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Senate Economics Committee
Inquiry into Business Names Registration Bill 2011
PO Box 6100
Parliament House
Canberra ACT 2600
Australia
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Dear Sir/Madam

The Australasian Retail Credit Association (ARCA) is the industry association for Australia's credit reporting agencies and major credit providers within the banking and finance industry. ARCA exists to promote best practice in credit risk assessment and responsible lending, as well as promoting better standards in consumer credit reporting. ARCA takes a leadership role in promoting the sharing of information between our Members to enable them to better serve their customers. (I have attached an information sheet for your reference regarding ARCA.)

ARCA notes the proposed Business Names Registration Bill 2011.

Information on the Business Names Register provides information relevant to meeting lender's obligations under two acts:

Responsible lending requirements under the National Consumer Credit Protection Act (NCCP); and

Anti-money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF)

Responsible lending guidelines place broad requirements on lenders to assess the capacity of an applicant to meet additional credit obligations and to verify the information provided by that applicant.

The holding of a business name by an individual may be indicative of commercial activity and associated increased credit exposure. Sound credit risk assessment takes this and other factors into account when making a decision on extending credit and on what terms.

In regard to requirements of the AML/CTF Act, lenders are obliged as part of Know-Your-Customer (KYC) to collect business names information for sole traders; partnership and trustees. For high-risk customers, these obligations increase to require verification of the information collected.

The business names register therefore has a role in helping financial institutions fulfil legislative requirements and we welcome the inclusion of a specific reference [60(1)(b)] to the ability to obtain entries in the BNR relating to a particular entity. Integral to this is the capacity of the Business Names Register to ensure information returned is accurate and easily matched to the entity enquired about.

We await further work from the Government/ASIC on the operation of the Register. If the Committee has further queries, please contact Matt Gijsselman on 02 8225 1434 or email mgijsselman@arca.net.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'D. Paull', written in a cursive style.

Damian Paull
Chief Executive Officer