

1 December 2023

David Menz
Director, Crypto Policy Unit
Financial Systems Division
Treasury

Via email: crypto@treasury.gov.au

Dear Mr Menz

Proposal Paper on Regulating Digital Asset Platforms

COBA appreciates the opportunity to comment on Treasury's Proposal Paper on Regulating Digital Asset Platforms (DAP).

COBA is the industry association for Australia's customer owned banks (mutual banks, credit unions and building societies). Collectively, our sector has over \$160 billion in assets and is the fifth largest holder of household deposits. Customer owned banks account for around two thirds of the total number of domestic Authorised Deposit-taking Institutions (ADIs) and deliver competition and market leading levels of customer satisfaction in the retail banking market.

COBA supports the proposed approach made in the Proposal Paper as it will bring DAP regulation more in line with the broader financial services industry. We note that our members do not generally operate as DAPs and are unlikely to be directly impacted by the proposed changes. However, we believe that the proposed changes will bring more certainty and protection for industry and consumers.

COBA notes that DAPs currently provide risks to our members' customers due to the prevalence of scams that utilise cryptocurrency. We believe that these proposed changes will help minimise these risks but will not necessarily resolve the broader issue. Our members will need to be convinced over the medium to long term that the DAPs had addressed these issues and developed sufficient protections for consumers from scams. This regulatory regime in and of itself will not necessarily be sufficient evidence of this change in approach by DAPs. COBA, in conjunction, with the Australian Banking Association, recently announced the Scam-Safe Accord indicating our commitment as an industry to uplift protections for customers. We would like to see appropriate steps be taken by other sectors and industries, including the DAPs, as part of their commitment in facing this challenge.

We look forward to engaging with Treasury on this issue further and thank you for taking our views into account. Please do not hesitate to contact Robert Thomas, Senior Policy Adviser (rthomas@coba.asn.au) if you have any questions about our submission.

Yours sincerely



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