

10 October 2023

Ms Jenny Wilkinson
Secretary
Department of Finance
Email: feedback@finance.gov.au

Dear Ms Wilkinson

Draft Digital Identity Bill 2023

As the Australian economy continues to grow and modernise, associations such as ours must play an important role in supporting the transition to digital futures. That is why the Financial Advice Association Australia¹ (FAAA) supports the Australian Government's commitment to the implementation of an economy-wide Digital ID.

The FAAA's membership is made up approximately 10,000 financial adviser practitioners from every corner of the country who seek to secure the financial futures of their clients. They often act on their behalf when interacting with financial institutions and handle personal, sensitive and delicate information about their client's financial affairs and medical records, relationship histories and general welfare.

The missing piece is the Digital ID.

Having safeguards in the *Privacy Act* to protect the portability, useability and reliability of such an ID, while also protecting the welfare and wellbeing of Australians, is a difficult balance. The proposed legislation, therefore, solves this by placing the onus on providers to protect privacy and engage in an ongoing enhancement of security measures. Security in the digital space must never be seen as a point-in-time protection and must always be looking over its own shoulder for what more can be done. The specific role identified by the Information Commissioner to play an ongoing regulatory role of the privacy-related aspects of the Digital ID is to be commended.

Australians are currently familiar with the myGovID interface but it is fair to say that this is not a world-leading technology. Its clunky application across government is noticeable by users who are presented with different solutions by banks and online retailers regularly.

¹ The Financial Advice Association of Australia (FAAA) was formed in April 2023, out of a merger of the Financial Planning Association of Australia Limited (FPA) and the Association of Financial Advisers Limited (AFA), two of Australia's largest and longest-standing associations of financial planners and advisers. The FPA was a professional association formed in 1992 as a merger between The Australian Society of Investment and Financial Advisers and the International Association of Financial Planning. In 1999 the CFP Professional Education Program was launched. As Australia's largest professional association for financial planners, the FPA represented the interests of the public and (leading into the merger) over 10,000 members. Since its formation, the FPA worked towards changing the face of financial planning, from an industry to a profession that earned consumer confidence and trust, and advocated that better financial advice would positively influence the financial wellbeing of all Australians. The AFA was a professional association for financial advisers that dated back to 1946 (existing in various forms and under various names). The AFA was a national membership entity that operated in each state of Australia and across the full spectrum of advice types. The AFA had a long history of advocating for the best interests of financial advisers and their clients, through working with the government, regulators and other stakeholders. The AFA had a long legacy of operating in the life insurance sector, however substantially broadened its member base over a number of decades. The AFA had a strong focus on promoting the value of advice and recognising award winning advisers over many years. The AFA had strong foundations in believing in advocacy for members and creating events and other opportunities to enable members to grow and share best practice.

Digital ID will play an important role in the lives of Australians quite quickly if the policy settings and technological rollout are managed correctly. A business' ability to verify the identity of customers in particular offers peace of mind to both sides of the transaction.

For financial advisers and financial services more broadly, having the ability to verify an online identity, we believe will have a simplifying effect on the many permissions and consents that must be undertaken, particularly for Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) purposes. A Digital ID system that is secure, portable and accessible for both clients and financial services providers, including financial advisers, provides an opportunity to standardise the AML/CTF customer due diligence process, significantly reducing the risk of fraudulent ID or error, assisting the government in protecting Australians from AML/CTF activity. We strongly encourage the Government to pursue this as a solution for AML/CTF.

Further, we hope that a Digital ID will better enable our members to act on behalf of their clients when interacting with government agencies such as Centrelink, Veterans Affairs or the NDIS.

We believe that the portability of a digital personality in this way should not only enable advisers to interact in a more streamlined manner to speed up the cross-hatching of information required for both sides, but also certify consumer protections as these permissions can easily be turned on and off at the client's discretion.

We support the government's staged approach to accreditation and rollout. While Australia is lagging behind some economies, further delay brought on by not getting this right now would be damaging. That is why we support the four-phase rollout as described.

We believe it is appropriate that federal government agencies (Phase 1), and state and territory agencies (Phase 2), are the appropriate test environments for Digital ID's application before being unleashed on the private sector and the wider economy in Phase 3. The Phase 4 backwards portability of the ID back into government we believe will be of crucial importance to our members as mentioned above but it must be done in an environment where there is already public acceptance and confidence in the protocols.

We would encourage the government to include financial service providers, including financial advisers, in the Phase 3 role out of the Digital ID, particularly in relation to AML/CTF obligations.

We are happy to answer any further questions you may have about what Digital ID can potentially do for our profession, financial advice clients, and the role it can play in enhancing the AML/CTF protections for all Australians.

Yours sincerely,



Phil Anderson

General Manager, Policy, Advocacy & Standards
Financial Advice Association of Australia