

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Regulation of auditing in Australia

Westpac Banking Corporation

AML / CTF / Compliance

1. Westpac Group Operational Risk Policy
2. Westpac Group Compliance Policy
3. Westpac Group Compliance Strategic Plans, or equivalent, for last 3 years
4. AML and CTF related policies and procedures
5. Westpac Group Risk Committee reporting relating to AML and CTF for the last 3 years
6. Westpac Principal Board Risk Committee, or equivalent, reporting relating to AML and CTF for the last 3 years
7. Westpac Principal Board Audit Committee, or equivalent, reporting relating to AML and CTF for the last 3 years
8. All internal audit plans for the last 3 years
9. All internal audit reports, including supporting scopes, relating to AML and CTF for the last 3 years
10. Size of budget pertaining to AML / CTF remediation efforts; broken down by business and technology related
11. Total number of FTE staff with AML and CTF related roles including breakdown by business and technology
12. Total number of contractors with AML and CTF related roles including breakdown by business and technology
13. Total number of AML and CTF related roles that were made redundant over the last 3 years broken down by:
 - (i) FTE and contractors; and
 - (ii) Business and technology related
14. Total number of AML and CTF related FTE where the incumbent previously worked for a big 4 professional services / consulting firm
15. Total spend on professional services / consulting firms related to AML and CTF per year for the last 3 years – e.g. reviews, internal audits, remediation, etc.
16. Proposals and final reports related to other AML and CTF related work performed by professional services/consulting firms for last 3 years (excluding CPS220 risk review)

Westpac continues to progress a program of work to improve its management of financial crime. This work includes a review of our AML/CTF policies, data feed and systems, and our AML/CTF processes and controls. Westpac continues to implement a number of improvements to its AML/CTF Program, governance, policies, systems and controls together with related remediation work in respect of certain controls and reporting practices. These efforts relate to matters such as customer on-boarding, customer and payment screening; ongoing customer due diligence, transaction monitoring and regulatory reporting (including in relation to International Funds Transfer Instructions (IFTIs), Suspicious Matter Reports and Threshold Transaction Reports).

On 24 November 2019, Westpac also released its Response Plan (the Plan) in response to the issues raised by AUSTRAC's civil proceedings against Westpac.

The Plan released by Westpac includes a comprehensive set of actions across three areas:

- Immediate fixes, including closing two products;
- Lifting our standards, including priority screening and improving cross-industry data sharing; and
- Protecting people, including investments to reduce the human impact of financial crime.

As part of the Plan we are recruiting an additional 200 people in compliance and financial crime areas, adding to the 750 experts already working in this area.

In relation to the immediate fixes component of the Plan, the majority of these actions have already been completed. Westpac is moving quickly on the other aspects of the Plan and will provide regular updates to stakeholders. The Plan and all updates are available on the Westpac website at <https://www.westpac.com.au/about-westpac/media/austrac-civil-proceedings/>

We are limited in the further information we are able to provide to the Committee in response to this request. The documents and information requested concern matters currently the subject of civil proceedings and/or regulatory investigations. Disclosure of these documents could prejudice those proceedings/investigations or Westpac's position in them.

The Westpac Group AML/CTF Policy sets out the key principles and measures that Westpac follows to comply with its AML/CTF obligations. A summary of the Policy is available on the Westpac website at <https://www.westpac.com.au/about-westpac/westpac-group/corporate-governance/aml-counter-terrorism/aml-group-policy/>