

IAN JONES

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The Hon Joe Hockey MP,
Federal Treasurer,
PO Box 6022,
House of Representatives,
Parliament House,
Canberra ACT 2600

11/3/2014

Dear Mr Hockey,

Re: Fraud & Internet Banking

I have been working as a Chartered Accountant since 1972 and over the last 34 years have primarily worked with small business owners & individuals. In recent years the Australian banks have encouraged us all into internet banking for payments rather than using cheques. Unfortunately the system that has been foisted upon us is wide open for fraud.

Most small business owners are usually time poor running their businesses so they employ book keepers, to process the business transactions, reconcile accounts including bank accounts and make payments. With most payments being made on line small business owners give their book keepers access to internet banking.

The internet payment system now only requires a valid BSB & Account number. The issue is that any account name, even if it does not match the account numbers, can be used. A business owner can review the bank statements and see that various suppliers have supposedly been paid.

However I have now come across a significant fraud in two reasonably sized small businesses where the book keeper/s put their personal account numbers and used account names of their client's suppliers. This contrasts with depositing a cheque with a teller without the correct Account Name where the cheque will not usually be accepted unless it is endorsed by the payee and/or appropriate documentation is supplied.

I know the banks will say you shouldn't divulge your password but we have to face the reality of modern business. With small business operators being busy operating their enterprise they should be able to trust the employed or contracted book keeper. Most small businesses are not subject to external audit and I would certainly not advocate that. So I ask for your immediate assistance in requiring the banks to spend some of their substantial profits to change the internet payment system so that the

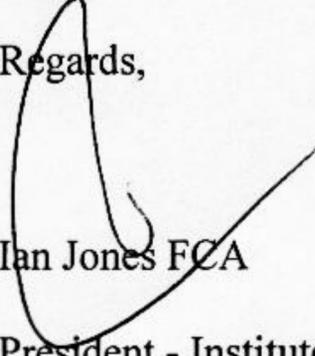
correct Account Name must also be entered into the banking transaction for each payment. Also the general public should be made aware of this issue.

The ramifications of the current internet banking system are massive. Money laundering and other fraud related activities could easily occur.

Finally I note many of my associates agree with me that finding reasonable book keepers is a very real issue in this country. The regime of certified BAS Agents has not solved this issue.

Note I have decided not to go to the Press as I believe it would be counterproductive.

Regards,



Ian Jones FCA

President - Institute of Chartered Accountants (GPO Box 9985, Sydney 2001)
Chief Executive – NTAA (29-33 Palmerston Crescent, South Melbourne Vic 3205)
Chief Executive – Australian Society of Accountants (GPO Box 2820, Melbourne Vic 3001)
Chief Executive - Financial Ombudsmen Service Ltd – (GPO Box 3, Melbourne Vic 3001)
The Commissioner – Australian Federal Police – (GPO Box 401, Canberra ACT 2601)