



6 March 2026

The Department of Home Affairs
126 Lee Street
HAYMARKET, NSW 2000

By email: economiccrime@homeaffairs.gov.au

Dear Economic Crime Consultation Team

INDUSTRY CONSULTATION AML/CTF TRANSITIONAL RULES EXPOSURE DRAFT

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia¹. We appreciate the opportunity to respond to the industry consultation on the AML/CTF transitional rules exposure draft 2026².

We represent over 150 members, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

INTRODUCTORY COMMENTS

AFIA appreciates the opportunity to provide feedback on the AML/CTF Transitional Rules 2026 exposure draft and wishes to highlight several practical issues that may affect reporting entities during the transition. In particular, AFIA seeks clarity on how the rules apply to foreign permanent establishments that were never subject to Australian customer identification procedure requirements, as well as guidance on the registration process for remittance service providers newly captured under the reforms.

¹ [Australian Finance Industry Association \(afia.asn.au\)](https://afia.asn.au).

² <https://www.homeaffairs.gov.au/about-us/our-portfolios/criminal-justice/anti-money-laundering-and-counter-terrorism-financing>

Addressing these gaps will help ensure reporting entities can transition smoothly to the new framework without unnecessary regulatory burden, especially where offshore operations are already complying with local AML/CTF regimes. Further detail is provided below.

PART 3: CONTINUED USE OF APPLICABLE CUSTOMER IDENTIFICATION PROCEDURES FOR INITIAL CUSTOMER DUE DILIGENCE

We note the drafting of Part 3 is ambiguous regarding whether a permanent establishment in a foreign country can satisfy the eligibility criteria for deemed compliance.

The provisions appear to require that the reporting entity had customer identification procedures (CIP) that complied with, and were applied in accordance with, the Principal Act as in force on 30 March 2026. However, permanent establishments in a foreign country were not subject to CIP requirements under the Principal Act in the same manner as Australian permanent establishments. Therefore, there may be no CIP framework under that Act against which compliance can be demonstrated for those foreign establishments. On this reading, such permanent establishments may not be capable of meeting the threshold criteria in sections 7 and 8.

AFIA requests that Part 3 be clarified to expressly address how the eligibility test is intended to apply where no prior statutory CIP obligation existed. AFIA recommends that permanent establishments in a foreign country be eligible for the transitional relief relating to initial customer due diligence to support a consistent and orderly transition for reporting entities with global operations. Without clarification, entities may be required to implement the new Australian framework offshore on an accelerated basis, while simultaneously complying with existing local AML/CTF legislation. This would impose additional regulatory burden on offshore operations that are already subject to, and compliant with, local AML/CTF regimes.

REGISTRATION OF REMITTANCE SERVICE PROVIDERS

The transitional rules confirm that the AML/CTF reforms do not affect a person's current status as a registered remittance network provider, remittance affiliate or independent remittance dealer (section 5, Exposure Draft of the Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules 2026). However, the transitional rules are silent on the registration process and timeframes for existing reporting entities whose current business activities are caught by the new value transfer designated services (items 29 or 30, or both) commencing 31 March 2026.

Section 74 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Future Laws Compilation) prohibits unregistered persons from providing remittance services. A person must apply in writing to the AUSTRAC CEO for registration as a remittance service provider using an approved form which contains information required by the AML/CTF Rules. Industry participants are unable to locate this new form to enable a remittance service provider to apply for registration. On the AUSTRAC website it suggests that a remittance service provider "must enrol and apply for registration using the approved

form (which will be developed before the laws come into force on 31 March 2026)" however no such form has been published³.

On this basis, AFIA recommends that the transitional rules include:

- an extension of time for remittance service providers to submit their registration applications; and
- a provision stating that section 74 will not apply during this extension of time and up until AUSTRAC has either registered the reporting entity or made a decision to refuse registration.

As described above, this transitional rule would apply to reporting entities carrying on an existing business before 31 March 2026 which is caught as a value transfer / remittance service from 31 March 2026.

Additionally, AFIA recommends giving a minimum of 3 months from the release date of the new registration form for reporting entities to submit the form which factors into account time required to compile the responses/supporting documents. It would also be helpful if AUSTRAC Guidance was updated to let industry know once the registration form is made available.

CLOSING COMMENTS

AFIA works collaboratively with Government and AUSTRAC to ensure policy settings deliver these important reforms in a manner that is achievable for reporting entities whilst upholding the required standards of security. Should you wish to discuss our submission or require additional information, please contact me at emma.penzo@afia.asn.au.

Yours sincerely



Dr. Emma Penzo
Head of Regulatory Policy

³ [Register with us as a remittance or virtual asset service provider \(Reform\)](#), accessed 4.3.26.