

31 January 2017

Financial Crime Section  
Transactional Crime Branch  
Criminal Justice Policy and Programmes Division  
Attorney-General's Department  
3-5 National Circuit  
BARTON ACT 2600

By email: [antimoneylaundering@ag.gov.au](mailto:antimoneylaundering@ag.gov.au)

Dear Sir/Madam

**Options for regulating lawyers, conveyancers, accountants, high-value dealers, real estate agents and trust and company service providers**

The Customer Owned Banking Association (COBA) welcomes the opportunity to comment on the Attorney-General's Department's consultation on options to regulate lawyers, conveyancers, accountants, high-value dealers, real estate agents, and trust and company service providers under the anti-money laundering and counter-terrorism financing (AML/CTF) regime.

Customer-owned banking institutions are reporting entities under the AML/CTF regime and bear a significant regulatory compliance burden arising from their AML/CTF obligations.

COBA supports regulating designated non-financial businesses and professions (DNFBPs) under the AML/CTF regime because:

- it will reduce the risks of money laundering and terrorism funding in Australia
- it will close a significant gap in Australia's AML/CTF regime
- it will relieve some of the regulatory burden on current reporting entities, who could rely on customer due diligence conducted by DNFBPs.

According to the Statutory Review of the AML/CTF Act, Rules and Regulations, the "majority of industry stakeholders and partner agencies consulted supported regulating all DNFBPs under the AML/CTF Act to strengthen Australia's AML/CTF regime, relieve the AML/CTF compliance burden shouldered by financial institutions, improve compliance with the FATF standards and better protect the integrity and transparency of the Australian financial system."<sup>1</sup>

Representatives from the accountancy profession "supported the extension of the regime to cover DNFBPs in principle", subject to consultation.

The Review found that "the non-regulation of designated non-financial businesses and professions under the AML/CTF Act generates a significant gap in Australia's AML/CTF regimes that provides opportunities for criminals to misuse non-regulated services to launder illicit funds."

<sup>1</sup> <https://www.ag.gov.au/Consultations/Documents/StatutoryReviewAnti-MoneyLaunderingAndCounter-TerrorismFinancingActCth200/report-on-the-statutory-review-of-the-anti-money-laundering.pdf>

The consultation paper on regulating lawyers and conveyancers says these groups provide certain services that operate as a gateway to property and financial markets. "These 'gatekeepers' provide financial and business services that can be abused to disguise beneficial ownership, conceal the origins and purposes of financial transactions, facilitate tax evasion and, ultimately, launder the proceeds of crime. Operating through or behind a professional adviser can provide a veneer of legitimacy to criminal activity."

COBA agrees that the extension of the AML/CTF regime to regulate such services would increase Australia's ability to detect and deter money laundering and terrorism funding risks.

Extending the AML/CTF regime to regulate lawyers, conveyancers, accountants, high-value dealers, real estate agents, and trust and company service providers would more closely align Australia with the Financial Action Task Force's international standards for combating money laundering and terrorist financing.<sup>2</sup>

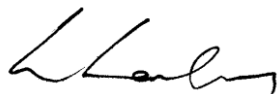
Extending the AML/CTF regime would also benefit current reporting entities, including financial institutions, which currently bear the compliance and regulatory burden in relation to the AML/CTF regime. The consultation papers note that currently financial institutions may face increased risks when they engage in transactions facilitated by these sectors. This causes increased compliance costs as financial institutions implement measures to mitigate these risks.

"If professionals such as accountants were regulated under the AML/CTF regime, the ML/TF risks faced by financial institutions who process transactions conducted by accountants on behalf of a third person would be reduced, dispersing the compliance burden across a larger number of businesses," the consultation paper says.

We recognise that regulating these services will subject DNFBPs to compliance costs in complying with the AML/CTF regime. The proposed model should seek to minimise the regulatory compliance burden for all new and existing reporting entities.

Please do not hesitate to contact Alex Thrift at [athrift@coba.asn.au](mailto:athrift@coba.asn.au) or (02) 8035 8447 if you wish to discuss any aspect of this submission.

Yours sincerely



**LUKE LAWLER**  
**Head of Public Affairs**

**About COBA:** COBA is the industry association for Australia's customer-owned banking institutions - mutual banks, credit unions, and building societies. Collectively, the sector we represent has \$103 billion in assets and more than 4 million customers.

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<sup>2</sup> FATF, [Anti-money laundering and counter-terrorist financing measures in Australia - 2015](#), Pg. 168