



AUSTRALIAN BANKERS' ASSOCIATION INC.

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Ms Noemi Murphy
Research/Estimates Officer
Senate Economics Committee
Parliament House
CANBERRA ACT 2600

Dear Ms Murphy,

Business Names Registration Bills - Questions on Notice

As requested in your email dated 3 August 2011, following is the Australian Bankers' Association's response to the Questions on Notice.

- (1) *Could you please explain for the Committee the nature of contact the ABA has with the AFP and other security agencies? Do ABA members provide credit checking services to the AFP and other security agencies? If so, are these checks personal credit checks or commercial checks?*

The ABA has regular contact on crime prevention and detection policy issues with the AFP and other law enforcement agencies.

Banks do not provide credit checking services to the AFP or other law enforcement agencies.

Banks are users of credit checking services.

- (2) *Could the ABA raise the issue of the bills and draft regulations with the various police and intelligence agencies it has regular contact with? Could you report to the committee if the bills raise any concerns?*

Following the Committee hearing, ABA raised the concerns expressed to the Committee with AUSTRAC. AUSTRAC has made a submission to the Committee on the legal background to the customer identification and verification issues tabled by ABA and other bodies in relation to the Bill and the draft Regulations.

AUSTRAC is the regulator for anti-money laundering and counter-terrorism financing (AML/CTF) in Australia and as Australia's designated AML/CTF Financial

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Intelligence Unit (FIU), is responsible for assisting in the prevention and detection of money laundering and terrorism financing by providing law enforcement agencies with targeted information about possible criminal activity.

The AML/CTF Act and Rules, which came into effect in 2006, bring Australia into line with international standards, including standards set by the Financial Action Task Force (FATF) on money laundering and terrorism financing. The AML/CTF regulation sets the minimum standard for bank customer identification programs, supplemented as required by a bank's own operational and credit risk management processes. It is a requirement for banks as part of the customer identification program to collect and verify the details of their customers before providing a "designated service" (as defined by the legislation).

Law enforcement agencies do not set standards in relation to bank customer identification and verification programs, and have no role in the day-to-day operation of these programs.

- (3) *Could the ABA inform the committee as to the ways your members verify identity in states and territories which do not collect date of birth and personal address details?*

The aim of verification is to independently confirm relevant information that has been collected from the customer. Where members are unable to verify collected data via a State or Territory register, alternative methods of verification are sought, such as collecting and retaining on file passport or driver license details where there is a need to verify personal details, or a full company (ASIC) search from a subscriber service such as Veda.

Members would prefer that the verification of customer details be obtained from the one source of truth rather than having to refer to multiple sources of data.

- (4) *Does the ABA believe that a match/no match service would satisfy your verification requirements?*

The verification requirements are those defined in the AML/CTF Act and Rules. A definite match/no match service could meet these requirements however the question of whether the AML/CTF obligations could be fully satisfied by that service alone depends on the quality and accuracy of the data.

A database that is overseen by a State, Territory or Federal body could provide a higher level of confidence to AUSTRAC and banks in relation to quality and accuracy of data.

Yours sincerely

Tony Burke