

SEARCHING FOR ANSWERS

When it come to Personal Property Securities challenges, it pays to be able to see the whole picture.

TAKE A CLOSE look at this sequence: 138, 156, 188, 207. The data we have here is a line of steadily increasing numbers, but what do they mean?

Working in the banking and finance sector, we deal with data every day, looking to convert it into knowledge we can use to conduct better business. This sequence is the number of bills passed in the Senate from 2009 to 2012, and we can interpret the increasing values to mean that the environment we operate in is becoming more regulated.

Some of the new law, such as the new Personal Property Securities Act has had a major impact on the banking and finance legal industry. The Act replaced over 195 pieces of legislation and the new Personal Property Securities Register (PPSR) replaced over 70 Commonwealth and State registers.

The Government told us that the Act will benefit businesses through increased transparency, as more security interests will be registered and available for search. This is probably true, but many of us have been frustrated by the implementation challenges of the new regime.

The Act defines “security interest” as “an interest in personal property provided for by a transaction that, in substance, secures payment or performance of an obligation”. As

secured parties, great and small, play it safe and register everything that may qualify as a security interest on the PPSR, the undeniable explosion of data has left many in the banking and finance sector frustrated, as we struggle to manage the volume of data and distill the information we are looking for. Not to mention the nervousness over decisions or advice based on an incomplete picture.

At the absolute minimum, we need data to be reliable for making important business decisions. Also, in response to constant demand to be productive and efficient, we have an insatiable appetite for data to be storable (and easily retrievable), sortable and sharable so we can do our jobs in a way that meets this demand.

Historically, we have had zero alternatives, other than to dedicate lots of time to analyse bundles of search results. And there is enormous pressure to get it right, fast. Among other things, the increased information that the piles of PPSR searches reveal can protect a bank against customer insolvency – but it’s often hidden pages deep in reports. The scary thought that haunts us is: what if I miss something?

The government has also told us that the Act will benefit businesses because we only need to search in one place – so we’ll save not only money, but time. True. And as with

searching, we will only need to register in one centralised location. Also true.

Parking everything in one spot definitely has its appeal, but there is a discrepancy between the dream and the reality.

In terms of searching the PPSR, what we have to do in practice is to search one register, then search it again, then again. Some have called this “lost in migration” – a direct consequence of the flawed process through which charges on the ASIC Register of Company Charges were migrated over to the PPSR.

To unearth these migrated charges – and there are over 1.5 million of them – we must search companies by ABN, ACN and name or risk missing a registered security interest.

And let’s not forget that we cannot rely on PPSR searches alone to do our jobs. PPSR is about security interests in personal property and they are far from being the whole story. We also have to search ASIC’s registers (for information on matters such as corporate status), title registers (which may contain relevant property information) and litigation lists.

This brings us back to the data explosion point. The scary thought here is: what if I fail to see a connection between registrations, people, property and companies?

The pace of regulatory change affecting the banking and finance sector is ever grow-

ing. We need to respond to this trend and isolate solutions that will support organisational objectives. Encompass is one solution – generating industry interest because it revolutionises the way we manage and work with commercial data.

Imagine, as decision makers, we can now overcome the challenges presented by the PPSR. Imagine being able to see (literally) the big picture and pinpoint risks using an automatically generated intelligent chart that shows us the connections between people, property and companies.

Or we can continue reviewing tonnes of paper while keeping our fingers crossed. It is clear which one of these is the answer to the prayers of time poor and risk adverse bankers, as well as their advisors.



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