

27 January 2017

Financial Crimes Section
Attorney-General's Department
3-5 National Circuit
BARTON ACT 2600
By email: antimoneylaundering@ag.gov.au

Dear Sir/Madam

Industry Consultation: Options for regulating lawyers, conveyancers, accountants, high-value dealers, real estate agents and trust and company service providers

The Australian Bankers' Association (**ABA**) appreciates the opportunity to provide comments on the Industry Consultation: *Options for regulating lawyers, conveyancers, accountants, high-value dealers, real estate agents and trust and company service providers* (**the consultation**).

With the active participation of its members, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services. The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

The ABA remains fully supportive of the implementation of all 84 recommendations from the statutory review of the anti-money laundering (**AML**) and counter-terrorism financing (**CTF**) regime. The ABA and members will continue to work with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), the Attorney-General's Department and other stakeholders to help keep Australia safe from financial and other serious crime. Banks are one of many industries that play a role in detecting, deterring and disrupting financial crime risks and threats that affect Australia's financial system.

The importance of progressing Tranche II implementation

The ABA recommends progressing the Tranche II reforms as a priority. It is vital that Australia closes the current gaps in the Australian money laundering/terrorism financing (**ML/TF**) regime. The Financial Action Task Force's (**FATF**) Australia Mutual Evaluation Report¹ points out that most designated non-financial business and professional sectors are not subject to AML/CTF requirements, and that this sector did not demonstrate an adequate understanding of their AML/CTF risks or had any measures in place to mitigate them effectively.

The FATF recommended actions for Australia are to ensure that lawyers, accountants, real estate agents, precious stones dealers, and trust and company service providers understand their ML/TF risks are required to effectively implement AML/CTF obligations and risk mitigating measures in line with the FATF standards. FATF are not alone in their recommendations - the Asia/Pacific Group on money laundering (**APG**)² and the Bank for International Settlements (**BIS**)³ have also published numerous papers on the benefits of regulating these high risk sectors.

¹ FATF and APG (2015), Anti-money laundering and counter-terrorist financing measures - Australia, Fourth Round Mutual Evaluation Report, FATF, Paris and APG, Sydney

² <http://www.apgml.org/>

³ <https://www.bis.org/>



Strong banks – strong Australia

With the commencement of the Common Reporting Standard (**CRS**), which comes into effect on 1 July 2017, reliance on AML processes to identify and verify the actual controlling person and beneficial owner has become even more important for banks. The OECD has legislated that countries that have an AML/CTF standard approved by FATF (i.e. has fully implemented recommendation 10) can rely on their AML program for the purposes of complying with CRS. There should be no simplified process provided to Tranche II reporters as they create the complex structures, and they are in the best position to report the structures to a central register to help all reporting entities to assist AUSTRAC in meeting all legislative obligations.

The ABA and members look forward to contributing to the discussion on the benefits for Australia in implementing Tranche II.

Should you have any questions please do not hesitate to contact me.

Yours faithfully

Signed

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