

# GreenTech Insight: The Compliance Brief for Lenders.



The **Two-ID Standard**  
Explained.



# Introduction

The face-to-face VOI Standard and its supporting document categories typically require multiple original IDs (for example, a passport and a driver's licence). Reducing this to a single ID materially increases the risk that a court could find that reasonable steps have not been taken, potentially jeopardising a lender's ability to enforce the mortgage if identity fraud is later alleged.

(ARNECC Guidance Note #2 – Verification of Identity)

# Why You Are Receiving This Update



We have prepared this update to **keep you informed as Verification of Identity (VOI) standards** continue to tighten, and with good reason. As regulators place greater emphasis on due diligence and identity protection, lenders are under increased pressure to ensure every borrower's identity is verified to the highest possible standard.

**This isn't about extra red tape.** It is about protecting your loanbook, your security interests, and your clients from the growing sophistication of identity-related risks. **Two forms of original ID have become the industry benchmark** because they provide stronger assurance that every individual signing a mortgage is genuinely who they claim to be.

At GML, our goal is to make sure your verification processes stay not only compliant but also streamlined, consistent, and backed by clear, practical guidance that works in the real world of lending.

**We recommend you read through this report carefully to stay aligned with current VOI standards.**

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# What **VOI** Actually Is (and Isn't)

VOI confirms that the person signing property or mortgage documents is who they claim to be at the time the mortgage is signed.

ARNECC's Model Participation Rules (MPR) define this process. Applying the **Verification of Identity Standard in Schedule 8** provides a lender with 'safe harbour' protection, meaning the lender is deemed to have taken reasonable steps if the process is properly followed (typically a face-to-face verification and the sighting of original IDs).

Each State and Territory land registry enforces this standard through specific document categories, which generally require combinations of IDs rather than one. For example, the **NSW Land Registry Services (LRS)** prescribes categories that must be satisfied using original or certified documents.

# Why Two IDs? The **Legal Logic** Not Just Policy

**Safe Harbour Lives in Combinations:** Schedule 8 categories are built around document sets (e.g., passport + driver's licence). Using only one ID removes the protection of "deemed reasonable steps". (**ARNECC Guidance Note #2**)

**Court-Ready Evidence:** ARNECC's Guidance Note 2 requires evidence that demonstrates reasonable steps were taken. Two original IDs and a verified face-to-face, form a defensible record.

**Purpose Matters:** Land registries emphasise that VOI exists to prevent fraudulent property transactions—protecting the lender's legal security position. (Land Services SA – Verification of Identity)

## Ten Years of VOI Evolution: From Guidance to Governance

### 2013–2014

#### ARNECC introduces Model Participation Rules (MPR)

Verification of Identity (VOI) and "reasonable steps" first defined

Schedule 8 sets out document **categories requiring multiple IDs**

Two ID documents become the practical safe-harbour combination

### 2016–2021

#### ARNECC Guidance Note #2 released and reinforced

Clarifies that a single ID rarely satisfies "reasonable steps"

Land registries and PEXA embed two-ID practice into e-conveyancing standards

Industry aligns on "two original IDs" as the norm

### 2022–2024

#### Compliance and audit tightening

Surge in identity-fraud incidents leads to stronger enforcement







Lender audits and indemnity insurers mandate two forms of ID

ARNECC's latest Guidance Note #2 (2021 update) cements this as the expected national standard

# VOI vs AML/KYC

## Different Rules, Different Risks

VOI and AML/KYC are often confused by lenders as interchangeable processes but serve very different purposes.

VOI (ARNECC)	AML/KYC (AUSTRAC)
 <p>Protects land title integrity</p>	 <p>Prevents financial crime</p>
 <p>Requires multiple IDs for safe harbour</p>	 <p>May accept a single ID</p>
 <p>Ensures enforceable mortgage rights</p>	 <p>Focuses on anti-money-laundering compliance</p>

(AUSTRAC – Customer Identification & Verification Guide)

## The Enforcement Risk: Why Lenders Should Care

The [Legal Practitioners' Liability Committee \(LPLC\)](#) warns that failing to obtain the required VOI evidence to demonstrate safe harbour can have severe consequences. If the identity of a mortgagor is later disputed, lenders who cannot demonstrate reasonable steps risk losing their ability to enforce its rights under the mortgage. In short: **two IDs today can prevent major legal risk tomorrow.**

# The Risk of Shortcuts

**In an environment where lending volumes are high and pressure to settle quickly is constant, it is easy to assume VOI is just another routine step where the same is applied across every transaction, every client, every lender.**

But as recent audits and investigations have shown, no two VOI processes are exactly alike, and assuming that they are can expose lenders to serious risk. “Same, same” approaches where shortcuts are taken, or reliance is placed on outdated identification methods can result in:

- Invalid mortgages if the borrower’s identity is later disputed or proven fraudulent**
- Loss of safe-harbour protection under ARNECC’s rules**
- Increased exposure to legal claims and reputational damage**
- Settlement delays and remediation costs if VOI documentation fails audit or compliance review**

Consistency **protects**.  
Shortcuts **expose**.

## Two ID’s

It’s **not a checkbox**,  
it’s **your security**

Every lender’s VOI process must reflect their own operational risk profile and client mix, not just industry habit.

**A one-size-fits-all, “we’ve always done it this way” approach no longer meets ARNECC’s reasonable -steps test.**

**At GML, we continue to see cases where small oversights such as a missing ID, an uncertified copy or a lender relying on a single document have escalated into major compliance breaches.**

***The message is clear: shortcuts save minutes but risk millions.***

# What “Reasonable Steps” Look Like in Practice

According to ARNECC Guidance Note #2, reasonable steps include:

- 1 Conducting **face-to-face interviews** (video alone is insufficient for the Standard)
- 2 **Sighting original IDs** and verifying likeness, expiry, and authenticity
- 3 Investigating anomalies such as name mismatches or inconsistent signatures
- 4 Retaining **clear records** of all steps and documents sighted

## Recommended Policy Framework for GML Lenders

### *Two IDs by Default*

Always apply the highest applicable Schedule 8 category. Step down systematically only when necessary. (ARNECC Guidance Note #2)

### *Face-to-Face Safe Harbour First*

Conduct VOI in person where possible or use insured identity agents. Retain all certification and copies of sighted documents. (ARNECC Guidance Note #2)

### *Reasonable Steps Backup*

When face-to-face verification isn't possible, apply enhanced checks (e.g., consular witnessing, liveness tests, or database verification). (ARNECC Guidance Note #2)

### *Two-Year Reuse Rule*

VOI may be reused within two years, provided the same individual is reverified and proper evidence is kept. (ARNECC Guidance Note #2)

### *Exception Governance*

If proceeding on one ID, ensure:

- ✓ Written lender approval
- ✓ Clear documentation of reasons and additional checks
- ✓ Senior management sign-off (ARNECC Guidance Note #2)

# Brokers and VOI Responsibilities

**Do lenders need to ask brokers to provide the borrower's two forms of ID?** Yes. Where a broker is involved, the lender must ensure that the broker collects and supplies two original forms of ID for every borrower or guarantor.

However, this is only compliant if the broker is formally appointed as the lender's Identity Agent under ARNECC's Model Participation Rules.

## **To rely on a broker-completed VOI, the broker must:**

- Have written appointment from the lender as an Identity Agent;**
- Be trained in and follow the ARNECC Verification of Identity Standard (Schedule 8);**
- Hold appropriate professional indemnity insurance; and**
- Provide certified copies of the ID documents sighted, together with their completed VOI declaration.**

If the broker is not formally appointed or fails to meet these standards, GML cannot treat that VOI as valid. The lender will then need to provide GML with new, verified copies of two original IDs before the mortgage can proceed to settlement.

# TWO IDS: THE LEGAL STANDARD THAT SAFEGUARDS EVERY LOAN

**Verification of Identity (VOI) isn't bureaucracy — it's your lender's legal safety net.** ARNECC's rules require lenders to take "reasonable steps" to verify every signer, which means sighting two original IDs. Always.

## The Law Behind The Logic



### Why two IDs are non-negotiable:

- ✓ **ARNECC Model Participation Rules (Schedule 8)** define what qualifies as "reasonable steps."
- ✓ **Two IDs = Safe Harbour** — your VOI meets the legal benchmark and protects the mortgage.
- ✓ **One ID = Risk** — exposes lenders to identity fraud and unenforceable mortgages.

## What's at Stake



### Failing to collect two original IDs exposes lenders to:

- ✓ Loss of Safe Harbour protection
- ✓ Mortgages that may not be enforceable
- ✓ Financial, operational, and reputational damage

## VOI Safe Harbour Process



### Five steps that protect every mortgage:

- 1 Face-to-face verification** or via an authorised identity agent
- 2 Sight original IDs,** driver's licence + passport (or approved equivalents)
- 3 Confirm likeness & details,** name, photo, DOB, signatures
- 4 Record and retain evidence,** copies, notes, and agent certification
- 5 Reuse only if VOI is < 2 years old.** and only after confirming it's the same client

## VOI vs AML/KYC

*Two different obligations — both essential.*

### VOI (ARNECC)

- Protects land title integrity
- Requires **two IDs** for Safe Harbour
- Ensures mortgage enforceability
- Governed by ARNECC MPR

### AML/KYC (AUSTRAC)

- Protects against financial crime
- May accept **one ID**
- Focuses on anti-money laundering
- Governed by AML/CTF Act



# FAQS

## ***Why is GML now asking lenders to provide two forms of ID for borrowers?***

ARNECC's current Verification of Identity (VOI) standards require reasonable steps to confirm every borrower's identity. In practice, this means obtaining two original forms of ID (for example, a driver's licence and passport). GML's request ensures that every loan file meets ARNECC's safe-harbour standard.

## ***Does this requirement apply to all borrower types (individuals, companies, guarantors)?***

Yes. Every person or entity signing mortgage or loan documentation must be verified under the same ARNECC standard. For companies, authorised signatories must each be identified with two original forms of ID. This ensures every borrower and guarantor in the transaction are properly verified and the lender's security is fully enforceable.

## ***Can we rely on a broker's VOI?***

Yes, but only if you appoint the broker as your identity agent in writing, they carry appropriate insurance and apply the full VOI Standard. (ARNECC Guidance Note #2)

## ***Is video VOI acceptable?***

Video alone doesn't meet the Standard but can form part of a "reasonable steps" approach when paired with further verification measures. (ARNECC Guidance Note #2)

## ***Can a lender instruct GML to proceed with only one form of ID?***

GML strongly advises against this. Proceeding on one ID would not meet ARNECC's reasonable -steps standard and could expose the lender to significant legal and financial risk if identity fraud is later discovered. GML can act on written instructions to proceed, but the responsibility, and the risk, rests solely with the lender.

## ***Is two IDs a hard legal rule?***

ARNECC doesn't explicitly write "two IDs" into legislation, but all practical document categories require multiple IDs to meet the Standard. (ARNECC Guidance Note #2)

# Key Sources

**ARNECC Guidance Note #2: Verification of Identity (what “reasonable steps” means; safe harbour; face-to-face; two-year reuse)**

<https://www.arnecc.gov.au/wp-content/uploads/2021/08/mpr-guidance-note-2-verification-of-identity.pdf>

**ARNECC Model Participation Rules (Schedule 8)**

[https://www.arnecc.gov.au/publications/mpr\\_guidance\\_notes/](https://www.arnecc.gov.au/publications/mpr_guidance_notes/)

**NSW Land Registry Services – VOI Table**

[https://rg-guidelines.nswlrs.com.au/land\\_dealings/dealings\\_involving/verification\\_of\\_identity\\_table](https://rg-guidelines.nswlrs.com.au/land_dealings/dealings_involving/verification_of_identity_table)

**PEXA – Verification of Identity**

<https://www.pexa.com.au/verification-of-identity/>

**AUSTRAC – Customer Identification & Verification Guide**

<https://www.austrac.gov.au/business/core-guidance/customer-identification-and-verification>

**Land Services SA – VOI fraud prevention guidance**

[https://www.landservices.com.au/land-registration/for-professionals/statutory-instruments/verification-of-identity?utm\\_source=chatgpt.com](https://www.landservices.com.au/land-registration/for-professionals/statutory-instruments/verification-of-identity?utm_source=chatgpt.com)

**Legal Practitioners’ Liability Committee – ARNECC VOI requirements article**

<https://lplc.com.au/resources/lplc-article/arnecc-requirements-for-verification-of-identity-and-client-authorisation>

# Together, We Protect Every Deal

**Thank you for your continued trust and partnership. At GML, we understand that compliance evolves and so do the challenges lenders face in meeting it. Our role is to make that process simpler, safer, and more predictable for you.**

We'll continue to keep you updated as ARNECC and the industry refine these standards, and we're always here to help you translate regulation into practical, risk-smart action. If you have any questions or need guidance on implementing these requirements across your teams or broker network, please reach out to your GML contact or **Lender Support**.

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