

15 August 2025

Mr Alex Engel
Assistant Secretary
Transnational Crime Branch
Criminal Justice Division
Department of Home Affairs

Via email: economiccrime@homeaffairs.gov.au

Dear Mr Engel

Consultation on Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules

COBA thanks the Department of Home Affairs for the opportunity to provide feedback on its consultation on proposed Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules. While COBA welcomes the development of these Rules, we believe that for them to be most effective they need to be prioritised in line with AUSTRAC expectations with a focus on outcomes rather than compliance without substantive purpose.

Department-proposed measures

International Value Transfer Service

COBA supports extending the timeframe to implement the International Value Transfer Service (IVTS) due to the importance in getting the technology implementation right. As such, we believe that the exact time for commencement should be based on when the appropriate technology is ready. COBA also highlights that many COBA members, particularly smaller institutions, face resourcing constraints that can significantly impact their ability to rapidly implement technological and procedural changes. Especially as the AML/CTF Rules specifying IVTS requirements are yet to be finalised and will be key to developing system changes. However, if a specific date is required then we would support that as much time as possible be provided and that 2029 should be appropriate.

As part of delaying IVTS reporting, the Department should clarify how the retention of the International Funds Transfer Instruction (IFTI) would work. Would the current responsible party remain the same, that is, will the 'last out/first in' approach continue where the sender/receiver would be obliged to report? This is particularly important as the change from the sender/receiver institution reporting to the ordering/beneficiary institution is a significant change for our sector. Under the new regime, COBA members will be shifting from relying on intermediaries who do the reporting to needing to build new systems to carry out a new reporting obligation. The construction of these new reporting systems and processes will take time, which the extension should provide. However, to bring certainty, the existing last out/first in approach should continue during the transitional period.

Staggered independent evaluations

COBA believes that this measure could be useful in assisting some COBA members with transitioning to the new regime as it would provide them with extra time. However, we believe that many COBA members may also choose to stick with their current three-year review cycle depending on where they are at in the cycle. Staggering could be useful to ensure service providers have capacity to assist reporting entities and there are not resourcing or expertise constraints.

Compliance officer enrolments

COBA members have expressed mixed views on these measures as some oppose the proposed 60-day extension. This is because they are APRA and ASIC registered businesses and are required to complete a significant amount of paperwork whenever a senior manager joins or leaves the organisation. As such, to these members, it makes sense to complete all the paperwork at the same time rather than deferring the AML/CTF registration by two months. However, we would also note that the proposed 60 days is a maximum and would not prevent reporting entities from completing enrolments sooner if it suits their processes. COBA acknowledges that the extra time should provide flexibility that may be useful to some entities as they transition to the new regime and could assist in minimising AUSTRAC portal congestion or outages.

Politically exposed persons

COBA believes it would be appropriate to provide flexibility regarding the treatment of politically exposed persons (PEPs). The impact of the broader definition will differ from member to member depending on the providers that they each utilise. However, considering the multitude of new PEPs that will need to be incorporated, extra time would be beneficial to fine tune systems. This would help to reduce false positives and ensure that new processes are working efficiently. An option would be to provide an extended period, for example 90 days, to allow for the reviewing and investigation of PEP alerts to determine if accurate or a false positive.

COBA-proposed measures*Suspicious Matter Reports and Threshold Transaction Reports*

We note that both the Suspicious Matter Reports (SMRs) and Threshold Transaction Reports (TTRs) will both include numerous new fields including place of birth, gender, citizenships, and tax residencies. The changes to both SMRs and TTRs will take time to implement due to the changes required to update the systems and processes that collect this information. As such, COBA believes it is appropriate that extensions be provided to applying both the SMR and TTR templates.

Initial and ongoing customer due diligence

The changes to ongoing customer due diligence will require entities to monitor customers' transactions and behaviours when using designated services to determine if they need to lodge an SMR regarding a range of criminal offences. With the new regime specifying several new monitorable offences (for example, murder) our members will need time to develop new typologies to detect the behaviour. This will be especially challenging as it is not obvious how many of these offences that banks can identify through transaction monitoring.

It is currently unclear what AUSTRAC's expectations will be on whether entities need to have developed specific rules/typologies for detecting these behaviours or whether it will be a best-efforts basis for monitoring, which may or may not be system based. COBA requests clarification on this point and that flexibility be provided to our members in how they meet this obligation while transitioning to the new regime.

Additionally, AUSTRAC could provide more flexibility regarding collecting the new fields of information required under initial customer due diligence. For example, our members will now be required to collect Director Identification Numbers, and details like the nature of business, the appointer, guardian

or protector of trusts. Similar to our above comments on SMRs and TTRs, extensions could be provided on the collection of this new information to allow entities more time to update their systems and processes.

We thank the Department for taking our views into account. Please do not hesitate to contact Robert Thomas, Senior Manager Policy (rthomas@coba.asn.au) if you have any questions about our submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Lawrence', with a stylized, flowing script.

MICHAEL LAWRENCE
Chief Executive Officer