



Précis Paper

E-conveyancing, online settlements and fraud prevention

A discussion on the transition from paper and manual conveyancing transactions to digital conveyancing, the movement towards settling property transactions on an online platform and its effectiveness in preventing fraud.

Discussion Includes

- E-conveyancing – the change
- What is PEXA?
- Security in e-conveyancing
- Benefits for practitioners
- Eliminating fraud

E-conveyancing, online settlements and fraud prevention

1. In this edition of BenchTV, Garth Brown (Principal at Brown and Brown Conveyancers) and Jennifer Treur (Creative Director) discuss the transition from paper and manual conveyancing transactions to digital conveyancing, the movement towards settling property transactions on an online platform and its effectiveness in preventing fraud.

E-Conveyancing – the change

2. E-conveyancing is the biggest change in 160 years of the Torrens system as lawyers and conveyancers begin to transfer from paper transactions to the electronic environment for settlements.
3. There are two parts to e-conveyancing;
 - i. The first is e-exchange which is where a client electronically signs a PDF contract and exchange of the contracts occurs electronically;
 - ii. The second is what is known as e-settlements which is where settlement occurs on a settlement platform called PEXA.
4. All the paperwork is stored electronically including Title Deeds.
5. Titles are moving towards being stored in a computer listing on an online database and once settlement takes place, the registry office will update the title on the database with the particulars of the new owners.
6. From the 1st September, 2018 the 4 big banks, which cover about 80% of the market when it comes to mortgages on title, converted all their paper titles to electronic titles.

What is PEXA?

7. PEXA is owned by the state government, some financial institutions and interests from the registry offices.
8. In NSW, in July 2019 it will be mandatory for practitioners engaging in conveyancing work to be registered and using the PEXA platform.
9. Practitioners will typically utilise their legal practice management system and an intermediary program which transfers all the data from their management system directly over to the PEXA platform.
10. Recently one of the intermediaries, Infotrack developed a new online settlement platform known as 'Sympli'.
11. Therefore, toward the end of the year, there will be two settlement platforms for practitioners to choose to settle matters on, PEXA or Sympli.

Security in e-conveyancing

12. There are two major underpinnings to PEXA's security system.
13. Firstly, a practitioner must identify the client who they will be signing on behalf of in the PEXA platform.
14. As many clients no longer attend at the office in person, in order to take reasonable steps to identify them, Infotrack has developed an app where a practitioner can send a link to the client's mobile device and through a video medium, a practitioner is able to identify their client through facial recognition software.
15. The other underpinning to PEXA security is that a client must authorise a practitioner to sign on their behalf in the PEXA platform.
16. There is also a 3 step verification process to login to the PEXA platform which ensures that the person logging into PEXA is authorised to do so.
17. This involves a practitioner either downloading an app on their phone which is pingID or requesting an SMS notification.
18. A code will then be sent to the practitioner's mobile on the which they must insert into the PEXA platform followed by their username and password.
19. This process is then repeated to ensure that only those who are authorised to use the platform are doing so.
20. Conveyancing is the largest area of claim in Lawcover and transferring the conveyancing industry into the electronic realm means that there will no longer be the availability for persons to do conveyancing for themselves.

Benefits for practitioners

21. The primary benefit to practitioners in using electronic conveyancing is efficiency. The data is uploaded to PEXA directly from the practitioner's management system which means that practitioners do not have to re-key information.
22. A recent study undertaken by KPMG, comparing paper based settlements with electronic settlements, concluded that if a practitioner is acting for a vendor client, from exchange of contracts to post settlement, a practitioner will be saving about 3 hours and 15 minutes per conveyance.
23. Further when it comes to a purchase settlement, the study found that on average, from exchange of contracts to post settlement, there is a time saving of 4-5 hours for practitioners by moving from paper to electronic settlements.
24. Once settlement takes place, PEXA notifies all parties to the transaction simultaneously.
25. All council, water and strata rates can be paid via Bpay at settlement, as can Stamp Duty.

26. PEXA is also a good risk management tool and double checks calculations and ensures that the title particulars are updated upon settlement.

Eliminating fraud

27. A significant breach in PEXA occurred in Victoria, where someone was able to hack a conveyancer's email account, change the password on the PEXA platform and redirect surplus funds.
28. This has led to the increased security measures in verifying a practitioner's identity when logging into PEXA.
29. It would also be prudent for practitioners to have an IT specialist come into their firm and perform regular updates with firewalls and email security.
30. This is because PEXA puts an onus on conveyancers and practitioners to ensure that their systems are secure.
31. PEXA also has a seller's guarantee, which means that if a practitioner puts in the correct account numbers for surplus funds which are subsequently re-directed or changed by a hacker, PEXA has an insurance policy as a safety net to ensure that the seller gets their money.

BIOGRAPHY

Garth Brown

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Garth Brown is a Degree Qualified Accountant and Certified Conveyancing premium property specialist. He was awarded conveyancer of the year AICNSW 2015 at Brown and Brown Conveyancers and is an expert legal consultant, law firm coach and industry thought leader with over 20 years' experience.

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