

MEDIA RELEASE

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TIME TO COMPLY WITH ANTI-MONEY LAUNDERING REFORMS

Credit unions and building societies have welcomed today's announcement of a reasonable transition period for sweeping new anti money laundering (AML) laws.

The new laws will be phased in over two years, with a further one-year amnesty period for businesses making an effort to comply.

The Justice Minister, Senator Chris Ellison, revealed the AML transition plan at the *2006 Australian Credit Union and Mutual Building Society Convention* in Perth today.

Senator Ellison's message to the convention session *AML: the bridge to compliance* also recognised the importance of credit unions and building societies to achieving a viable new anti money laundering and counter terrorism financing (AML/CTF) regulatory framework.

Credit unions and building societies are collectively the biggest force in Australian banking after the big banks. Credit unions and mutual building societies have more than 4.5 million members and total assets of almost \$50 billion.

Senator Ellison told the convention he was keen to introduce the AML/CTF legislative package into Parliament later this year.

"Once passed, there will be a phased implementation of the new AML/CTF Act and Rules over 24 months, with the fundamental obligations implemented first followed by those that are more complex," Senator Ellison said. "In addition, I've proposed a 12 month amnesty period whereby the Australian Transaction Reports and Analysis Centre (AUSTRAC) will focus on educating businesses and will only seek punitive remedies for non-compliance where businesses are not making reasonable steps to reach compliance."

Credit unions and building societies have also welcomed the Justice Minister's commitment to a comprehensive public awareness and education campaign about the new AML/CTF regulatory framework.

Abacus – Australian Mutuals, the main industry body for credit unions and building societies, has expressed concern about the privacy implications of the proposed new AML laws and the potential for a customer backlash.

"Regulated businesses will be obliged to gather information on customers and to pry into their personal affairs in responding to money laundering or terrorism financing risks," said Abacus General Manager Adrian Lovney.

"The obligation to carry out 'customer due diligence' will require regulated businesses to determine whether to collect personal information such as place of birth, income and assets, source of funds and financial position.

"It will take time for regulated businesses and their customers to understand and respond to these new obligations. A two year transition period with an additional 'amnesty' period of 12 months is welcome."

FURTHER INFORMATION:

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