



transparency.org.au
info@transparency.org.au
+61 421 498 644
Level 14, 330 Collins St
Melbourne VIC 3000
Australia

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Committee Secretary
Parliamentary Joint Committee on Intelligence and Security
PO Box 6021
Parliament House
Canberra ACT 260
Sent via: pjcis@aph.gov.au

Dear Joint Committee on Intelligence and Security,

Transparency International (TI) Australia is pleased to provide the following comments and recommendations in relation to Schedule 1 and Schedule 3 of the proposed amendments to *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act).

For too long, Australia has been a major destination for kleptocrats, organised crime gangs, and corrupt officials to wash their illicit funds. Much of this dirty money flows out of low and middle-income countries. This robs local communities of their national wealth and can distort markets where it ends up – such as real estate. INSERT stat of cost.

The Australian Institute of Criminology estimates organised financial crime costs Australia \$13.2b and other illicit commodities, for example illicit tobacco, costs \$8.6b. Additionally, money laundering often harms the most marginalised people in society.¹

TI Australia support the changes to definitions of politically exposed person and the extension of powers to the AUSTRAC CEO to prohibit reporting entities from using high-risk mechanisms to provide designated service, particularly crypto ATMS.

We note that these changes should support Australia's upcoming assessment under the Financial Action Taskforce (FATF) guidelines and note the proposed changes would be strengthened by a concurrent change to increase the transparency of legal entity ownership, through the government's planned beneficial ownership register.

Your sincerely,



Clancy Moore

Chief Executive Officer, Transparency International Australia

¹ Voce A & Morgan A 2025. The costs of serious and organised crime in Australia, 2023–24. Statistical Report no. 55. Canberra: Australian Institute of Criminology. <https://doi.org/10.52922/78113>

SUBMISSION INTO ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING AMENDMENT BILL 2026

Schedule 1 - Amendments related to regulating the use of high-risk mechanisms

A 2023 study assessing Australian case law involving cryptocurrency between 2009-2020, found that the number of crypto-related cases before Australian courts increased significantly since 2018 with almost 45% of cases reported in the last year studied, and more than half of the cases were criminal cases, indicative of a growing problem.² TI Russia in Exile, has demonstrated how crypto-to-fiat providers, process of converting digital assets (e.g., Bitcoin, ETH) into government-issued currency, are being hijacked for potentially criminal purposes.

Australia has the highest number of crypto ATMs in the Asia Pacific. With these numbers increasing there are approximately 2000 crypto ATMS are in use around the country, with new ones regularly installed by digital currency exchanges.³ The vast majority of transactions involve cash deposits to buy Bitcoin. In many cases, individuals can purchase cryptocurrencies via cryptocurrency ATMs, which offer a greater level of privacy as many providers do not require the identification of their customers or have inadequate verification protocols. AUSTRAC estimates that there are approximately 150,00 transactions and \$275 million moved through crypto ATMs annually in Australia. Significantly, the recent Crypto Crime Report 2026, shows a 162% year-on-year increase in the amount of cryptocurrency received by criminals.⁴

Recommendation: TI Australia supports the amendment for the AUSTRAC CEO to be empowered within the stated safeguards, checks and balances, to restrict or prohibit, by legislative instrument, a reporting entity from using a high-risk mechanism to provide a designated service. In exercising this power the AUSTRAC CEO should give consideration to the likelihood of displacement and the evolving nature of high-risk mechanisms.

² A Lane and L Adam, Crime and Cryptocurrency in Australian Courts, Monash University Law Review (forthcoming),

³ AUSTRAC (2026), Powers proposed to tackle high-risk products services and channels. <https://www.austrac.gov.au/new-and-media/news/powers-proposed-tackle-high-risk-products-services-and-channels>

⁴ Chain Analysis, (2026), The Chainalysis 2026 Crypto Crime Report, <https://www.chainalysis.com/reports/crypto-crime-2026/>

Schedule 3 – New definitions for politically exposed person

PEPs occupy certain positions of power and are therefore at a higher risk of abusing their entrusted role for personal gain. FATF standards recommend financial institutions and others entering into a transaction with PEPs to exercise more caution. This means that when a client or the beneficial owner of a client entity is identified as a PEP, a family member or an associate, financial institutions should perform enhanced checks to assess the risk level of engaging with that individual. As a further preventative measure, they should also determine which mitigation measures would be necessary to address any identified risks. The simple fact that someone is a politically exposed person, or linked to one, does not define the level of risk.

Under section 5 of the current AML/CTF Act, the definitions of 'domestic politically exposed person' and 'foreign politically exposed person' are centred around the provision of designated services in Australia, rather than being centred around the jurisdiction where a permanent establishment is.

For reporting entities that provide designated services at or through a permanent establishment in a foreign country, the definition has the effect of treating an Australian politically exposed person as a domestic politically exposed person, rather than a foreign politically exposed person. This is an issue as it would impact the applicability for reporting entities to conduct enhanced CDD in line with their requirements under the AML/CTF Act.

The changes replace previous terms domestic and foreign PEPs with Australian and non-Australian and determine whether they are domestic or foreign based on service location. This should help reporting entities to understand where the service is being provided and whether the PEP is Australian or not and the corresponding level of due diligence.

Recommendation: TI Australia supports the amendments to replace old definitions of PEPs and replace with Australian and non-Australian PEPs.