



## Registry stabilisation and uplift design – exposure draft legislation

The Australian Treasury

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## Table of Contents

Introductory comments and context .....	2
Role of the business register in combatting scams.....	2
Role of the business register in Australia's AML/CTF framework .....	3
Links with other Commonwealth business registers .....	4
Foreign directors.....	4
Concluding comments .....	5



## Introductory comments and context

The Australian Banking Association (ABA)<sup>1</sup> welcomes the opportunity to make a submission to the Treasury consultation [Registry Stabilisation and Uplift – draft legislation](#) (the consultation). We understand the legislation to be a key part of a broader enhancement program of Australia's business registers in advance of additional milestones this year, including new company search and registration services and linking the director ID regime to the companies register. We also note the importance of these reforms critical to the broader Government initiative to introduce a beneficial ownership register in coming years.

Relatedly, the ABA contributed to and welcomed the recent consultation on [combatting financial abuse perpetrated through coerced directorships](#). We support the proposal to link Director IDs to the Companies Register, which will provide an additional safeguard against fraudulent appointments and enhance the integrity and reliability of the Australian Business Register (ABR) for third parties. Additional protections could be achieved by strengthening notification processes to help make individuals aware they have been registered as a director, for example issuing notifications via myGov, or sending notices to the address held by the ATO, alongside the address recorded with ASIC.

ABA comments in this submission relate primarily to the ABR's role in combatting financial crime. In particular, the ABA notes and supports the following objectives cited in the background paper:

***Enhancing identity verification and reducing fraud*** - Director ID linking ensures individuals are accurately identified and verified as directors, reducing the risk of fraudulent appointments and supporting victims of coercive control or financial abuse to view their appointment details and take appropriate action.

***Strengthening regulatory oversight*** - High-quality, linked data enables regulators to better detect and respond to illegal phoenix activity, scams, and misuse of the corporate veil. It also supports businesses to satisfy their anti-money laundering/counter-terrorism financing (AML/CTF) and 'know your customer' (KYC) regulatory requirements. For example, financial institutions and advisers that will be required to collect Director IDs as part of KYC will be able to meet their obligations to verify the information of their customer by searching the Companies Register.

Banks and businesses generally tend to place trust in, and rely on, government databases – as we do in relation to ABNs. That highlights the need for government databases to be accurate and reliable. Allowing criminals to establish company or business profiles and products that provides them with significantly greater scope to engage in money laundering related to all predicate offence typologies.

While the ABA supports the measures contained in the exposure draft legislation, we view that additional work may be needed to ensure that the ABR remains a trusted and accurate source of reliance and we provide a range of practical suggestions throughout this submission.

## Role of the business register in combatting scams

The ABR plays a significant role in Australia's anti-scams efforts. Some of the ways that scammers could utilise the ABR include:

- Under the Sender ID Register (due to enter into force in July 2026), entities wishing to register a sender ID will be required to hold an Australian Business Number (ABN) in order to avoid a

<sup>1</sup> The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.



separate verification check. Scammers who are seeking to register sender IDs could apply for an ABN as a way to circumvent the verification check required for Sender ID registration.

- Scammers will sometimes point to the fact of holding an ABN as false proof of their authenticity.<sup>2</sup> Consumers understanding of what is required to obtain an ABN is generally low and they may have a belief that the process to obtain an ABN involves verification of identity of the business owner and the business they are operating. Therefore, when undertaking due diligence, scam victims will often feel a (false) sense of security since a scammer has obtained an ABN – which they would view as implying that the scammer is operating a legitimate business.
- Scammers will sometimes use a business name with a very similar name to a legitimate registered business to fraudulently receive payments.<sup>3</sup> Consumers may search the name and see the legitimate business with an ABN and assume that the business they are dealing with is a registered business.
- Some of our members have noted instances where scammers have used a taken-over identity to create a new business ABN, which is then used to apply for a mule bank account, unsecured lending or to assert the existence of a legitimate business to a scam victim.

As an additional measure, the ABA recommends the consideration of the following:

- Strengthening the onboarding of ABNs by exploring genuine identity verification of the individual seeking to create an ABN or ACN. As a starting point, examples that could be considered include the Document Verification Service, the Facial Verification Service (ie. selfie checks), Dynamic Identity Verification and Authentication, myGov, or combination. This would strengthen the application process in cases of identity takeover.
- Implementing rule-based systems to detect malicious ABN or ACN applications, for example behavioural or device-based application fraud detection.
- Investigating the feasibility of name-matching proposed business names to existing business names – to account for the situation where closely-matching business names are used to perpetrate scams.
- Introducing automatic 3D Secure (3DS) checks on all new ABN registrations. 3DS operates as an additional step in the payment process, whereby the payer is required to undertake additional verification (eg. via a one-time passcode, push notification, biometric approval, etc.) before the payment is authorised.<sup>4</sup>

## Role of the business register in Australia's AML/CTF framework

The ABA supports making director information available either publicly – or at least making it available at a minimum to the subset of entities that are required to use the information for regulatory purposes (eg. reporting entities under AML/CTF legislation) and we support using ASIC's enforcement powers to ensure the accuracy of director information. This is especially important if reporting entities are to be able to

<sup>2</sup> For example: <https://www.abc.net.au/news/2024-03-27/australian-businesses-used-for-scams-asic-bank-finance/103272682> and <https://www.news.com.au/finance/money/costs/mans-wedding-savings-wiped-in-80m-global-investment-scam/news-story/fc4b74b38df4aadc6a6eb2d9daaffe59>

<sup>3</sup> For example: <https://www.afp.gov.au/news-centre/media-release/alleged-scammer-charged-nsw-over-35-million-fleeced-government-agency>

<sup>4</sup> The efficacy of this approach this would be limited to cases where only credit card details have been stolen – and not full identity takeover (as the scammer may well have access to the victim's device or other). It would also require the source-of-contact to have been pre-vetted and confirmed separately prior to use. It would not be a full replacement for robust identity checks.



confidently rely on this information for the purposes of verification under the AML/CTF legislation and given that the regulatory regime is intended to be used as a model for the future incorporation of beneficial ownership information into a centralised register.

To that end, we note the following statement at page 5 of the background paper (which we have already cited above):

***Enhancing identity verification and reducing fraud - Director ID linking ensures individuals are accurately identified and verified as directors, reducing the risk of fraudulent appointments and supporting victims of coercive control or financial abuse to view their appointment details and take appropriate action.***

The ABA requests clarification as to whether “verification” in this paragraph is referring solely to the verification of their appointment as a director, or whether it includes the verification of their personal details – such as name, date and place of birth.

Given the intention for the ABR to support AML/CTF checks, we note the importance of being able to obtain verified director attributes. We note that verification will need to extend beyond a narrow focus only on director appointment and include confirmation of the underlying identity attributions needed for compliance.

### Links with other Commonwealth business registers

The ABA also supports the timely and comprehensive linking of Director ID information with entity information across all relevant Commonwealth business registers, including the ASIC companies register, the Office of the Registrar of Indigenous Corporations (ORIC) register and the Australian Charities and Not-for-profits Commission (ACNC) register.

Director IDs already apply to directors of companies, Aboriginal and Torres Strait Islander corporations and certain charitable entities, and the ATO’s officeholder data-matching program relies on linking director and officeholder information across these registers to support compliance and integrity outcomes. Making this linkage explicit and timely is particularly important from an AML/CTF perspective, given the recognised use of complex corporate and not-for-profit structures in money laundering and terrorism financing typologies.

Timely linkage of Director ID data across ASIC, ORIC and ACNC-administered registers would improve the completeness and reliability of registry information available to regulators and reporting entities, and support earlier detection of misuse, fraud and other financial crime risks.

### Foreign directors

While noting that the following comments are out-of-scope for the current inquiry, the ABA wishes to draw attention to the issue of foreign directors.

As noted in our introductory comments, Australian businesses and banks rely on government databases to act as a trusted, reliable and accurate source of information. There is a significantly heightened risk of financial crime associated with newly established business profiles opened by/linked to foreign citizens. That risk increases where an ABN or Australian company number (ACN) is obtained shortly after the establishment of a business profile and accounts.

We note that Australian banks have identified instances of foreign nationals being flown to Australia for the explicit purposes or establishing criminal enterprises, which includes establishing companies and applying for Director IDs.



Unfortunately, Director ID is not always effective in mitigating the financial crime risks posed by foreign directors. It is unclear whether checks are performed to determine whether a person applying for an ACN and/or ABN holds a Director ID. Information collected at point of company registration does not include proof of successful registration.

Further, whether there are material or immediate consequences if ASIC identifies that a company or business director does not possess a Director ID remains unclear. Within the context of efforts to combat scams, this allows potentially rogue companies to continue trading, including establishing and/or using business products and services with Australian banks.

The ABA recommends consideration of further options to mitigate risks associated with foreign directors. These could include mandatory Director ID validation at ABN or ACN issuance, or potential automated enforcement mechanisms.

### Concluding comments

The ABA reiterates some key points from this submission, including practical suggestions for further improving the ABR:

- Strengthen the onboarding process to align with contemporary identity verification standards.
- Clarify whether “verification” refers solely to the verification of their appointment as a director, or whether it includes the verification of their personal details.
- Consider further options to ameliorate the potential for misuse by foreign criminal syndicates.

The ABA thanks the Treasury for the opportunity to make a submission, and we would welcome the opportunity to discuss these matters in greater depth.

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