

Know Your Customer (KYC) rules explained

Know Your Customer obligations require banks to confirm that the person using an account is who they say they are – not only when an account is opened, but on an ongoing basis. KYC also allows banks to identify money laundering and terrorism financing risks.

Recent changes have added and modernised these obligations. Customers may be asked to verify information at times unconnected to any transaction, and may encounter the same questions outside their bank.

What Know Your Customer actually does



It verifies that it is you

KYC confirms the person using an account is who they say they are. It stops criminals opening accounts with stolen details, or taking over an existing one.



It disrupts money mules

Verifying who sits behind every account is a critical tool banks have against mule accounts and the crime syndicates that recruit them.



It protects identity

Verification makes it harder for someone to open or use an account in your name.



Identity checks

Confirming who you are and keeping your details up to date.



Politically exposed persons and sanctions screening

Extra scrutiny for people in prominent political positions, their family members and close associates, and people or businesses subject to targeted financial sanctions.



Transaction monitoring

Monitoring for activity outside a customer's regular behaviour.

What has changed, and what it means for customers

31 March 2026

Additional and modernised AML/CTF obligations took effect for existing reporting entities. These updates strengthen banks' existing customer due diligence requirements, including keeping customer information current.

What it means for customers

Customers may be asked to re-confirm identity or contact details at times unrelated to any transaction. Banks may also request additional information about a customer's source of wealth or source of funds. Access can be restricted if requests for information go unanswered.

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AML/CTF obligations now apply to a new group of sectors, including real estate professionals, lawyers, conveyancers, accountants, trust and company service providers, dealers in precious metals, stones and products, and certain virtual asset service providers. AUSTRAC expects the regulated population to grow from around 19,000 to close to 100,000.

What it means for customers

Customers may encounter the same questions from an agent, conveyancer or accountant, including questions about identity and source of funds.

What banks may ask customers

Where the money for a large transaction came from, with documents or other information to verify it.

Why the money is being sent, and what the intended outcome is.

For a business or trust, who actually owns or controls that entity.

Whether a change in circumstances explains unusual account activity.

These questions are routine. Being asked does not mean the bank suspects anything is wrong.

Answering promptly and honestly is the fastest way through. Delays can lead to held transactions or temporary restrictions on an account.

If a request feels like a scam, call the bank



A genuine request may look like a fake one.

A bank will never ask for passwords, one-time codes or PINs by phone, text or email. A bank will also never ask you to move money to a "safe account".

If a request feels wrong, hang up. Call the bank on the number published on its website or the back of the card, use the app, or visit a branch.

Points for constituents

- KYC represents a legal obligation on the bank, not a judgement about the customer.
- Reach out to your bank if you suspect a request is a scam.
- Unresolved holds can be escalated to the bank, then AFCA.