

MEDIA RELEASE

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Credit unions and mutual building societies well positioned to meet new AML identification requirements

Australia's 150 credit unions and mutual building societies are on track to meet legislative deadlines to finalise new customer ID processes by 12 December 2007.

The new Anti-Money Laundering (AML) compliance laws present a challenge for some players in the financial services market, but Australia's mutual banking institutions are in a strong position to meet these new identification requirements.

"As member-owned Authorised Deposit-taking Institutions (ADIs), credit unions and mutual building societies have a strong track record in this space," said Abacus Head of Public Affairs, Louise Petschler.

"For many years mutual ADIs have met their customer identification requirements under the existing Financial Transactions Reporting laws. Credit unions and mutual building societies are well placed to meet the larger requirements of new AML laws."

"Mutual ADIs enjoy close relationships with their members, creating a strong base from which to meet these new regulatory needs while minimising possible intrusion into members' personal and financial affairs."

Abacus, as the industry body, has been in active consultation with AUSTRAC on the new AML regime. The mutual banking sector has played a constructive role along with others to shape the new framework, but more work needs to be done.

"While credit unions and building societies will meet the immediate identification deadline, we remain concerned at the lack of a workable and cost effective electronic identification method for financial services providers," said Ms Petschler.

"We also expect more engagement on the scope of transaction monitoring under the new AML regime. The new laws could expose reporting entities to major systems costs – and consumers to ongoing detailed monitoring of their daily banking - without any real consumer or system benefit."

"We are seeking clear guidance from the Government and AUSTRAC on these matters, which really need a fast resolution," said Ms Petschler.

Against this background, credit unions and mutual building societies remain committed to working in partnership with AUSTRAC to understand it's the regulator's expectations in order to design and implement systems to meet the needs of the new regime.

Abacus - Australian Mutuals is the industry body for credit unions and mutual building societies. We work with our 150 member institutions to promote the role of mutuals - building societies and credit unions that are owned by, and operated for, the benefit of their members. Our industry offers a different kind of banking: one that puts members first. More than four and a half million Australians are members of credit unions and building societies.

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