



Australian Banking
Association

27 August 2021

Committee Secretary
Senate Legal and Constitutional Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Email: legcon.sen@aph.gov.au

Dear Committee,

Australia's AML/CTF regime

The Australian Banking Association (**ABA**) promotes and encourages policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.

The ABA remains an advocate for a modern and robust anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) regime. The success of an AML/CTF regime remains on public-private partnerships sharing intelligence and approaches to achieve real outcomes. This requires collaboration across all sectors to detect, deter and disrupt financial and other serious crime.

In addition to banks funding the annual operation of AUSTRAC, the current regime places banks at the forefront of detecting and disrupting serious crime that affects all Australians. Future success, in an ever-evolving environment, requires the alignment of the Australian AML/CTF regime with the Financial Action Task Force (**FATF**) standards, including alignment to the definitions FATF use in their standards. The AML/CTF Act and rules should now also facilitate reporting entities adopting new digital technologies to enhance reporting.

The ABA also strongly supports progressing the Tranche II reforms as a priority. It is vital that Australia addresses gaps in the Australian AML/CTF regime as identified in the FATF Mutual Evaluation Report¹.

The ABA also supports implementing the remaining recommendations from the statutory review of the AML/CTF regime. For example, simplification and streamlining of the international funds transfer instruction (IFTI) reporting regime.

Should the above reforms progress, the current AUSTRAC industry contribution model will also need updating, such that it is representative of the AUSTRAC regulated population, the level of AML/CTF risks posed by those different industry sectors and the level of effort required by AUSTRAC to ensure reporting entities in those industry sectors adequately mitigate risks of illegal activity in their sector.

The alignment of the Australian regime to international standards will only enhance the ability of banks and Australian law enforcement agencies to detect, deter and disrupt financial crime – helping to keep Australians safe from financial and other serious crime.

If you have any questions, please contact me at

Yours sincerely

Aidan O'Shaughnessy
Executive Director, Policy

¹ FATF (2015), Australia, Fourth Round Mutual Evaluation Report,