

## PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

### Regulation of auditing in Australia

#### Westpac Banking Corporation

##### Question:

**Senator O'NEILL:** Could you provide on notice in detail any remediation that Westpac has done in the past two years since you've come into this role, Mr Stephen?

**Mr Stephen:** I'll take your question on notice.

##### Answer:

Strengthening systems and controls to monitor and report transactions and suspicious matters is an ongoing effort given the continued sophistication of criminals seeking to exploit the financial system, the changing regulatory environment, expectations of regulators and improvements in technology.

Specifically over the past two years we taken a number of steps to substantially improve monitoring of AML/CTF. These completed actions include:

- correcting the IFTI non-reporting issue on the relevant product
- consolidating different financial crime systems into a single, Group-wide technology system
- doubling the resourcing dedicated to financial crime to around 750 people
- development of a Financial Crime Strategic Plan, shared with AUSTRAC
- made changes to the leadership of Westpac's risk and financial crime areas, including making a number of external appointments.

In addition, 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 activities related to financial crime, 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/>