



Australian Government

Australian Transaction Reports
and Analysis Centre

Guidance note 10/03

Threshold Transaction Reports (TTRs): customers using an ADI other than their account provider when depositing physical currency

Anti-Money Laundering and Counter-Terrorism Financing Act 2006

1 Introduction

- 1.1 The *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) is designed to assist in combating money laundering and the financing of terrorism. To achieve these aims, the AML/CTF Act places certain obligations on 'reporting entities' (defined in section 5 of the Act).
- 1.2 Under section 229 of the AML/CTF Act, the Chief Executive Officer (CEO) of the Australian Transaction Reports and Analysis Centre (AUSTRAC) may, in writing, make Anti-Money Laundering/Counter-Terrorism Financing Rules (AML/CTF Rules). The AML/CTF Rules are legislative instruments and are therefore binding.
- 1.3 The guidance note provides further information regarding the application of the AML/CTF Act and Rules to threshold transactions where a person deposits money into its bank account through a branch of an ADI that is not the account provider.

2 Customers using a bank other than their account provider when depositing physical currency

- 2.1 From 1 October 2011, changes to the information that must be included in a report of a threshold transaction (TTR) will come into effect. These changes will require reporting entities to include details of the individual conducting the transaction, where the individual is not the customer. This is in addition to the current requirement to include details about the customer.
- 2.2 It is important to note that these changes do not alter who the customer of the designated service is. Therefore, for a given transaction there should be no change to the customer that is disclosed in Part A of the TTR form or any other AML/CTF Act obligations associated with that customer.
- 2.3 Nevertheless, AUSTRAC is aware that in the course of developing processes and procedures to capture details of the individual conducting the transaction, entities have identified gaps in their systems to properly determine who the customer is prior to providing the designated service and, where applicable, include details of that customer in a TTR.
- 2.4 AUSTRAC understands that a facility exists within the banking sector to allow customers to carry out banking transactions at a branch of a bank that is not their account provider. A common example is rural customers using the branch of the bank that operates in their town to deposit physical currency into a bank account that they hold with another financial institution.

- 2.5 Regardless of where the transaction is carried out, if the transaction involves a transfer of \$10,000 or more of physical currency, a reporting entity is required to submit a TTR to AUSTRAC about the transaction.
- 2.6 In these cases, the banking sector has implemented an arrangement whereby the bank at whose branch the transaction is carried out (the originator bank) reports the transaction to AUSTRAC. This is because the exchange settlement files used to notify the account provider of any transactions that have been processed by the originator bank are not detailed enough to identify whether the transaction involved physical currency.
- 2.7 It is AUSTRAC's view, that where a customer carries out an account deposit through a branch of a bank that is not the account provider, the originator bank is not providing a deposit service on behalf of the account provider.
- 2.8 Rather, it is our view that:
- the originator bank, when facilitating the account deposit is providing designated service item 29 - accepting an electronic funds transfer instruction (EFTI) from payer. The customer (the payer) is the individual conducting the transaction.
 - the account provider, on receipt on the EFTI via the exchange settlement file, will provide designated service item 30 – making money available to the account holder as a result of an EFTI via a credit to the account holders account. In doing so, the account provider will also provide designated service item 3 – allowing a transaction to be conducted in relation to the account.
 - Where the account deposit comprises \$10,000 or more of physical currency, the physical currency relates to the provision of designated service item 29 by the originator bank. Therefore, the originator bank has the obligation under section 43 of the AML/CTF Act to submit a TTR to AUSTRAC about the transaction.
 - The provision of designated service items 3 and 30 by the account provider do not involve the transfer of physical currency. Therefore, the account provider does not have an obligation to submit a TTR about the transaction to AUSTRAC.

Further information

AUSTRAC officers are able to assist reporting entities, their staff and the public in providing general information relating to the AML/CTF Act. Enquiries can be directed to the AUSTRAC Help Desk via:

- email to help_desk@austrac.gov.au
- telephone 02 9950 0827 or 1300 021 037 (a local call within Australia).

The information contained in this document is intended only to provide a summary and general overview on these matters. It is not intended to be comprehensive. It does not constitute, nor should it be treated as, legal advice or opinions. This document may contain statements of policy which reflect AUSTRAC's administration of the legislation in carrying out its statutory functions. The Commonwealth accepts no liability for any loss suffered as a result of reliance on this publication. AUSTRAC recommends that independent professional advice be sought.

The information contained herein is current as at the date of this document.

Reporting entities should note that in relation to activities they undertake to comply with the AML/CTF Act, they will have obligations under the *Privacy Act 1988*, including the requirement to comply with the National Privacy Principles, even if they would otherwise be exempt from the Privacy Act. For further information about these obligations, please go to <http://www.privacy.gov.au> or call 1300 363 992.

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