



Supplementary Submission to Parliamentary Joint Committee on Law Enforcement from the Australian Banking Association

The Australian Banking Association (**ABA**) welcomes the opportunity to provide a supplementary submission to the Parliamentary Joint Committee on Law Enforcement as part of the “Re-referral of Inquiry into the capability of law enforcement to respond to money laundering and financial crime”.

We continue to support the views expressed in our original submission lodged in August 2024, which outlined the critical importance of public-private collaboration, the role of emerging technologies, and the need to reduce regulatory barriers to effective information sharing. Since that time, there have been several significant policy developments, including the incoming AML/CTF Regime, the Scams Prevention Framework (SPF), and the modernisation of Australia’s payments regulatory framework. Accordingly, while resubmitting our original submission, we wish to draw particular attention to key aspects of our original submission in light of these changes.

Action on money mules.

We reiterate our previous recommendation for further legislative clarification of the criminality of money muling – in particular, we urge the Committee to consider recommending the creation of a specific criminal offence prohibiting the act of soliciting money mules. Such an offence would enable law enforcement to more effectively target so-called “mule-herders” who co-ordinate the misuse of bank accounts held by sometimes unwitting or vulnerable individuals. This would provide the legislative firepower to tackle mules beyond the proceeds of crime, money laundering offences. Consideration could also be given to exploring a specific criminal offence for anyone that deliberately or recklessly permits their bank account / product to be used to facilitate an act that constitutes an offence against Commonwealth, State or Territory laws.

We refer to the Appendix of [our January 2025 submission](#) to the Senate Economics Legislation Committee inquiry on the *Scam Prevention Framework*, which illustrates the extent of the problem of bank account renting and selling on digital platforms. For example:





Australian Banking
Association

Alignment of Digital ID and KYC obligations.

Using Digital identity frameworks to meet customer due diligence (CDD) obligations presents a significant opportunity to enhance both compliance and law enforcement capability. The ABA continues to assert the importance of removing any doubt from the new AML/CTF regime that reliance upon a digital identity satisfies KYC obligations. We note that AUSTRAC is currently consulting on draft core guidance aimed at clarifying that third-party digital identity services can be used to verify a customer's KYC information, provided the data is independent and reliable. However, we await final confirmation and the release of the guidance.

We also recommend enabling broader or direct access to Australian Government databases such as the VEVO system, Document Verification Service (DVS), and Face Verification Service (FVS). In addition, the use of other independent and reliable sources, for example registers operated in equivalent jurisdictions, can significantly enhance the completion of CDD procedures.

Expansion of public-private intelligence sharing.

Given the speed at which financial crime activity evolves and is driven by new technology, the Australian Government should look to leverage existing and proven platforms where possible to allow the private sector to meet regulatory obligations and ensure the speedy transmission of intelligence that can be used to combat financial crime. In particular, this includes the Australian Financial Crimes Exchange (AFCX) and its Anti-Scams Intel Loop (ASIL). Integration of AFCX capability within the overall public-private intelligence sharing model will allow more effective two-way intelligence sharing between private sector participants and law enforcement agencies.

We also recommend that the Government explore opportunities to leverage the FINTEL Alliance and its new collaborative analytics hub as part of this expansion. This hub should work in tandem with AFCX to enable collective data analytics across sectors, facilitating faster typology identification and more timely referrals to law enforcement. Such integration would strengthen the intelligence ecosystem and reduce duplication across frameworks.

The growing convergence with the AML/CTF Act is leading to duplication and uncertainty regarding how financial institutions should fulfil their obligations under both frameworks. For instance, there is a risk that 'actionable scam intelligence' may be reported twice—once under the SPF and again as a suspicious matter report (SMR) under the AML/CTF Act—when the intelligence pertains to an attempted or confirmed fraud. We would welcome AUSTRAC and Treasury developing joint guidance that clarifies the interaction between the SPF and the revised tipping off provisions under the Act, particularly in the context of data sharing for scams.

Expansion of AML/CTF obligations to “tranche 2” entities.

The ABA has long supported the expansion of AML/CTF obligations to 'tranche 2' entities as filling a key gap in Australia's ML/TF defences. The upcoming implementation of this reform marks a significant milestone in strengthening Australia's financial crime framework. It is critical that the implementation of this reform include effective two-way data sharing between AUSTRAC and the newly regulated entities rather than become a mere compliance exercise adding to business cost without meaningfully reducing ML/TF risks.

We also welcomed the reforms to the tipping off offence, particularly the removal of the inferential limb. These changes simplify the obligation, making it easier to understand and manage, and critically, they facilitate more appropriate and effective information sharing.



Australian Banking
Association

Beneficial ownership.

The ABA continues to urge faster action on implementing a public beneficial ownership register. This remains a critical shortcoming in Australia's AML/CTF regime. A public register would significantly enhance transparency, deter the use of complex structures to evade legal obligations, and support stronger law enforcement responses to financial crime. It would also streamline KYC processes, improve customer screening, and better align Australia with international standards such as the Financial Action Task Force. More effective ML/TF outcomes could be achieved at substantially reduced compliance cost if Australia were to rapidly join the majority of its OECD peers by rolling out this essential capability.

Policy Lead: **Emily Gamaroff** (Associate Policy Director) [REDACTED]

About the ABA

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.