

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS

Westpac Banking Corporation

WBC39QW: International transfer of funds:

- (a) What information does AUSTRAC require for reporting of the international transfer of funds?
- (b) What data is required to be input for an international transfer of funds?
- (c) What data is required to be input for the verification of an international transfer of funds?
- (d) What difference is there between the data required for an international transfer of funds, and a verified international transfer of funds?
- (e) What information do you provide to AUSTRAC for reporting of the international transfer of funds?
- (f) Do you provide data for verified transactions to AUSTRAC?
- (g) Do you provide data for unverified transactions to AUSTRAC?
- (h) What difference is there between the data required for an international transfer of funds and the data required for AUSTRAC reporting?
- (i) What difference is there between the data required for the verification of an international transfer of funds and the data required for AUSTRAC reporting?

Answer:

- (a) Under the Act, Westpac, as the 'sender' financial institution of an IFTI transmitted out of Australia, or the 'recipient' financial institution of an IFTI transmitted into Australia, is required to report the IFTI to AUSTRAC within 10 business days of the instruction being sent or received.

The reporting of IFTIs is prescribed by section 45 of the AML/CTF Act. Relevantly, the reportable details required in any IFTI report are prescribed by Chapter 16 of the Anti-Money Laundering and Counter-Terrorism Financing Rules 2007 (Cth) (AML/CTF Rules).

There are two categories of IFTIs - international electronic funds transfer instructions (IFTI-E) and instructions given under a designated remittance arrangement (IFTI-DRA). IFTI-Es are relevant to the Westpac Group.

A copy of the Rules can be located at <https://www.legislation.gov.au/Details/F2019C00383>. Below is a broad outline of those requirements.

The information to be included in an IFTI report is dependent on whether the IFTI is an outgoing IFTI or an incoming IFTI and whether the IFTI is an IFTI-E or an IFTI-DRA.

The information required in a report of an IFTI-E includes:

- Details about the payer and the payee
- The financial institutions involved in the transfer including correspondent banks or other intermediaries
- The amount referred to in the IFTI and the currency of that amount
- The date on which the funds become available to the Payee
- Certain other information required by AUSTRAC.

- (b) The data required in order to make an international transfer of funds depends upon the way in which the transfer is being effected, for example, by way of SWIFT message or via a card scheme. Westpac must meet the obligations of the relevant prescribed methods of payment in doing so.

Most international funds transfers are made via the SWIFT message system (Society for Worldwide Interbank Financial Telecommunications). The SWIFT system is used by financial institutions to securely transmit information and instructions through a standardised system of codes. Further details regarding SWIFT and its requirements can be found at <https://www.swift.com/standards>.

Generally, the data that is included in a relevant SWIFT message is used to fulfil the reportable details of the IFTI report to AUSTRAC.

- (c) The concepts of “verified international transfer of funds” and “unverified transactions” are not contemplated by the AML/CTF Act.

The AML/CTF Act requires certain information, such as certain customer identification information, to be verified by reporting entities. However, a specific verification requirement does not apply to IFTI reports. Westpac has an obligation to ensure it reports all IFTIs it sends or receives to AUSTRAC and to include all mandatory information in the IFTI reports.

- (d) Please refer to our response to part (c).
- (e) Please refer to our response to part (a).
- (f) Please refer to our response to part (c).
- (g) Please refer to our response to part (c).
- (h) Please refer to our response to part (a) and (b).
- (i) Please refer to our response to part (c).