



3 July 2026

Mr Phil Schofield
Director Digital Credentials and Wallets
Digital ID and Data Policy Division
Governance and Resource Management Group
Department of Finance
One Canberra Avenue
FORREST ACT 2603

BY ELECTRONIC LODGEMENT

Dear Mr Schofield,

SMSF ASSOCIATION and FAAA SUBMISSION – Consultation on verifiable credentials policy

The SMSF Association and Financial Advice Association of Australia (FAAA) welcomes the opportunity to make this submission in response to the Department of Finance's consultation on developing a verifiable credentials policy.

Verifiable credentials (VCs) have the potential to deliver significant benefits, including greater trust, enhanced privacy control and improved portability of information. However, these benefits will only be realised if VC development and use are supported by a robust and trusted framework. It is therefore important that a Commonwealth VC Trust Framework is established to provide confidence, consistency and clear expectations across the ecosystem.

Over time, increased adoption of VCs also has the potential to improve efficiency and productivity for both government and business by reducing administration costs, improving service delivery and, importantly, reducing the risk of fraud and data breaches. Examples include, but are not limited to:

- enabling real-time compliance checks,
- streamlining professional accreditation and licensing,
- enabling portable proof of qualifications; and
- removing duplication in verification processes, such as where a business is required to verify its identity across different State, Territory and Commonwealth agencies.

VCs can also support professionals to comply with their statutory obligations. For example, our members, as professional advisers and service providers to the community, are likely to increasingly rely on the VC Trust Framework as it matures to verify:

- a client's identity and comply with their obligations as reporting entities enrolled with AUSTRAC under the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) regime,
- the identity and credentials of personnel in AML/CTF roles to meet personnel due diligence obligations; and

- the authenticity of the qualifications purportedly completed by financial advisers to ensure they meet the legislated education standard, as part of the job application process.

While VCs have the ability to enhance economic efficiency and improve productivity, careful consideration must also be given to the safeguards required to protect both individuals and businesses. This is particularly important given AUSTRAC's recent updated risk snapshot of Australia's financial crime landscape¹, which found that criminals are increasingly using AI to facilitate illicit activity, including fabricating identities.

We understand that the proposed VC Trust Framework is intended to operate as guidance only, reflecting that VCs are a relatively new and emerging technology and that best practice will continue to evolve. While we recognise the importance of flexibility, a guidance-only approach risks undermining a core objective of the framework: building trust and confidence in the system.

While the *Digital ID and Verifiable Credentials Strategy* was developed jointly by the Commonwealth, State and Territory governments, its success will depend on those jurisdictions adopting and applying the VC Trust Framework in a consistent way. Consistent adoption would help support interoperability across Commonwealth, State and Territory agencies as issuers of VCs. However, this outcome depends on the national strategy being implemented effectively, particularly noting that State-based credentials, such as drivers licences, fall outside the scope of the proposed VC Trust Framework. If interoperability is not achieved, Verifiers and Holders of VCs may be required to navigate different systems and processes at both the State/Territory and Commonwealth levels, reducing the efficiency and trust benefits the framework is intended to deliver.

Interoperability is critical for ensuring the system delivers efficiency, cyber security and compliance gains for consumers, businesses and government. This will help drive broad investment in the system from across the ecosystem, which is essential for controlling costs and improving affordability, particularly for small businesses.

The consultation paper notes that a number of existing Australian laws provide protections for, and impose obligations on, people, businesses and organisations that issue, use and rely on VCs, including the *Privacy Act 1988* (Privacy Act). The paper also seeks views on how the trust framework could include guidance on privacy-enhancing practices that extend beyond existing privacy-related legislation. To ensure the efficiency benefits of VCs are not diluted by the need to navigate multiple additional legislative regimes, consideration should be given to whether targeted updates to existing laws could achieve the same policy outcome.

The SMSF Association and FAAA recommend that the Department prioritise a VC Trust Framework that is nationally consistent, interoperable across Commonwealth, State and Territory systems, and supported by clear expectations that build confidence among issuers, Holders and Verifiers. The framework should provide sufficient flexibility to accommodate emerging technology while ensuring appropriate safeguards for privacy, identity protection and fraud prevention, and should avoid unnecessary duplication with existing legislative regimes.

¹ *Money laundering update 2026*, AUSTRAC, 15 May 2026 < <https://www.austrac.gov.au/industry-and-business/education-and-resources/publications-and-resources/money-laundering-update-2026> >



The SMSF Association and the FAAA would welcome the opportunity to work with the government on the implementation of the *Digital ID and Verifiable Credentials Strategy*.

If you have any questions about our submission, please do not hesitate to contact Keddie Waller, Policy Manager at the SMSF Association, via email at keddiewaller@smsfassociation.com.

Yours sincerely,

Peter Burgess

Chief Executive Officer
SMSF Association

Phil Anderson

General Manager, Policy, Advocacy &
Standards
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ABOUT THE SMSF ASSOCIATION

The SMSF Association is the peak body representing the self-managed superannuation fund (SMSF) sector which is comprised of over 1.2 million SMSF members and a diverse range of financial professionals. The SMSF Association continues to build integrity through professional and education standards for practitioners who service the SMSF sector. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial advisers, tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them with access to independent education materials to assist them in the running of their SMSF.

ABOUT THE FINANCIAL ADVICE ASSOCIATION OF AUSTRALIA

The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. FAAA advocates for the interests of financial advisers and their clients across the country.