

## Attachment A – Regulatory reform opportunities

Initiative	Summary of action	How it will uplift productivity and/or economic growth	Impact
<b>Improvement to Suspicious Matter Reports</b>	<p>A Suspicious Matter Report (SMR) is a mandatory report that must be submitted to AUSTRAC by reporting entities when they suspect that a person or transaction is linked to criminal activity. This includes:</p> <ul style="list-style-type: none"> <li>• Money laundering</li> <li>• Terrorism financing</li> <li>• Identity fraud</li> <li>• Tax evasion</li> <li>• Other serious and organised crime</li> </ul> <p>SMRs form the cornerstone of Australia's anti-money laundering and counter-terrorism financing (AML/CTF) framework and are a critical contributor to AUSTRAC's financial intelligence. Submitting SMRs to AUSTRAC helps protect Australia against money laundering, terrorism financing and other serious and organised crime.</p> <p>AUSTRAC received over 450,000 SMRs throughout 2024–25. SMR submission obligations have strict statutory deadlines – 24 hours if the suspicion relates to terrorism financing,</p>	<p>Utilise text analytics to assess the readability and intelligence value of SMRs, enabling targeted feedback to reporting entities. This approach aims to improve both the efficiency and effectiveness of SMR submissions by:</p> <ul style="list-style-type: none"> <li>• Providing clear, actionable guidance on what constitutes a high-quality SMR</li> <li>• Educating industry participants on best practices for reporting suspicious activity</li> <li>• Helping REs focus their efforts on high-risk, high-impact areas</li> <li>• Reducing the volume of reports that contribute little to overall intelligence outcomes</li> </ul> <p>By fostering a clearer understanding of reporting standards, the industry can enhance its contribution to financial crime intelligence, while streamlining resources toward areas with the greatest potential for harm prevention.</p>	<p><b>Reduction in defensive reporting:</b> Enables reporting entities to focus on quality over quantity. Allowing them to prioritise high-risk activities and reduce SMRs with limited value.</p> <p><b>Operational cost savings for banks:</b> A more targeted reporting approach will result in reductions for banks in compliance costs, resource strain, and time spent on limited-value reports.</p> <p><b>Improved Reporting quality from Reporting Entities:</b> SMRs submitted by REs will result in greater relevance, readability, and analytical usefulness.</p> <p><b>Improved insights and intelligence</b></p>

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	or within 3 business days if the suspicion relates to money laundering or any other offence.		
<b>Adjusting AUSTRAC's regulatory engagement</b>	<p>AUSTRAC regulates over 17,000 businesses and has maintained regular extensive engagement with large systemically important businesses in banking and gambling. Practically this involves quarterly meetings involving financial crime representatives providing detailed packs and reporting in relation to progress in relation to their AML/CTF risk management and consideration and preparation within AUSTRAC.</p> <p>AUSTRAC's regulatory engagement refers to how it interacts with reporting entities and industries to ensure compliance with Australia's AML/CTF laws.</p>	As businesses continue to improve their risk management practises, AUSTRAC has reassessed the necessity for detailed regular engagement and oversight. This will result in a reduction in meetings and therefore reduced requirement for businesses to prepare packs of information. Likewise it will reduce the requirement on AUSTRAC in relation to its own preparedness. The actual time and people commitments for each individual business will vary depending on the size and complexity of their AML/CTF program and the depth of matters to which they were engaged with AUSTRAC. Over the course of a year it will likely provide additional weeks of time for the relevant business operations. .	<p><b>Strategic engagement at key moments:</b> Direct attention to critical issues and milestone events, ensuring that interactions deliver maximum regulatory value.</p> <p><b>Reduced operational strain for businesses:</b> Minimise time-consuming preparation and meeting commitments, allowing regulated entities to focus on core risk management responsibilities.</p>
<b>AML/CTF starter program kits</b>	<p>AUSTRAC's AML/CTF Starter Program Kits will help small businesses—especially those newly regulated under Tranche 2 reforms—establish effective compliance programs with minimal complexity.</p> <p>The kits aim to increase the effectiveness of AML/CTF programs and will include a risk assessment and program for a typical low complexity small business.</p>	Previously all reporting entities needed to develop their own AML/CTF Programs. In partnership with industry associations, the starter kits will ensure AML/CTF programs are effective and businesses will not be starting with a 'blank sheet of paper'. This new, world first approach to AML/CTF management is designed to reduce time and cost for small business. Starter kits are designed in partnership with industry to ensure they meet the needs of business, and will significantly streamline compliance for a considerable proportion of	<p><b>Streamline compliance processes and make it easier for a significant number of businesses that are small and low complexity</b></p> <p><b>Support small business compliance without high costs:</b> The kits assist many small businesses build their AML/CTF programs and increase</p>

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	The ongoing management of the starter Programs will be assumed by AUSTRAC.	<p>the reporting entities coming under regulation from July 2026.</p> <p>The kits are designed to assist small businesses to establish effective anti-money laundering and counter-terrorism financing programs without starting from scratch.</p> <p>Each kit will be designed to reflect sector-wide risks and industry practices and will include: AML/CTF program, Risk Guidance, Implementation checklists and plans, and education material.</p>	<p>effectiveness without significant costs</p> <p><b>Cost savings:</b> Uptake of starter kits will save small businesses the expense of developing their own AML/CTF programs. In developing the legislation the Attorney-General's Department conducted an impact analysis which assessed the annual average regulatory burden cost per business. Costs will vary across reporting entities due to size and complexity.</p> <ul style="list-style-type: none"> <li>For small businesses with a turnover of less than \$200,000, AGD's impact analysis estimates an annual cost of <b>\$4,460</b> (upfront costs) and <b>\$6,020</b> (annual ongoing costs). This amount will vary depending on the size of the business.</li> <li>For businesses with turnover of more than \$10 million, average regulatory burden is estimated at \$58,600.</li> </ul>

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			<ul style="list-style-type: none"> <li>Therefore the quantum of productivity benefit from this initiative across a large population of small to medium businesses will lead to savings in excess of \$300 million.</li> </ul>
<b>Co-design of guidance with industry</b>	Co-design within AUSTRAC refers to a collaborative approach where the agency works closely with internal teams, reporting entities (REs), and other stakeholders to develop regulatory products, guidance, and initiatives that are effective, efficient, and practical.	<p>As a part of its new regulatory strategy, AUSTRAC is adopting a co-design approach to the development of relevant guidance and education materials with industry. This will ensure that regulatory guidance is more effectively targeted to the needs of industry.</p> <p>Co-design is realised via a range of mechanisms—including industry forums, workshops, roundtables, and working groups—and involves regulated entities, peak bodies, and sectors not currently under AUSTRAC's remit but critical to the delivery of AML/CTF regulation.</p> <p>This allows for deeper engagement on detailed aspects of the AML/CTF regime. These engagements enable AUSTRAC to garner a better understanding of industry practice and leverage non-AML/CTF regulatory regimes to reduce regulatory burden, while still adhering to the global AML/CTF standards. This in turn leads to the development of industry-specific guidance, targeted at</p>	<p><b>Improved clarity of relevant guidance:</b> Reducing time spent learning and understanding obligations.</p> <p><b>Reduced regulatory burden</b></p> <p><b>Improved reporting and compliance</b></p>

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		areas of need. For example, AUSTRAC has worked with industry to develop risk indicators in relation to financial transactions and related criminal activity and is working with businesses to outline expectations which will allow business to hone their efforts and target their resources to have the best outcome in their management of money laundering, terrorism financing and criminal risks. This guidance has led to significant benefits for our regulated entities in the sector, ensuring their compliance activities are effective and meaningful, with minimal wasted effort. Whilst a co-design approach is more time consuming, it is hoped that fit-for-purpose guidance will make compliance simpler for all participants in the regulatory framework, longer term.	
<b>Automatic enrolment for entities with an Australian Financial Services Licence</b>	<p>An Australian Financial Services Licence (AFSL) is a legal authorisation issued by the Australian Securities and Investments Commission (ASIC) that allows businesses and individuals to provide financial services in Australia.</p> <p>While AUSTRAC currently auto-enrols businesses with other relevant licences, remitters and digital currency exchange (DCE) providers who hold an AFSL must still undergo a separate registration process before commencing operations.</p>	<p>This opportunity is to streamline AUSTRAC's registrations processes by automatically registering entities conducting remittance and digital currency services that already hold an Australian Financial Services Licence (AFSL). AUSTRAC received over 1,500 applications for registration from businesses in 2024-25. There are current requirements on businesses providing certain financial products and services to obtain an AFSL and in parallel obtain registration to operate from AUSTRAC. This is likely to impact a smaller cohort of approximately 100 businesses annually but may increase over time as additional licensing requirements are applied to digital currency (cryptocurrency).</p>	<p><b>Reduced regulatory overhead and minimise time to becoming operational</b> for businesses already licenced through parallel.</p> <p><b>Saved time and resources</b> for both businesses and AUSTRAC by streamling enrolment steps.</p> <p><b>Removed duplicative registration requirements</b> by eliminating the need for a lengthy separate registration process</p>

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		The streamlining of the AUSTRAC consideration following obtaining an AFSL will provide a small productivity benefit to those businesses. The current process is resulting in duplicated checks, longer processing times, and unnecessary administrative burden.	
<b>Co-design of future IFTI/IVTS reform with industry</b>	<p>IFTI reporting refers to International Funds Transfer Instruction reporting—a key requirement under Australia’s AML/CTF Act. It ensures that AUSTRAC receives timely information about cross-border transfers of money or property, helping detect and prevent financial crime. AUSTRAC received over 230 million IFTI reports in 2024-25, or approximately 636,000 reports per day from approximately 600 reporting entities.</p> <p>AUSTRAC’s current IFTI reporting regime aims to ensure consistency with third party payment platforms utilised by reporting entities and international data standards, to reduce technical and data burden on REs to comply with this obligation.</p> <p>International Value Transfer Services (IVTS) will replace the previous International Funds Transfer Instructions (IFTI) framework as part of reforms to the Anti-Money Laundering and Counter-Terrorism Financing Act. This change reflects a</p>	<p>AUSTRAC will adopt a co-design approach with Reporting Entities (REs) to shape the future of IVTS (International Value Transfer Services) reporting. Similar to current IFTI reporting regime, AUSTRAC will seek to minimise regulatory burden and maximise consistency, quality and timeliness of data from REs by leveraging existing payment platforms, contemporary industry data and technical standards, and / or other third party regulatory technology or financial technology capabilities used by RE’s in the co-design of IVTS processes and systems.</p> <p>The goal is to ensure that reforms not only meet regulatory and intelligence needs but also enhance productivity for REs—rather than adding unnecessary complexity or burden.</p>	<p><b>Data and technology systems</b> are designed collaboratively to support seamless IVTS reporting.</p> <p><b>Reporting obligations</b> are clear, proportionate, and aligned with operational realities.</p>



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	broader approach to tracking cross-border transfers of money, virtual assets, or other property and depending upon the final scope of the new obligation, is likely to increase the number of reporting entities subject to this obligation.		
<b>Streamlined digitised notice process</b>	<p>Digital notice process refers to AUSTRAC's enhanced powers to issue formal requests for information under Australia's updated Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws.</p> <p>These notices are part of AUSTRAC's information-gathering powers and are designed to help combat money laundering, terrorism financing, and other serious crimes. AUSTRAC uses these powers, in partnership with industry, to seek further information and target areas of criminality or known/suspected channels of money laundering.</p> <p>Across AUSTRAC's Intelligence and Regulatory operations, several hundred legislative notices are issued annually seeking additional information and documents from regulated entities. As Legal instruments, some notices, particularly on regulatory engagements, carry weight of penalty on failures to address the notice within the timeframe</p>	Opportunity to streamline process for notices by implementing a fully digital, automated notice system, that make is easier for REs to respond to notices and provide information to AUSTRAC.	<b>Reduced regulatory burden</b> by minimising duplication and enhancing efficiency

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	and completeness. The standard timeframes applied to formal notices range from 2 to 4 weeks depending on the extent of information sought. Current practices mean that the response to the notice may involve various forms of reply including data, documents in various formats, image and video. Document size can be significant which has implications on any traditional email communication as well as security and confidentiality considerations. In some instances, USB drives, document portals become options for receiving large volumes of information. The variance across issue and response to notices compounds productivity impacts that a future digital approach would reduce.		
<b>Compliance report overhaul</b>	AUSTRAC's compliance reporting is a requirement for businesses that provide designated services under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). Reporting Entities (RE) are required to submit a Compliance Report to AUSTRAC every year. This report provides AUSTRAC with critical data and insights to assess the efficacy of RE AML/CTF frameworks and	<p>The Compliance Report is a critical regulatory tool and opportunities exist to enhance efficiency and reduce burden through:</p> <ul style="list-style-type: none"> <li>• Redesigning and simplifying question sets to improve clarity and reduce completion time</li> <li>• Prefilling data from existing registration sources to minimise duplication</li> <li>• Leveraging smart logic and automation to tailor questions based on entity type and risk profile.</li> </ul>	<p><b>Reduces annual compliance obligations</b>, easing the process for entities submitting their AUSTRAC Compliance Report</p> <p><b>Minimises administrative effort</b>, saving time and resources for entities.</p>



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	the overall vulnerability of the financial sector.	<p>This will be of greater importance when the CR requirement extends to the newly regulated businesses from July 2026. In 2025, we received approximately 8,800 CRs, and we expect this to grow to in excess of 50,000 following the extension of this obligation through Government reforms. For large businesses with complex operations the time taken to complete the Compliance Report can be several weeks to months to obtain and aggregate information across an entire organisation.</p> <p>Any reduction in time taken and impact will provide productivity benefit to existing regulated businesses which will then be extended to businesses to be regulated.</p>	
<b>Greater regulatory harmonisation</b>	<p>Regulatory harmonisation refers to the process of aligning regulatory requirements across different systems and frameworks to reduce compliance costs and improve efficiency. The momentum toward regulatory harmonisation has grown across financial crime compliance, especially as Australia prepares for the implementation of Tranche 2 reforms.</p> <p>Harmonisation signals a clear commitment to reducing fragmentation, fostering clarity, and easing navigation of AML/CTF obligations.</p>	<p>Reducing conflict between regulatory frameworks and / or leveraging data and information collection for one regulatory purpose to be used to respond to another will provide productivity benefits for businesses.</p> <p>As an example of regulatory harmonisation already underway - establishing the identity of a customer is a critical component in the protection of individuals and businesses. Reforms to the AML/CTF Act and Rules require that regulated businesses undertake customer due diligence to establish the identity of their customers, but do not prescribe a particular verification procedure. Professions that undertake verification of identity for other purposes, for example to support</p>	<p><b>Reduced regulatory burden:</b> Minimising administrative complexity by streamlining obligations across related regulatory regimes—enhancing efficiency, reducing duplication, and offering clearer, more consistent compliance pathways for reporting entities.</p>

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		<p>electronic conveyancing, may continue to do so and will only be required to supplement their procedures where the AML/CTF Act and Rules require additional matters to be verified.</p> <p>In cooperation with other regulators, AUSTRAC will seek further opportunities to ensure that steps taken under other regulatory regimes (e.g. Scams Prevention Framework) can support the multiple outcomes being sought.</p> <p>Ideally, this should enable information to be collected from regulated businesses once, but shared and used for multiple purposes across different Commonwealth regulatory frameworks.</p>	
<b>Enhancements to large volume SMR reporting</b>	<p>As noted above, Suspicious Matter Reports (SMRs) form the cornerstone of Australia's AML/CTF Framework and are a critical contributor to AUSTRAC's financial intelligence. AUSTRAC received over 450,000 SMRs throughout 2024-25. While important, SMR reporting can be onerous and costly for regulated entities, and there are opportunities to make this reporting more efficient and more effective.</p>	<p>Reform the SMR reporting system to make it easier and more efficient for large volume reporters.</p> <p>Potential options that will be explored with regulated businesses may include providing direction and expectations in relation to reporting on certain unusual activity which may reduce defensive reporting. Exploring efficiencies in reports where there are large networks of suspect transactions and linked individuals.</p> <p>In addition, any future enabling of information sharing between businesses will enable exploration of joint suspicion reports which exists in other jurisdiction including the United States. This reduces multiple individual reports and provides more targets and fulsome information and intelligence.</p>	<p><b>Data and technology systems</b> are designed collaboratively to support seamless SMR reporting</p> <p><b>Reporting obligations</b> are clear, proportionate, and aligned with operational realities</p> <p><b>Reduction in defensive reporting:</b> Enables reporting entities to focus on quality over quantity, allowing them to prioritise high-risk activities and reduce SMRs with limited value.</p>

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			<p><b>Improved insights and intelligence</b></p> <p><b>Enhanced pattern detection and anomaly identification</b> for emerging harms and threats in the financial system.</p> <p><b>Greater traceability and auditability</b> to improve confidence in data driven processes and compliance activities.</p> <p><b>A faster regulation and intelligence cycle</b>, as targeted insights are generated in a timelier manner.</p>