

## **SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS**

### **Appearance at the Senate Inquiry into the Adequacy and Efficacy of Australia's AML/CTF Regime**

**10 November 2021**

#### **Questions in Writing – Senator Deborah O'Neill**

- 1) In your submission, you have raised the possibility of whitelisting trusted payment entities and keeping their transactions private. Would the proposed whitelist be publicly available? Wouldn't institutions placed on that whitelist become instantly attractive to money launderers due to the lower or non-existent level of scrutiny?

**Answer:**

Financial transactions made by whitelisted entities would still be subjected to appropriate 'know your customer' and transaction screening as at present, with the difference that any underlying information carried in a supporting document would be available for review by financial institutions only under certain circumstances. The whitelist could potentially be made publicly available and published on the website of the manager. Publication of the whitelisted entities should not create any additional money laundering risk because whitelisted entities, as the creators and senders of the payments and associated documents, are well placed to know the customers they are paying.

- 2) Do you believe that AUSTRAC is capable of managing this 'whitelist'? What conduct would preclude or remove a company or institution from this whitelist? How would this whitelist be maintained and would every Australia business without a history of money laundering breaches be placed on it?

**Answer:**

AUSTRAC would be well placed to take on this role, subject to being appropriately resourced. Entities would likely be added to the whitelist on a case by case basis, rather than through a blanket approval process, and may be reviewed periodically. Applicants would be expected to meet certain criteria for eligibility, which may include consideration of previous money laundering breaches as well as a number of other attributes, such as whether they are publicly or privately owned, whether they are regulated entities, whether they have a history of criminal behaviour or are under investigation by ASIC, whether there is a strong underlying business justification for the service, and whether they can demonstrate a low risk of money laundering activity.

- 3) How many entities do you believe this whitelist would cover?

**Answer:**

Initially, the list is likely to be quite narrow and cover only one or two government entities, such as Services Australia. The list would be expected to grow over time as uptake of the Payment with Document service increases and more paying entities meet the requirements for whitelisting.

Reserve Bank of Australia  
6 December 2021