

DE-BANKING

Key Facts And Figures:

- In August 2022, the Treasurer received the “Potential Policy Responses to De-banking in Australia” report from the Council of Financial Regulators (CFR). The report was publicly released in October 2022.
- In June 2023, the Government released its response to the CFR report, supporting recommendations in the report. The Government is currently working with stakeholders to ensure implementation of the agreed upon recommendations.

Background:

- The CFR paper recommended:
 1. a voluntary data collection on de-banking be undertaken with the four major banks, following which consideration will be given to a formal phase of data collection
 - The Government agreed to this recommendation.
 2. all banks implement five transparency and fairness measures
 - The Government supported this recommendation in principle.
 3. the Government advising the major banks of its expectation that they provide guidance on their risk tolerance and requirements to the affected sectors
 - The Government supported this recommendation in principle.
 4. the Government providing funding capability uplift within the affected sectors.
 - The Government noted this recommendation. It supported the objectives of this recommendation and recognised the potential that capability uplift may have.
- The Government is working with stakeholders to ensure implementation of the agreed upon recommendations is effective and achievable.
- De-banking occurs when a bank declines to provide banking services or withdraws bank services from an existing customer. Some of the reasons for de-banking that were highlighted by the CFR report were: AML/CTF (Anti-Money Laundering/Counter-Terrorism Financing) risks, sanctions compliance, corruption, modern slavery, reputation risks, fraud and scams.

Division	Financial System Division	Date of update	20 May 2024
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- To inform the CFR’s advice, consultation was undertaken with stakeholders including the four major banks, the Australian Banking Association, the Australian Financial Complaints Authority, Blockchain Australia, FinTech Australia and the Australian Remittance and Currency Providers Association.
- On 20 April 2023, the Attorney-General announced major proposed reforms to Australia’s AML/CTF regime and the commencement of public consultations.
 - The Attorney-General’s Department (AGD) commenced a second round of consultation on 2 May 2024, which is supported by the release of second-stage consultation papers and direct engagement with industry. Submissions to the second round of consultation will close on 13 June 2024.
 - AGD will conduct second-round engagements with industry, government and law enforcement stakeholders on the proposed reforms throughout May and early June.
 - AGD conducted a first round of consultation between April and June 2023.
 - Any further questions on this matter should be referred to AGD.
- The proposed reforms to Australia’s AML/CTF regime will comprise two key parts:
 - the expansion of the existing AML/CTF regime to tranche-two entities (lawyers, accountants, trust and company service providers, real estate agents and dealers in precious stones and metals), and
 - targeted measures to simplify and modernise the operation of the existing regime, to reduce regulatory impacts and support businesses to prevent and detect financial crime.
- The reforms will respond to:
 - recommendations of the March 2022 report of the Senate Legal and Constitutional Affairs References Committee Inquiry into the adequacy and efficacy of Australia’s AML/CTF regime
 - the 2016 Statutory Review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and
 - international standards set by the Financial Action Task Force, the global AML/CTF standard setter and watchdog.

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Division	Financial System Division	Date of update	20 May 2024

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Key Points:

- In August 2022, the Treasurer received the “Potential Policy Responses to De-banking in Australia” report from the Council of Financial Regulators (CFR). The report was publicly released in October 2022.
- In June 2023, the Government released its response to the CFR report, supporting recommendations in the report.
- The Government is working with stakeholders to ensure implementation of the agreed upon recommendations is effective and achievable.

Background:

- The CFR paper recommended:
 1. a voluntary data collection on de-banking be undertaken with the four major banks, following which consideration will be given to a formal phase of data collection
 - The Government agreed to this recommendation.
 2. all banks implement five transparency and fairness measures in relation to de-banking
 - The Government supported this recommendation in principle.
 3. the Government advise the major four banks of its expectation that they publish guidance on their risk tolerance and requirements to the digital currency exchange, FinTech and remittance sectors
 - The Government supported this recommendation in principle.
 4. consideration be given to fund capability uplift in the digital currency exchange, FinTech and remittance sectors.
 - The Government noted this recommendation. It supported the objectives of this recommendation and recognised the potential that capability uplift may have.
- De-banking occurs when a bank declines to provide banking services or withdraws bank services from an existing customer. Some of the reasons for de-banking highlighted by the CFR report include: AML/CTF (Anti-Money Laundering/Counter-Terrorism Financing) risks, sanctions compliance, corruption, modern slavery, reputation risks, fraud and scams.

Division	Financial System Division	Date of update	18 October 2024
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- To inform the CFR's advice, consultation was undertaken with stakeholders including the four major banks, the Australian Banking Association, the Australian Financial Complaints Authority, Blockchain Australia, FinTech Australia and the Australian Remittance and Currency Providers Association.
- On 11 September 2024, the Attorney-General introduced the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (the Bill) into the Parliament.
 - The Bill was passed by the House of Representatives on 9 October 2024 and introduced into the Senate on 10 October 2024.
 - The Bill was referred to the Senate Legal and Constitutional Affairs Legislation Committee for inquiry and report by 13 November 2024.
- The Bill has 3 key objectives:
 - expand the AML/CTF regime to additional high-risk services provided by tranche two entities,
 - modernise the regulation of digital currency and of virtual asset and payments technology and
 - simplify and clarify the AML/CTF regime to reduce regulatory impacts and support businesses to better prevent and detect financial crime.
- Development of the Bill has been informed by 2 extensive rounds of consultation with industry, professional bodies, law enforcement and civil society over 2023 and 2024.
- The Bill responds to:
 - recommendations of the March 2022 report of the Senate Legal and Constitutional Affairs References Committee Inquiry into the adequacy and efficacy of Australia's AML/CTF regime
 - the 2016 Statutory Review of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and
 - international standards set by the Financial Action Task Force (the global AML/CTF standard setter and watchdog).
- There will be ongoing opportunities for industry to work with government on the AML/CTF Rules and guidance.
 - AUSTRAC is leading development of the AML/CTF Rules and will commence consultation before the end of this year.
- Any further questions on AML/CTF reforms should be referred to the Attorney-General's Department.

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Division	Financial System Division	Date of update	18 October 2024

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- In June 2023, the Government released its response to the CFR report, supporting recommendations in the report. The Government is working with stakeholders to ensure implementation of the agreed upon recommendations.

Background:

- The CFR paper recommended:
 - (1) a voluntary data collection on de-banking be undertaken with the four major banks, following which consideration will be given to a formal phase of data collection
 - : The Government agreed to this recommendation.
 - (2) all banks implement five transparency and fairness measures
 - : The Government supported this recommendation in principle.
 - (3) the Government advising the major banks of its expectation that they provide guidance on their risk tolerance and requirements to the affected sectors
 - : The Government supported this recommendation in principle.
 - (4) the Government providing funding capability uplift within the affected sectors.
 - : The Government noted this recommendation. It supported the objectives of this recommendation and recognised the potential that capability uplift may have.
- De-banking occurs when a bank declines to provide banking services or withdraws bank services from an existing customer. Some of the reason for de-banking that were highlighted by the CFR report were: AML/CTF (Anti-Money Laundering/Counter-Terrorism Financing) risks, sanctions compliance, corruption, modern slavery, reputation risks, fraud and scams.
- To inform the CFR’s advice, consultation was undertaken with stakeholders including the four major banks, the Australian Banking Association, the Australian Financial Complaints Authority, Blockchain Australia, FinTech Australia and the Australian Remittance and Currency Providers Association.

Division	Financial System Division	Date of update	6 February 2024
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DE-BANKING

- On 20 April 2023, the Attorney-General announced major proposed reforms to Australia’s AML/CTF regime and the commencement of public consultations.
 - The Attorney-General’s Department (AGD) is undertaking detailed consultation with industry, government and law enforcement stakeholders on the proposed reforms.
 - : AGD conducted a first round of consultation between April and June 2023, and expects to conduct a second round of consultation shortly. Any further questions on this matter should be referred to AGD.
 - The proposed reforms to Australia’s AML/CTF regime will comprise two key parts:
 - : the expansion of the existing AML/CTF regime to tranche-two entities (lawyers, accountants, trust and company service providers, real estate agents and dealers in precious stones and metals), and
 - : targeted measures to simplify and modernise the operation of the existing regime, to reduce regulatory impacts and support businesses to prevent and detect financial crime.
 - The reforms will respond to:
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