

ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CTF)

Australia's AML/CTF laws protect the financial system from money laundering and terrorism financing. Governed by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), these laws require businesses to detect and prevent criminal misuse of their services. This factsheet explains the AML/CTF regime and your key obligations.

WHEN DOES THE AML/CTF LAW APPLY?



AML/CTF laws apply to businesses providing 'designated services' listed in the legislation. Examples of designated services include:

- banking and financial services;
- digital currency exchanges;
- gambling services; and
- bullion trading.

If your business provides such services, you are a 'reporting entity' and must comply with the Act's requirements.

AML/CTF PROGRAM



If your business is a reporting entity, you will need an AML/CTF program to tackle money laundering and terrorism financing risks. This program should include:

- identifying and managing risks;
- verifying customers' identities;
- training your team on AML/CTF rules; and
- monitoring customer transactions regularly.

You must also enrol with AUSTRAC (Australian Transaction Reports and Analysis Centre), the regulator that ensures businesses stay compliant.

PRIVACY OBLIGATIONS



Your business must respect privacy laws while complying with AML/CTF obligations. This means:

- collecting only what is needed for AML/CTF purposes;
- storing customer data securely and using it lawfully; and
- only sharing personal information where necessary.

Balancing these obligations is crucial to maintaining customer trust and complying with the law. Criminal penalties can apply if you tip a customer off that you have identified suspicious transactions.

UPCOMING CHANGES



On 11 September 2024, Parliament introduced draft legislation to reform Australia's AML/CTF laws. The changes seek to:

- include high-risk professions like lawyers, accountants and real estate agents;
- streamline customer checks;
- update rules for digital assets and payments;
- increase AUSTRAC powers; and
- simplify compliance requirements.

Newly affected businesses will have until 1 July 2026 to comply, while existing entities must adapt by 31 March 2026. Stay tuned for more updates as AUSTRAC finalises the rules later this year.