



Economic Crime Section
Transnational Crime Branch
Department of Home Affairs

By email: EconomicCrime@homeaffairs.gov.au

30 January 2026

CONFIDENTIAL

**Mastercard Prepaid Management Services Australia Pty Ltd's submission –
Consultation Paper – 2026 Reforms to the AML/CTF Act**

Dear Consultation Secretariat,

Mastercard Prepaid Management Services Australia Pty Ltd (**MPMSA**) welcomes the opportunity to provide feedback on a confidential basis on the 2026 Reforms to the AML/CTF Act.

MPMSA supports the overarching objectives of the proposed reforms to minimise financial crime and to identify emerging risks so that those risks can be assessed and responded to accordingly.

General

MPMSA is a card program services manager which provides program management services for prepaid cards issued by an issuer Australia.

Although the obligations around the prepaid products (which are predominantly multi-currency travel cards and prepaid gift cards sit with the product Issuer, MPMSA operates under its own Australian Financial Services Licence and carries out any required actions before (such as KYC of cardholders and post-sale (transaction monitoring for prepaid cards on behalf of the Issuer.

Please see our responses to the nine consultation questions below:

1. Do you have any views on the scope of this power applying to the provision on all designated services, or should the power be limited to registrable services?

MPMSA is sympathetic to AUSTRAC's target of reducing financial crime and identifying emerging risks while continuing to support the growth and development of financial products and services in market.

MPMSA therefore supports additional powers being available to the AUSTRAC CEO, extending to both higher-risk designated services and more broadly to all designated services, subject to our additional comments around safeguards and steps to be taken prior to those additional powers being exercised, as set out below.

2. What products, services or delivery channels that enable designated services to be provided pose money laundering, financing of terrorism or proliferation, or serious crime risks that are difficult for reporting entities to manage and mitigate?

For the products and services that MPMSA manages for its issuer, both entities of which hold a financial services licence, we are confident that adequate measures are in place to manage and mitigate risks associated around those products. For example, the prepaid travel cards we manage are products for which KYC is carried out on cardholders prior to the cards being made available to them. Similarly, whilst the open-loop gift cards we manage are not products for which KYC is required under the AML/CTF Rules, we have safeguards in place around purchasing limits (both number of cards purchased by an individual and total value loaded onto those cards) and the merchants where the cards can be used. Our fraud team monitors for any unusual activities on all locally issued gift cards

On that basis, our view is that products which at first glance may appear to be high-risk, may not in fact need to be characterised as such, as long as the issuers, program managers and persons delivering and managing those products have adequate measures in place to manage and mitigate any risks. It is essential that those market participants then continue to monitor those risks on an ongoing basis in order to be able to anticipate any increase to the risks and mitigation steps required to manage that risk.

3. What criteria should the AUSTRAC CEO be required to apply when making a decision to restrict or prohibit a high-risk product, service or delivery channel?

The suggested steps set out in the consultation are adequate in MPMSA's view to help close the regulatory gap identified by AUSTRAC in its consultation.

In order not to disrupt the continued growth and development of various financial products, services and delivery channels used in our market, it is essential that safeguards are put in place prior to those additional rights being exercised, especially where the proposed action is to restrict or prohibit a product or service because it has been identified as one which poses an unacceptable risk to market participants.

In our view, the key safeguard is to continue engaging with industry participants prior to introducing any restriction or prohibition, as those participants are well-placed to provide valuable insights on their experiences with those products and services, as well as any risk mitigation measures they already utilise, or can utilise, to reduce potential risks or threats.

4. Do you have any view on the proposed consultation and legislative instrument requirements when a decision is made and prior to it coming into effect?

MPMSA is supportive of a double-pronged approach of both consultation with affected persons and any decision needing to be made via a legislative instrument.

The only observation we have on this particular question is that the initial duration of a decision needs to be carefully considered. The consultation refers to a period of no less than 3 years after it commences. We respectfully request that this initial timeframe is assessed on a product-by-product or service-by-service basis, considering what the decision for the product or service is, for example, whether it's a restriction or outright prohibition. If there are remediation steps which market participants can implement to reduce the identified risk of a product or service, the timeframe should be shorted

5. Do you propose any particular safeguards or restrictions to the proposed new power for the AUSTRAC CEO to restrict or prohibit high-risk products, services and delivery channels and, if so, what should those safeguards be?

Nothing in addition to what has already been detailed above.

6. Are you satisfied that the proposed model adequately captures products, services or delivery channels that enable the provision of designated services that may be high-risk now, or in the future?

Yes, the model put forward provides balance between increasing AUSTRAC's powers while also encouraging ongoing consultation with issuers, program managers and market participants to identify and mitigate risk and also encouraging growth and development of the financial services industry.

7. Do you think the proposed offence penalty is sufficient to deter continued use of banned or restricted products, services or delivery channels?

We are supportive of the quantum of the proposed penalty however flexibility around the imposition of the penalty as a strict liability offence needs to be considered, especially where affected persons, issuers and program managers are in the process of winding down an affected product or service.

Many existing products or services already being actively used by individuals are ones which will need to be wound down via a disengagement process to be agreed between the parties.

8. What concerns, if any, do you have with the proposed amendment to the definition of ‘financing of terrorism’?

None.

9. Are the amendments to the definition likely to impact your entity’s AML/CTF program, noting your existing obligations and the consequential nature of the amendment?

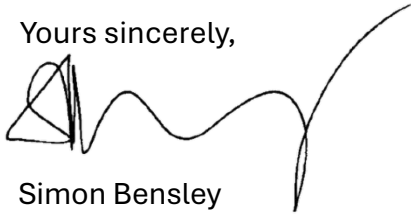
No. MPMSA in its role as a prepaid card services manager providing services under a financial services licence, already has extensive procedures and processes in place to identify potential money laundering or fraud on its prepaid products, both for the initial acquisition as well as throughout the products’ use. We adopt a flexible approach, intended to adapt to changes in market as the regulatory landscape continues to evolve.

Conclusion

We appreciate the opportunity to contribute to this important consultation and look forward to continued engagement with the Department of Home Affairs as the reforms progress. We remain committed to supporting measures to identify and mitigate risks to relating to financial products and services in Australia.

Please do not hesitate to contact me or Catherine Stelmach, Senior Counsel, should you require further information or clarification on any of the points raised.

Yours sincerely,

A handwritten signature in black ink, consisting of several loops and a long, sweeping tail that curves upwards and to the right.

Simon Bensley

Director, Legal Compliance