" and the opportunity to continue "the productive engagement with stakeholders across the country".

"The active participation of the banking, legal and conveyancing professions ensures the system will be based on industry best practices and sound commercial principles," he said.

In a statement, NECS said the formation of NECDL was a "major milestone".

"The National Electronic Conveyancing Office has been leading national consultation among industry and government stakeholders for the past four years and will continue with its work during a transition period," it said. "When NECDL becomes fully operational it will pick up what the National Office has done and set its own work program."

The company will be chaired by Alan Cameron, a lawyer and former chairman of the Australian Securities and Investments Commission.

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