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Visa International Service Association
(Incorporated in Delaware, U.S.A.
Reg'd in Victoria as a foreign company)
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The liability of the members is limited

16 November 2006

Ms. Jackie Morris
Acting Secretary
Legal and Constitutional Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

**Re: Provisions of the Anti-Money Laundering and Counter-Terrorism
Financing Bill 2006**

Dear Ms. Morris,

As a global payment system, Visa International maintains a global anti-money laundering program, which within the context of laws and regulations applicable to Visa International, its products and services, is designed to prevent the Visa system from being used to facilitate money laundering or the financing of terrorist activities.

In this connection we are grateful for the opportunity to comment on the Anti-Money Laundering and Counter-Terrorism Financing Bill 2006 (AML/CTF Bill) that has been introduced into Parliament and which when legislated will have purview over certain debit and credit card transactions conducted over the Visa system.

In discussing the impact of the proposed legislation on debit and credit card transactions with our Australian members, we have noted the compliance requirements for Electronic Funds Transfer instructions in Part 5, and that information regarding the origin of the transferred funds (payer information), is exempted for debit and credit card ATM transactions. However, this exemption does not apply to debit and credit cards if their use involves a cash advance other than via an ATM, such as a via a Merchant terminal or a bank branch.

Our Australian members have raised concerns that the protocols of providing the required payer information, as envisaged in Part 5, Section 64 (6) of the AML/CTF Bill, wherein the ordering institution must include the required transfer information in the transfer instruction, if strictly construed, cannot be met in a debit or credit card transaction involving a cash advance. Without clarity on this point, Visa's Australian members believe they would be forced to deny cash advances at Merchants or bank branches on Visa cards to Australian cardholders traveling overseas. As an industry issue our members have requested Visa to provide an explanation of the Visa card cash advance to the Senate Legal and Constitutional Affairs Committee so that clarification can be obtained and this valuable service to Australian cardholders continued.

Unlike a remittance, which originates with the payer at the ordering institution, a Visa card transaction involving a cash advance originates with the payer (the cardholder) requesting funds from an institution overseas (the Acquiring member), which acts as the beneficiary institution in providing the funds to the cardholder. The Acquiring member provides the details of the transaction electronically to the cardholder's Issuing institution (the Issuer) which provides the approval authority for the Acquirer to advance funds to the cardholder.

While the transfer instruction in a card transaction is essentially in two parts and originates with the beneficiary institution, we would highlight that complete payer information, corresponding to the requirements of Part 5, Section 71 (a), (b) and (c) of the AML/CTF Bill, is available to the Acquiring member. The Visa card magnetic stripe data includes the name of the cardholder and their Visa account number at the Issuing institution, while the approval authorization provided by the Issuer includes a unique transaction reference number for the cardholder.

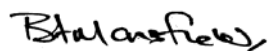
As Visa has not been party to discussions on the AML/CTF Bill involving the Australian financial industry and the Government authorities, we are not aware of the rationale for the requirement for complete payer information for cash advances involving debit and credit cards at bank branch or merchant terminals, while ATM transactions are exempted. We would respectfully suggest that, since the electronic routing and information exchanged in both types of transactions is identical, this is somewhat anomalous.

However, we trust that the explanation we have provided above serves to illustrate that debit and credit card transactions involving cash advances will fully meet the intent of the proposed legislation in ensuring that the origins of transferred money are fully known to both the ordering institution and the beneficiary institution.

Therefore, we would recommend that cash advances involving credit and debit cards should also be exempted from the requirement for complete payer information to be passed on by an Issuing institution to an Acquiring member in all cases, that is, for transactions in which the cardholder uses an ATM, a merchant terminal or a bank branch terminal.

We thank you once again for the opportunity to address the Committee on this important issue.

Yours faithfully,



Bruce Mansfield
Executive Vice President – Australia and New Zealand
Visa International