Australian Government
Department of Home Affairs

Stored Value Cards – Industry Consultation Paper 2026

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Overview

This paper seeks industry views on possible amendments to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) to support the proportionate regulation of stored value cards in line with their identified money laundering and terrorism financing risks.

The issuance and loading of stored value cards above certain thresholds are regulated under the AML/CTF Act. The applicable thresholds are based on whether the stored value card is cash redeemable, with stored value cards that allow cash withdrawal subject to a lower monetary threshold (currently $1,000), and those that do not allow cash withdrawal subject to a higher monetary threshold (currently $5,000).

Developments over the past 10 years have highlighted gaps in the current regime, with evolving product functionality (such as online purchases), international moves toward lower monetary value thresholds, and emerging misuse (including high-volume low-value fraud) driving consideration of targeted reforms to stored value card arrangements.

Reform proposal

Threshold reduction through legislation or regulations

The AML/CTF Act enables regulations to prescribe lower monetary value thresholds for stored value cards. Items 21 to 24 of Table 1 of section 6 of the designated services set out in the AML/CTF Act each have a head of power to prescribe a lower threshold for regulation. These items are designated services in relation to the provision of stored value cards. Each service has a threshold, above which businesses that provide that service will become regulated under the AML/CTF Act. This means the issuance or loading of lower-value products that do not meet the threshold are not subject to AML/CTF controls[1] and therefore allow greater anonymity and reduced regulatory oversight.

The Australian Government proposes to lower the applicable thresholds via regulation. This would mean that businesses that currently offer these products would have to comply with the full scope of the requirements

[1] This is with the exception of 'travel rule' obligations for 'open loop' products unless they meet the requirements for exemption under Ch 5 and 6 of the AML/CTF (Exemptions and Other Matters) Rules 2007.

of the AML/CTF Act for all products above this threshold. If the applicable thresholds are lowered, businesses would either be required to adjust their product design by lowering issuance or load limits to remain below the revised thresholds or be regulated by the AML/CTF Act. Either option would address the likelihood of these products being used to fund or disguise criminal behaviour.

Proposed reform would assist in addressing money laundering and terrorism financing risks associated with stored value cards, including:

- anonymity in prepaid transactions,
- the ability to structure funds across multiple instruments, and
- the use of reloadable stored value products that function similarly to traditional financial accounts.

In doing so, the proposed reforms would bring Australia's AML/CTF framework into closer alignment with identified money laundering and terrorism financing risks of prepaid and stored-value instruments and thereby better align with international standards set by the Financial Action Taskforce.

If the threshold for stored value card regulation is lowered, the Government would provide a transition period to allow businesses to update systems, processes, and compliance frameworks, including customer due diligence, transaction monitoring, and reporting capabilities.

The specific monetary threshold will be determined through consultation with industry. The Government recognises that lower thresholds may increase compliance costs for industry, and may decrease useability for consumers, particularly for low-value use cases. Consultation will aim to determine a setting that will achieve smoother implementation and greater industry acceptance, and in turn, may contribute to more effective compliance outcomes.

Impetus for reform

Australia's current threshold settings for stored value cards are increasingly out of step with international approaches. The United Kingdom and the European Union have adopted lower thresholds for anonymous or low-verification prepaid instruments in response to heightened money laundering and terrorism financing risks. The United States differentiates stored value cards by closed loop and open loop. Closed loop payments stay within one issuer's network, whereas open loop payments run on shared card and bank payment networks.

Please see a summary of regulation:

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	Stored Value Card Threshold (Cash Withdrawal)	**Stored Value Card Threshold (No Cash Withdrawal)**
New Zealand	$1,000 (NZD)	$5,000 (NZD)
EU & United Kingdom	€50	€150

	Stored Value Card Threshold (Closed Loop)	**Stored Value Card Threshold (Open Loop)**
United States	$1,000 (USD)	$2,000 (USD)

Australia’s current thresholds present a substantial money laundering and terrorism financing risk. AUSTRAC and the National Centre for Countering Child Exploitation have identified examples of low-value stored value cards being exploited for crimes such as the sextortion of minors, where criminals use a high volume, low value approach targeted at teenagers unlikely to have access to significant funds. The National Anti-Scams Centre has also highlighted the use of low-value stored value cards, such as gift cards, in scams.

The use of vending machines containing Mastercard stored value cards of $50 or $100 in value (‘reverse ATMs’) was reported at the Australian Open in 2026. Issuing these products does not trigger AML/CTF obligations due to the value below the current regulated thresholds. Reverse ATMs convert banknotes into disposable payment cards, typically through vending machines or other automated dispensaries with limited security or identification requirements. The use of reverse ATMs appears to be limited and are primarily used at large-scale cash-free events where international tourists who may have more limited access to card payment are likely to attend. Despite the limited use of this channel, it is possible that this channel will increase in popularity and therefore present an increased risk.

In 2017, AUSTRAC published a risk assessment of stored value cards, which identified the overall money laundering and terrorism financing risk posed by the use of above the threshold stored value cards as medium. The report advised that stored value cards were particularly vulnerable to misuse for financial crime, due to their reloadability, acceptability, international use, high storage limits, ability to use cash to load and reload a stored value card, and cash redeemability. These key features, as well as their predominately prepaid and anonymous nature, has seen stored value cards being used to support a wide variety of criminal activities perpetrated by individuals and serious and organised crime groups.

The misuse of gift cards (a type of stored value card) was repeatedly identified in AUSTRAC’s 2017 risk assessment of stored value cards. Following the 2015 terrorist attack in Paris, investigators found that anonymous stored value cards were also used to fund the attack.

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Questions for industry

To assist the Government in appropriately reducing the money laundering and terrorism financing risk of stored value cards, we are seeking targeted feedback from industry on proposed changes to the regulation of stored value cards under the AML/CTF framework. These reforms aim to better align regulatory settings with identified money laundering and terrorism financing risks while minimising unnecessary impacts on legitimate products, consumers, and innovation.

Stakeholders are invited to provide responses to the following questions to inform the design and implementation of any changes, or to provide other feedback in relation to the proposals in this paper.

1. Does the proposed threshold appropriately balance money laundering and terrorism financing risk mitigation and commercial viability for stored value card products?

2. If not, what threshold level would appropriately balance money laundering and terrorism financing risk mitigation and commercial viability for stored value card products?

   a. Can you provide any evidence to support the preferred threshold settings?
   b. Are there specific types of stored value cards that should have a higher/lower threshold than others? If so, why?
3. How would different threshold options (e.g. <$200 for cash redeemable cards and, <$5,00 for non-cash redeemable products) impact product design, distribution, and customer uptake?
4. What transition period would be required to implement changes to your systems, onboarding processes, and monitoring/reporting frameworks?
5. What implementation risks (technical, operational, customer disruption) should be considered?
6. What guidance or regulatory support would assist industry compliance?

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Background

How stored value cards are defined under the AML/CTF regime

Stored value cards are defined in section 5 of the AML/CTF Act as a real or virtual thing that stores monetary value other than physical currency, gives access to monetary value stored in a form other than physical currency, or as prescribed by the AML/CTF Rules. A stored value card does not include a debit card or credit card, an account for the purposes of certain designated services, or as otherwise prescribed by the AML/CTF Rules. Stored value cards vary in functionality and acceptance, ranging from closed-loop systems (usable only with a specific merchant or network) to open-loop systems (widely accepted across payment networks such as Visa or Mastercard). Stored value cards may support online transactions, contactless payments, or international use, and include products such as gift cards or transit passes (e.g., MyWay+ or Opal), noting that many products fall below the threshold for AML/CTF regulation of issuance or loading value.

Designated services

As outlined under table 1 in section 6 of the AML/CTF Act, the following items are listed as designated services.

Item 21: issuing a stored value card to a person, where:

(a) the whole or a part of the monetary value stored in connection with the card may be withdrawn in cash; and

(b) the monetary value stored in connection with the card is not less than:

(i) $1,000; or

(ii) if another amount is specified in the regulations—that other amount

Item 22: increasing the monetary value stored in connection with a stored value card held by a person, where:

(a) the whole or a part of the monetary value stored in connection with the card may be withdrawn in cash; and

(b) the increased monetary value is not less than:

(i) $1,000; or

(ii) if another amount is specified in the regulations—that other amount

Item 23: issuing a stored value card to a person, where:

(a) no part of the monetary value stored in connection with the card may be withdrawn in cash; and

(b) the monetary value stored in connection with the card is not less than:

(i) $5,000; or

(ii) if another amount is specified in the regulations—that other amount

Item 24: increasing the monetary value stored in connection with a stored value card held by a person, where:

(a) no part of the monetary value stored in connection with the card may be withdrawn in cash; and

(b) the increased monetary value is not less than:

(i) $5,000; or

(ii) if another amount is specified in the regulations—that other amount

Each item provides a head of power enabling the threshold to be reduced by way of regulations, as proposed by the Department.

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