

SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE
AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE

Question No. 225

Senator Ludwig asked the following question at the hearing on 24 May 2005:

- a) What further work has been done on the implementation of the regulatory risk analysis system?
- b) Have any consultation papers or other discussion papers been released?
- c) Are there any drafts of the system available?
 - i) If so, have they been circulated to stakeholders (and to whom)?
- d) Is there a timetable for the implementation of this system? If so, please provide.
- e) Have all of the relevant dates on that timetable been met thus far?
- f) Is the implementation date still December 2005?
- g) Has AUSTRAC requested any further resources for the implementation of the system?
- h) If so, what additional resources have been requested?

The answer to the honourable senator's question is as follows:

a) AUSTRAC's Regulatory Risk Assessment System (ARRAS) is an Anti Money Laundering (AML) compliance risk assessment system that assesses and ranks the compliance risk of all reporting Cash Dealers regulated by AUSTRAC.

ARRAS currently operates as a functional stand alone prototype. The next stage of the project is to migrate each of the ARRAS risk modules across to the main AUSTRAC IT system environment and fully automate the risk calculation process.

b) No.

c) No.

(i) AUSTRAC's industry consultative body, the Provider Advisory Group (PAG) was consulted as part of the process of developing the initial concept of ARRAS. The PAG membership includes the major financial industry bodies and other major financial institutions.

Industry stakeholders were also exposed to the concepts of ARRAS in presentations and other meetings with individual institutions.

d) AUSTRAC's regulatory program is currently using the ARRAS system as a working prototype. The anticipated deadline for full migration of the ARRAS modules across to the main AUSTRAC IT system environment is June 2006.

e) It was originally anticipated that ARRAS would be operating as a stand alone system by December 2004. However, the availability of new data mining tools at AUSTRAC enabled further research into compliance risk indicators and this has resulted in the development of a significantly

more comprehensive risk assessment system. The working prototype did not become operational until March 2005.

f) As noted above, ARRAS has been operational as a stand alone risk management system since March 2005. The deadline for full migration of the ARRAS modules across to the main AUSTRAC IT system environment is June 2006.

g) No.

h) N/A