



Fact Sheet

Changes for customers under the new AML/CTF reforms

The anti-money laundering and counter-terrorism financing (AML/CTF) reforms will affect customers of banks, credit unions and other institutions in the financial services industry as well as customers of businesses offering gambling services, such as casinos, clubs and pubs.

These businesses are reporting entities under the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) when they provide 'designated services' – that is, services which carry a risk of exposure to money laundering or terrorism financing.

Customers of these businesses will be required to be identified when receiving designated services under the legislation.

These changes will come into effect from **12 December 2007**.

The identification process could be less demanding than the current 100 point test. For a service that is determined by the business providing the service to represent a low risk of money laundering or terrorism financing, customers might only be required to produce a driver's licence. A higher risk transaction might require more customer information.

Customers need to be aware that the reporting entities they deal with will have in place AML/CTF programs that include mechanisms for ongoing monitoring of customer activity and the reporting of any suspicious matters. Transaction monitoring should have no customer impact unless customers are, in fact, involved in illegal activity.

Whose customers are affected?

The first tranche (or stage) of the new legislation affects customers of the following types of businesses where they receive designated services from that business:

- the financial sector (banks; building societies; credit unions; lending, leasing and hire purchase companies; issuers of travellers cheques; foreign exchange dealers; asset management companies; remittance dealers; financial planners who arrange for the issue of products; life insurers; superannuation fund managers; custodial service companies; cash couriers, and securities dealers)
- the gambling sector (casinos, internet and electronic gaming service providers, bookmakers)
- other persons or businesses, such as lawyers and accountants which might provide designated services, and
- bullion dealers.

What activities are covered?

Businesses, including professionals such as lawyers and accountants, become 'reporting entities' under the legislation only when they provide 'designated services'. Such services include opening an account; accepting money on deposit; making a loan; issuing, acquiring or disposing of a bill of exchange, a promissory note or a letter of credit; issuing a debit or stored value card; issuing traveller's cheques; and sending and receiving electronic funds transfer instructions. Other examples include making money or property available under a designated remittance arrangement; issuing or selling a security or derivative; accepting a contribution, rollover or transfer in respect of a member of a superannuation fund; and exchanging currency.

For the gambling sector, designated services include receiving or accepting a bet; placing or making a bet; allowing a person to play a game on an electronic gaming machine; paying out winnings in respect of a bet; and exchanging money for gaming chips or tokens.

Minimising impact on consumers

The impact of the new regime on customers will depend on whether the customer's use of the designated services in the legislation falls into a low, medium or high category of risk of money laundering or terrorism financing under the AML/CTF program of a particular business.

By adopting a risk based approach to the new regime, the Government acknowledges that individual industry sectors and financial services businesses are best placed to assess their actual risks in regard to their customers and products. This helps to minimise the demands of the legislation on both businesses and their customers.

For a limited number of designated services some obligations under the Act, such as customer identification, will only be triggered where the customer receives a transaction the value of which exceeds nominated thresholds.

The Government is committed to ensuring the legislation effectively combats money laundering and the financing of terrorism without imposing unreasonable regulatory requirements on industry and its customers.

For more information:

Further information can be found at: www.ag.gov.au/aml