



8 July 2021

Senator Andrew Bragg  
Chair  
Senate Select Committee on Australia as a Technology and Financial Centre  
Parliament House  
Canberra ACT 2600

Westpac Place  
275 Kent St  
Sydney NSW 2000  
westpac.com.au

Dear Senator Bragg

Thank you for your correspondence to Westpac CEO Peter King regarding de-banking practices. Mr King has asked me to respond.

As one of Australia's major banks, our purpose is to support our 14 million customers and help them succeed. Our focus is on growing customer numbers in our chosen segments and building stronger and deeper customer relationships. We are not actively looking to exit customers where we can provide banking services that fall within our risk appetite and comply with our legislative obligations.

However, there is a range of reasons why we may determine we are unable to provide or continue to provide banking services to a particular customer or class of customers. These can include management of financial crime-related risks, dealing with companies which become deregistered, fraud and certain convictions, among others.

In the context of managing risks relating to financial crime, when a customer is not banked with the Westpac Group or is exited, we will consider laws governing money laundering, terrorism financing, bribery and corruption, the facilitation of tax evasion and economic and trade sanctions. Money laundering laws in Australia (including the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act) require providers of financial services to "identify, mitigate and manage" its financial crime risks. It is under this legislative framework that Westpac may decide not to provide financial services to individuals or entities. This Framework is supported by financial crime policies, programs and standards.

Westpac has in place a comprehensive Financial Crime Risk Management Framework ('Framework'), which is designed to ensure we meet our obligations under the AML/CTF Act. This Framework has undergone enhancements following the issues highlighted in the proceedings commenced against Westpac by AUSTRAC on 20 November 2019.

Our Financial Crime Risk Management Framework does refer to banking services that fall outside of our risk appetite. Our AML/CTF Policy further defines our risk appetite and criteria used by Westpac in making decisions to exit customers or not to bank certain customers. Categories of customers that fall outside of our risk appetite include designated persons on terrorist watch lists, sanctioned persons or entities, shell banks, unlicensed banks and outlawed motorcycle gangs. Westpac customers who facilitate financial transactions for their own customers through Westpac accounts will always be considered higher risk because we do not have visibility over the underlying customers identity or transaction and could be denied financial services or have their accounts and services closed.

Given the Committee is focused on the "domestic development of the FinTech sector" in Australia, it is important to note that Westpac does not consider FinTech to be higher risk or out of appetite per se. However, there could be segments of the FinTech sector that operate in higher risk areas or have



higher risk aspects and these may result in a decision to decline or cease to offer banking services. Based on a review of our decisions in the 12 months to 31 May 2021 we believe we have exited eight FinTech businesses over that period.

Before a decision is made to cease offering banking services to a business, we will undertake a process to gather further information. This typically involves a conversation with the customer to understand the nature of their businesses and the activities that have triggered the risk assessment. We will take this information into account in making any further decisions. In some cases, it will result in the business providing information or making changes which give us comfort the activities are within our risk appetite.

If a decision is made to exit a customer, generally a standard 30-day notice period is provided to the customer. Where required, we will consider requests to extend this period on a case-by-case basis. From time to time, Westpac may determine a shorter notice period is necessary to manage the risk. Where a different notice period is required by terms and conditions, legislation, or industry codes, Westpac will comply with these requirements.

We would be pleased to provide any further information on our financial crime policies to assist the Committee with its inquiry.

Yours sincerely

Les Vance  
Group Executive, Financial Crime, Compliance & Conduct