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AML/CTF compliance officers in Australia

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1 Executive summary

1.1 Introduction

In late 2009 AUSTRAC conducted a survey of anti-money laundering and counter-terrorism financing (AML/CTF) compliance officers from organisations with obligations under the AML/CTF Act. The survey was completed by 150 AML/CTF compliance officers primarily from the financial sector.

AML/CTF compliance officers play a critical role in ensuring an organisation understands and implements its obligations under the AML/CTF Act and the AML/CTF Rules. Staff in this position are of pivotal importance in the creation and maintenance of effective AML/CTF systems, controls, policies and procedures. It is important that the position is appropriately structured and resourced. Failure to do so may compromise an organisation's efforts to guard against its products and services being used to facilitate money laundering (ML) or terrorism financing (TF).

This report presents the results of the survey, including aggregated data and analysis by sector and entity size. It presents a snapshot of how the obligation for reporting entities to appoint an AML/CTF compliance officer has been addressed by a range of reporting entities. It also flags issues for the attention of AML/CTF compliance officers and reporting entities.

AUSTRAC expects this report will be of particular interest to reporting entities, compliance professionals, industry peak bodies, professional associations and academics.

1.2 Key findings

There was no indication of systemic failure among reporting entities to comply with the obligation to designate the AML/CTF compliance officer 'at the management level'. Some 98 per cent of respondents were of the view that their position was set at an appropriately senior level to identify major deficiencies in their AML/CTF program and to effect change where required. In addition, a large number of AML/CTF compliance officers reported directly to the board or to another executive position or committee.

The results of the survey indicated that reporting entities were well placed, through their AML/CTF compliance officer, to understand and comply with their obligations under the AML/CTF Act and AML/CTF Rules. The survey found that these officers were a highly experienced and well-educated group of professionals, as indicated by the following:

- 95 per cent of respondents had three or more years experience in compliance and risk management. One-third had more than 10 years experience in these areas.
- 75 per cent had an 'advanced' level of knowledge of their organisation's business.
- 86 per cent held tertiary qualifications.

- 93 per cent had at least some understanding of AML/CTF *prior* to assuming the role.
- Some 75 per cent of respondents were the first, and only, AML/CTF compliance officers appointed by their organisation, suggesting a high degree of stability in the position.

As the following points indicate, there did not appear to be significant resourcing issues for the majority of AML/CTF compliance officers who completed the survey.

- 91 per cent of respondents believed that they had sufficient resources to effectively carry out their responsibilities as AML/CTF compliance officer.
- Three-quarters were directly assisted in their role as AML/CTF compliance officer by one or more staff members.
- Slightly more than half of respondents experienced an increase in resources for AML/CTF matters since September 2008. Only two respondents said there was a decrease in resources devoted to AML/CTF matters in the same period.

The survey found a high degree of consistency across reporting entities in terms of the AML/CTF responsibilities attached to the position of AML/CTF compliance officer. It appears that the vast majority of AML/CTF-related functions are the responsibility of the AML/CTF compliance officer and that organisations have generally *not* dispersed these functions across various positions or sections in their organisation. Overall, more than 75 per cent of AML/CTF compliance officers were responsible for:

- Review/oversight – of AML/CTF programs, know your customer (KYC) policies and procedures, ML/TF risk assessment methodologies, ML/TF risk awareness training for staff, assurance activities, independent reviews, transaction monitoring systems, and reviewing and filtering suspicious matter reports (SMRs).
- Establishment – of ML/TF risk assessment methodologies and record-keeping policies and procedures.
- Approval processes – for new products/designated services and taking on new customers that are assessed as high risk.
- Providing a central contact – for AML/CTF matters both internally and with AUSTRAC.
- Compliance reports – and their completion and submission to AUSTRAC.

The final question in the survey asked respondents to nominate the two most significant issues they faced in their role as AML/CTF compliance officer. The single most common issue, across all sectors, was the requirement to provide ML/TF risk awareness training for staff. The issues related to the quality of training and ensuring frontline staff were aware of the ML/TF risks associated with their positions. The second most common issue raised by respondents was the difficulty in maintaining their own knowledge about AML/CTF and keeping up to date with legislative changes. AUSTRAC is looking into these matters, particularly in relation to small reporting entities.

Two areas of concern emerged from the survey responses which AUSTRAC considers warrant examination. The first relates to the amount of time some AML/CTF compliance officers devote to AML/CTF matters. The survey found that 95 per cent of respondents also conducted non-AML/CTF related activities. While this is expected, AUSTRAC is concerned that almost half of all respondents said they spend only '10 per cent or less' of their time on AML/CTF matters. AUSTRAC urges entities to review the amount of time they spend on AML/CTF matters, especially as entities implement policies and procedures for ongoing customer due diligence and reporting under the AML/CTF Act.

The second area of concern relates to the lack of reporting of AML/CTF matters to the board (or equivalent executive body) within some reporting entities. While 72 per cent of respondents reported one or more AML/CTF matters to the board in the last financial year, some 28 per cent of respondents did not report a single matter. AUSTRAC urges entities to review the criteria for reporting AML/CTF matters to their board (or equivalent executive body) to ensure appropriate oversight arrangements are in place.

2 Background, methodology, and survey response

2.1 Requirement to designate an AML/CTF compliance officer

The obligation for all reporting entities to designate an AML/CTF compliance officer is one of a suite of obligations that are contained in the AML/CTF Rules. Part 8.5 of the AML/CTF Rules states:

Part A (of an AML/CTF program) must provide for the reporting entity to designate a person as the 'AML/CTF compliance officer' at the management level. The AML/CTF compliance officer may have other duties.¹

The requirement is broadly defined and reporting entities have considerable scope in determining the functions and responsibilities this officer may have. The Rules are deliberately framed in this manner in line with Australia's risk-based AML/CTF regime.

The Rules are also framed with regard to a specific recommendation of the Financial Action Task Force (FATF). FATF Recommendation 15 calls on jurisdictions to require their financial institutions to develop AML/CTF programs. The Interpretative Note to Recommendation 15 states:

For financial institutions, compliance management arrangements should include the appointment of a compliance officer at the management level.²

Prior to the introduction of the AML/CTF Act, Australia's AML/CTF regime was assessed by the FATF. The peer review process was finalised in late 2005 and found Australia to be 'non-compliant' with Recommendation 15 for a number of reasons, including a failure to require institutions to have a designated AML/CTF compliance officer.³ This shortcoming has been addressed through the AML/CTF Rules referred to above.

2.2 Rationale for conducting the survey

AUSTRAC chose this subject for its first major industry survey to highlight the importance of the AML/CTF compliance officer position. The position holder is pivotal to an entity's understanding and implementation of a broad array of obligations under the AML/CTF Act. It is critical that entities design an AML/CTF compliance officer position that is appropriate for the organisation. Careful consideration should also be given to the person employed in the role, to ensure that they have the requisite skills and knowledge and adequate resources to carry out the function, and have appropriate access to senior management and/or the board in order to raise and resolve AML/CTF-related issues.

¹ Part 9.5 of the AML/CTF Rules contains an identical requirement for designated business groups.

² Financial Action Task Force, Interpretative Note to Recommendation 15, www.fatf-gafi.org/document/28/0,3343,en_32250379_32236920_33988956_1_1_1_1,00.html#Interpretative_Note_to_r_15

³ Financial Action Task Force, 2005, *Third Mutual Evaluation Report on Anti-Money Laundering and Combating the Financing of Terrorism – Australia*, October 2005, p.93, www.fatf-gafi.org/dataoecd/60/33/35528955.pdf.

Despite the importance of the role there is very little information about it in the public domain. This issue is not confined to Australia. A recent article by Antoinette Verhage noted the paucity of information about these positions in Belgium.⁴ The article presented the initial findings of a research survey of AML/CTF compliance officers in Belgium conducted in 2007. Other authors have interviewed compliance officers in France to understand how they maintain a balance between implementing AML/CTF policies and the bank's commercial imperatives.⁵ The publication of this report adds to the publicly available information on this subject.

The information in this report is drawn primarily from the survey responses and provides a snapshot of how the obligation to appoint an AML/CTF compliance officer is being implemented in practice. As such, it provides an indication of the effectiveness of the obligation. It is also intended to assist reporting entities to better understand and comply with this obligation. It will enable entities to compare the way they have designed the AML/CTF compliance officer position against a large sample of entities and against entities in specific industry sectors.

2.3 Methodology

In late October 2009, AUSTRAC sent emails to 356 reporting entities inviting them to complete an online survey.⁶ The survey was both anonymous and voluntary. The email addresses were drawn from the AUSTRAC Online database, as provided by individual entities when they registered with AUSTRAC. Emails were sent to entities from the following broad groups:

- Authorised deposit-taking institutions (ADIs) – banks, credit unions and building societies (all such entities registered with AUSTRAC).
- Non-bank financial services (NBFS) – investment management via managed investment schemes, superannuation, life insurance, securities and derivatives dealer and traders, and finance and lending (only a sample of those entities registered with AUSTRAC, generally larger entities or entities with a large market share).
- Gambling – casinos, corporate bookmakers, and betting agencies/totalisators (all such entities registered with AUSTRAC).

Draft survey questions were piloted with a small number of reporting entities, AML/CTF industry experts and academics, who provided valuable feedback in the design stage. Ideas for questions were also drawn from a previous study of AML/CTF compliance officers in Belgium.⁷

The survey could only be completed online.⁸ It was made up of three sections (profile, role and reporting, and general). It included questions about the AML/CTF compliance officer's educational and professional background, duties (including non-

⁴ Antoinette Verhage, 'Compliance and AML in Belgium: a Booming Sector with Growing Pains', in *Journal of Money Laundering Control*, Vol. 12, No. 2, 2009, pp.113-133.

⁵ Gilles Favarel-Garrigues et al, 'Sentinels in the Banking Industry: Private Actors and the Fight Against Money Laundering in France', in *The British Journal of Criminology*, No. 48, 2008, pp.1-19.

⁶ While emails were sent to 420 reporting entities, AUSTRAC received 64 'undeliverable email' message alerts. As such, the number of entities that actually received an email from AUSTRAC was 356. The survey was open from 23 October to 6 November 2009.

⁷ AUSTRAC gratefully acknowledges Dr Antionette Verhage from Ghent University in Belgium for providing a copy of a questionnaire on a similar research project.

⁸ AUSTRAC used a United States-based third party software provider, Survey Monkey, to support the survey. The software enabled the creation of the online survey, and the collection and analysis of the responses.

AML duties), reporting lines, the number of staff involved in AML/CTF compliance, as well as some broad attitudinal-based questions on the drivers of compliance, key issues and the importance of AUSTRAC educational and guidance material. The survey was approved by the Australian Government Statistical Clearing House, within the Australian Bureau of Statistics (Approval Number 02062-01), and the survey itself is included in this report as **Attachment B**.

Some caution should be exercised in drawing conclusions from the survey data. This is because the surveys were anonymous and while the expectation was that the designated AML/CTF compliance officer completed the survey, this may not have been the case for all respondents. In addition, while significant care was taken to ensure the meaning of all questions and response options were clear, it is possible that some respondents had an alternative interpretation of the question.

2.4 Response rate and completion rate

A total of 150 reporting entities completed the survey.⁹ Most of these respondents completed every question in the survey. However, some entities did not provide a response to every question. As such, there are slight variances in the total number of responses for each question in the tables in the following pages.

An 'indicative' response rate was determined by dividing the number of completed surveys (150) by the number of entities that received an email inviting them to complete the survey (356). The indicative response rate for this survey was 42 per cent. That is, 42 per cent of reporting entities that received the email from AUSTRAC went on to complete the survey. It is an 'indicative' rather than an actual response rate figure because the survey responses were anonymous. In addition, while the invitation to complete the survey (which contained the hyperlink to the online survey) was sent directly to a finite group of individuals, the email may have been passed on to other staff and/or other entities, potentially creating a larger pool of respondents.¹⁰

The survey software used for this activity provided a completion rate for the survey. That is, it monitored the number of respondents that started the survey, and who then went on to complete and submit it.¹¹ It is common for respondents to start a survey, but to not complete it. Completion rates can be affected by a range of factors, including the survey delivery method, the relevance of the survey topic to the respondent, the quality of the questions and response options, and the time taken to complete the survey. The completion rate for this survey was 91 per cent. That is, 91 per cent of reporting entities that started the survey went on to complete it.

⁹ To be included in the total number that 'completed' the survey, a reporting entity must have answered at least the first four questions in Part A of the survey, and pressed the 'submit' button located at the end of Section C. A total of 147 entities did this. A further 3 entities responded to 40 per cent, or more, of the total questions and also responded to question 19 (list of responsibilities of AML/CTF compliance officer). Given the significant amount of information provided in these responses, they have also been included in the total 'completed' number of surveys, taking the total number of completed survey to 150.

¹⁰ While AUSTRAC could not monitor whether more than one survey was submitted for a single organisation, the survey software prevented the same ISP address from submitting more than one survey.

¹¹ To be included in the total number that 'started' the survey, a reporting entity must have commenced answering questions in Part A of the survey and then pressed the 'next' button to move to section B.

2.5 Completed surveys by industry sector and entity size

AML/CTF compliance officers from a range of organisations, primarily within the financial industry, completed the survey. This was determined from the responses to question three which asked respondents to choose a single 'dominant function/activity in Australia'.¹² A number of tables in this report present the responses to certain survey questions by industry sector. However, given the small number of survey responses from some sectors – that is, the life insurance, betting agency/totalisator, and corporate bookmaker sectors – these are not included in any of these tables. In addition, commentary and observations throughout the report compare individual sectors to overall trends, and to other sectors. However, due to limited sample sizes, sector-specific observations are restricted to only four sectors – banks, credit unions/building societies, managed investment schemes (MIS), and superannuation.

Dominant function/activity in Australia		
Response options	Responses (as % of total responses)	Number of responses
Bank	11.3%	17
Credit union/building society	29.3%	44
Investment management (via managed investment schemes)	14.7%	22
Life insurance (including friendly societies)	0.7%	1
Superannuation	24.0%	36
Finance/lending (excluding banks, credit unions and building societies)	6.0%	9
Securities/derivatives dealer or trader	8.0%	12
Casino	4.0%	6
Betting agency/totalisator	1.3%	2
Corporate bookmaker	0.7%	1
Total	100%	150

For the purposes of this survey, 'entity size' was determined by the number of employees in Australia. As the table below indicates, respondents were spread across all five entity size categories. The largest group of respondents had between 11 and 50 employees (45 respondents), followed by the 51 to 250 category (38 respondents).

¹² Several entities, especially large conglomerates, conduct several of the activities listed in the table. For the sake of analysis, respondents were deliberately asked to choose only one activity.

Number of employees in Australia (entity size) – overall		
Response options	Responses (as % of total responses)	Number of responses
Less than 10	16.7%	25
11 to 50	30.0%	45
51 to 250	25.3%	38
251 to 1,000	15.3%	23
More than 1,000	12.7%	19
Total	100%	150

The following table shows respondents by entity size for each sector. Again, there was a reasonable spread of respondents across all entity size categories, with the exception of the casino sector where respondents were concentrated among the two largest entity size categories only.

Number of employees in Australia – by sector							
Response options	Banks	Credit unions/building societies	MIS	Superannuation	Securities/derivatives dealer or trader	Casino	Finance/lending
Less than 10	–	6	3	15	–	–	1
11 to 50	3	15	9	10	3	–	4
51 to 250	2	15	5	7	5	–	2
251 to 1,000	5	8	3	1	3	1	2
More than 1,000	7	–	2	3	1	5	–
Total	17	44	22	36	12	6	9

The majority of respondents (92 per cent) classed themselves as an ‘Australian organisation’. Twelve respondents identified themselves as a ‘foreign organisation operating in Australia’. Three-quarters of these respondents were banks.

Some 63 per cent of respondents said they were the designated AML/CTF compliance officer for ‘a single entity’, while the remainder held this position for a designated business group (DBG).¹³ In both categories, respondents were spread over most sectors and entity sizes.

¹³ Entities that satisfy the requirements in chapter 2 of the AML/CTF Rules (including being related to each other within the meaning of section 50 of the *Corporations Act 2001*) may choose to form a DBG.

3 Profile of AML/CTF compliance officers

This section sketches an outline of the types of individuals who have been designated as the AML/CTF compliance officer for their organisation. It draws largely on responses to questions in section A of the survey.

3.1 Gender

Overall, the majority of respondents were male (63 per cent). This general trend was evident across all sectors, with the exception of the MIS sector, which had an equal number (11) of male and female AML/CTF compliance officers.

3.2 Professional experience

A large percentage of respondents had considerable professional experience in the area of compliance and/or risk management. As the following table shows, some 63 per cent of all respondents had six or more years experience in these areas. A further 32 per cent had three to five years experience. These respondents were spread across all sectors. Only one respondent had less than one year's experience in compliance and/or risk management.

Number of years working in the area of compliance and/or risk management (including role/s in current and previous organisations)		
Response options	Responses (as % of total responses)	Number of responses
Less than 1 year	0.7%	1
1 to 2 years	4.8%	7
3 to 5 years	32.0%	47
6 to 10 years	28.6%	42
More than 10 years	34.0%	50
Total	100%	147

A small number of respondents (11 per cent) had experience working for a government regulator. Slightly fewer (5 per cent) had worked in the area of law enforcement. These respondents represented 16 per cent of all respondents and were spread across all sectors and entity sizes. However, there was a slight concentration of officers with previous government or law enforcement experience among organisations with more than 1,000 employees. In addition, half of the AML/CTF compliance officers working for foreign organisations had previously worked for a regulator or in law enforcement.

3.3 Knowledge of the business and AML/CTF

A strong understanding of an organisation’s business is fundamental to an AML/CTF compliance officer’s ability to effectively carry out the role. The survey results indicated that most respondents (75 per cent) had an ‘advanced’ level of knowledge about their organisation’s business. These respondents were spread across all industry sectors and entity sizes. Only one respondent said they had only a ‘basic’ understanding of their organisation’s business.

Some three-quarters of respondents had either a ‘basic’ or ‘intermediate’ knowledge of AML/CTF before commencing in the role. Some 17 per cent had an ‘advanced’ knowledge of AML/CTF prior to starting. Only a very small number of respondents had no knowledge of AML/CTF prior to assuming the role (7 per cent). The following table presents this information by sector.

Knowledge of AML/CTF prior to commencing current role							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
None	–	1	2	6	1	–	–
Basic	4	14	9	20	4	3	4
Intermediate	8	21	7	9	3	1	4
Advanced	5	6	4	1	3	2	1

3.4 Education

Generally, AML/CTF compliance officers are a well-educated group of professionals, with some 86 per cent holding a tertiary qualification. These respondents were spread across all sectors and entity sizes. The 14 per cent of respondents who did not hold a tertiary education qualification were similarly dispersed. The banking sector was the only sector where all respondents held a tertiary qualification. The table below provides a breakdown by tertiary qualification type.

Highest tertiary education qualification		
Response options	Responses (as % of total responses)	Number of responses
No tertiary qualification	14.1%	21
Bachelors Degree	38.3%	57
Graduate Certificate/Graduate Diploma	24.8%	37
Masters	14.8%	22
PhD	0.0%	0
Other	8.1%	12
Total	100%	149

3.5 Membership of professional organisation/association

There is a high level of professional organisation/association membership among AML/CTF compliance officers. Almost 80 per cent of respondents reported being members of a professional organisation/association. Of these, 60 per cent said the membership assists them in their role as AML/CTF compliance officer. Conversely, 40 per cent said their association membership does not assist them in this role. These responses are presented by sector in the table below. Some professional organisations/associations may wish to review the effectiveness of the AML/CTF-related services they provide to their members.

Does membership of a professional organisation/association assist in the role of AML/CTF compliance officer?							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
Yes	11	18	15	14	6	2	5
No	2	16	4	16	2	2	3

3.6 Time in position

Some 35 per cent of respondents had held the position of AML/CTF compliance officer for two years or more, while 68 per cent had held the position for 18 months or more. These responses were not concentrated in any particular sector or entity size. Given the requirement to designate the position came into effect on 12 December 2007, these figures indicate that many entities designated a staff member to fill the position before it became a requirement.

Time spent in current AML/CTF compliance officer position		
Response options	Responses (as % of total responses)	Number of responses
0–6 months	8.7%	13
7–12 months	9.4%	14
13–18 months	14.1%	21
19–24 months	32.9%	49
More than 24 months	34.9%	52
Total	100%	149

4 The AML/CTF compliance officer position – the basics

4.1 Employment status

Every AML/CTF compliance officer who completed the survey was located in Australia. Most of them (89 per cent) were employed on a permanent full-time basis. The banking sector is the only one that employed all AML/CTF compliance officers on this basis. Of the 11 per cent of respondents who were employed on a permanent part-time or contractor basis, most were female, and most worked in organisations that employ less than 250 people in Australia.

A large number of respondents (84 per cent) did not apply for the position, but were assigned to it by their organisation.

4.2 Position title

The majority of respondents did not refer to the position as ‘AML/CTF compliance officer’. Some 77 per cent used a different title to describe their position, a result that was consistent across all sectors and entity sizes. The survey did not specifically ask respondents what alternative titles they used.

4.3 Performance bonuses

Slightly more than half of AML/CTF compliance officer positions (52 per cent) were eligible for performance bonuses.¹⁴ This is shown by sector in the table below. All but one of the AML/CTF compliance officers in the banking sector were eligible for performance bonuses. Other sectors that had a high proportion of incentivised AML/CTF compliance officer positions were the MIS, securities/derivatives dealers, casinos and finance/lending sectors. Conversely, a smaller number of AML/CTF compliance officer positions in credit unions and building societies and superannuation firms were eligible for bonuses.

Is your AML/CTF compliance officer position eligible for performance bonuses?							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
Yes	16	11	15	12	8	5	6
No	1	32	6	24	4	1	3

¹⁴ The survey did not ask how the bonus was structured (e.g. cash, shares, other).

4.4 Resources

A very high number of respondents (91 per cent) were of the view that they had sufficient resources to effectively carry out their responsibilities as AML/CTF compliance officer. Nine per cent of respondents believed they did not have sufficient resources to effectively carry out this role.

Around 75 per cent of respondents were directly assisted by one or more staff members to carry out their duties as AML/CTF compliance officer. AML/CTF compliance officers with four or less staff assisting them in their role were spread across all entity sizes.¹⁵ Those with five staff or more assisting them were generally concentrated among larger entity sizes. The survey found that 25 per cent of respondents did not have any staff to assist them in this role.

Number of staff that directly assist with your duties as AML/CTF compliance officer (excluding frontline staff)		
Response options	Responses (as % of total responses)	Number of responses
0	25.0%	37
1	38.5%	57
2	16.9%	25
3	6.1%	9
4	6.8%	10
5	3.4%	5
6–10	2.0%	3
More than 10	1.4%	2
Total	100%	148

The number of staff directly assisting the AML/CTF compliance officer in each sector is shown in the table below. Respondents with four staff or less were, for the most part, spread across all sectors. Those with five or more staff assisting were concentrated among banks and credit unions and building societies.

¹⁵ However, there were no respondents in the 'less than 10 staff' entity size that had three staff assisting them in their role.

Number of staff that directly assist you with your duties as AML/CTF compliance officer							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
0	2	5	9	15	3	1	1
1	5	21	5	12	6	4	3
2	3	8	5	5	1	–	1
3	1	5	1	1	–	1	–
4	1	1	1	2	2	–	3
5	2	2	–	1	–	–	–
6–10	1	2	–	–	–	–	–
>10	2	–	–	–	–	–	–

One question in Part B of the survey asked respondents whether there had been any change in the resources devoted to AML/CTF issues in their organisation since September 2008 (generally accepted as the month that the global financial crisis commenced). The table below presents the response to this question. Of particular note is that only two respondents said their resources had decreased, while slightly more than half reported an increase in resources.

Change in the level of resourcing devoted to AML/CTF issues since September 2008		
Response options	Responses (as % of total responses)	Number of responses
Increased	51.4%	76
Decreased	1.4%	2
No change	45.3%	67
Don't know	2.0%	3
Total	100%	148

The following table presents the response to the question about changes in resourcing levels by sector. The building society and credit union sector deviated noticeably from the overall trends in the above table with 70 per cent of respondents in that sector reporting an increase in resources since September 2008.

Changes in level of resourcing devoted to AML/CTF issues since September 2008 – by sector							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
Increased	8	31	7	14	4	5	4
Decreased	–	–	2	–	–	–	–
No change	8	13	11	21	7	1	5
Don't know	1	–	1	1	–	–	–

4.5 Reporting lines for AML/CTF compliance officers

As the table below shows, two-thirds of the AML/CTF compliance officers reported to only one person or committee. A further 29 per cent reported to two people or committees.

Number of reporting lines for AML/CTF compliance officers		
Number of reporting lines	Number of respondents	Responses (as % of total responses)
1	94	67%
2	41	29%
3 or more	5	4%
Total	140	100%

4.6 Staff turnover in the AML/CTF compliance officer position

Overall, a high proportion of respondents (75 per cent) reported that only one person had occupied the AML/CTF compliance officer position since it was created. This applied to all sectors and entity sizes and suggests a high degree of stability, to date, within the sectors that were surveyed. A smaller number reported that two staff had occupied the position since it was created (20 per cent). There was a greater incidence of staff turnover in this position in the banking sector compared to all others. Five banks reported that two officers had held the position, while a further three banks had employed three different officers in the role.

Number of staff who have held the position of designated AML/CTF compliance officer		
Response options	Responses (as % of total responses)	Number of responses
1	74.5%	111
2	20.1%	30
3	4.0%	6
4 or more	0.0%	0
Don't know	1.3%	2
Total	100%	149

4.7 Time devoted to AML/CTF matters

The amount of time respondents spend carrying out their AML/CTF responsibilities varies. However, it is clear that most AML/CTF compliance officers spend the majority of their time attending to functions unrelated to AML/CTF. As the table below illustrates, 91 per cent of all respondents reported spending less than half of their time on these matters. Thirteen respondents worked on AML/CTF matters for more than half of their time and only five were employed full-time on AML/CTF matters.

While it is expected that many AML/CTF compliance officers will also conduct non-AML/CTF-related activities, AUSTRAC has concerns about the very large number of respondents (46 per cent) who reported spending only 10 per cent or less of their time on AML/CTF matters. This suggests that these AML/CTF compliance officers spent one day a fortnight, or less, on AML/CTF matters. AUSTRAC urges entities to review the amount of time spent on AML/CTF matters, especially as they implement arrangements for reporting and ongoing customer due diligence under the AML/CTF Act.

Approximate percentage of time dedicated to AML/CTF matters		
Response options	Responses (as % of total responses)	Number of responses
10% or less	45.6%	67
11–25%	27.2%	40
26–50%	18.4%	27
51–75%	2.0%	3
76–99%	3.4%	5
100%	3.4%	5
Total	100%	147

The table below illustrates the amount of time AML/CTF compliance officers devote to AML/CTF duties in each sector. There is a spread of respondents across all sectors who reported spending less than 50 per cent of their time on AML/CTF matters.

Time dedicated to AML/CTF matters by entity type (by number of respondents)							
Time spent on AML/CTF matters	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
Less than 10%	1	17	12	24	6	2	4
11–25%	3	16	7	8	1	1	3
26–50%	7	9	1	3	3	2	1
51–75%	1	1	–	–	–	–	1
76–99%	2	1	1	–	–	–	–
100%	2	–	–	–	2	1	–

4.8 Other duties (non-AML/CTF)

The vast majority of AML/CTF compliance officers (95 per cent) undertake other activities in addition to their AML/CTF-related responsibilities. This is consistent with the small amount of time the majority of respondents spend on AML/CTF matters, as described above. These non-AML/CTF responsibilities are summarised below.

- Around two-thirds of respondents said they had responsibility for a broader compliance function, encompassing compliance with Australian Prudential Regulation Authority (APRA), Australian Securities and Investments Commission (ASIC), the Australian Securities Exchange, other regulators, and privacy and industry standards and codes.
- Slightly less than 30 per cent of respondents said they had responsibility for a risk-related function, encompassing risk management, operational risk, and regulatory risk.
- Around 13 per cent of respondents said they carried out a legal function, encompassing company secretary, legal counsel, and other 'legal' positions.
- A small number of respondents said they had responsibility for one or more of the following: audit, operations, fraud, sanctions, financial crimes, insurance, human resources, information technology, contract management, and marketing
- Five respondents said they were responsible for all aspects of their organisation. Another twenty respondents said they were a chief financial officer, a director or managing director, or a general manager.

5 Responsibilities of AML/CTF compliance officers

Section B of the survey contained a list of possible responsibilities that may be attached to the role of designated AML/CTF compliance officer. These responsibilities were developed with regard to the AUSTRAC guidance note on AML/CTF compliance officers¹⁶, through consultation with internal supervisory staff, and through external consultation with AML/CTF compliance officers, industry experts and academics. This list was not exhaustive, but covered the main responsibilities that may be attached to the AML/CTF compliance officer position. Responses to these questions have been grouped into categories for ease of reference and are presented below. These findings have been drawn from the tables at **Attachment A** of this report.

5.1 Reviewing and making variations to AML/CTF programs

- This is a core responsibility carried out by 96 per cent of respondents.

5.2 Establishing and reviewing ML/TF risk assessment methodologies

- These are core responsibilities for all respondents. Slightly more respondents were responsible for reviewing ML/TF risk assessment methodologies (94 per cent) than establishing them (86 per cent).
- AML/CTF compliance officers in banks and superannuation firms were less likely to be responsible for establishing ML/TF risk assessment methodologies than all other sectors.
- AML/CTF compliance officers in entities with less than 10 staff were less likely to be responsible for establishing ML/TF risk assessment methodologies than compliance officers employed by larger entities.

5.3 Involved in approval process for taking on high-risk customers and new products/designated services

- A significant number of respondents are involved in these approval processes. More respondents were involved in the approval process for new products/designated services (87 per cent) than for taking on high-risk customers (79 per cent).
- AML/CTF compliance officers in the superannuation sector were less likely to be involved in the approval process for new products/designated services than other sectors.
- AML/CTF compliance officers in banks and superannuation firms were much less likely than other sectors to be involved in the approval process for taking on high-risk customers.

¹⁶ AUSTRAC guidance note 08/02, 'AML/CTF compliance officers', www.austrac.gov.au/files/gn0802_amlctf_compliance_officers.pdf

- Entity size does not appear to be a significant factor in determining whether an AML/CTF compliance officer will be involved in the approval process for taking on high-risk customers. Compliance officers in entities with more than 1,000 employees were only slightly less likely to be involved in this process (68 per cent) than entities with less than 10 staff (75 per cent).

5.4 ML/TF risk awareness training for staff

- Overseeing ML/TF risk awareness training for staff was a responsibility for 93 per cent of respondents. Fewer respondents were responsible for conducting ML/TF risk awareness training for staff (66 per cent).
- AML/CTF compliance officers in MIS firms were much more likely to conduct risk awareness training for staff than all other sectors.
- Entity size appears to be a factor in determining whether compliance officers conducted risk awareness training, but the pattern is not readily explained. AML/CTF compliance officers in entities with between 251 and 1,000 staff were the least likely to conduct risk awareness training for staff. AML/CTF compliance officers with more than 1,000 employees were more likely to conduct the training than these smaller entities. So too were their counterparts in entities with less than 10 staff.

5.5 Conducting employee due diligence

- Almost three-quarters of respondents were responsible for overseeing employee due diligence in their organisation.
- Entity size was not a significant factor in determining whether the AML/CTF compliance officer oversees employee due diligence.
- Only 36 per cent of AML/CTF compliance officers were responsible for conducting employee due diligence. AML/CTF compliance officers in banks were far less likely to be responsible for this activity than their counterparts in all other sectors.
- Entity size appears to be a factor in determining whether an AML/CTF compliance officer carries out employee due diligence. Compliance officers in entities with more than 50 staff were much less likely to conduct this activity than their counterparts in smaller organisations. Some three-quarters of compliance officers in firms with less than 10 employees carried out this activity.

5.6 AUSTRAC contact and advice

- Some 97 per cent of AML/CTF compliance officers were responsible for responding to AUSTRAC feedback.
- Acting as the main contact point with AUSTRAC and providing internal advice on AML/CTF were core responsibilities for more than 90 per cent of respondents.

5.7 Assurance activities and independent review

- A significant number of AML/CTF compliance officers (83 per cent) were responsible for overseeing internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules.
- All MIS firms and 16 out of 17 banks made their AML/CTF compliance officer responsible for overseeing internal assurance activities.

- Just over half of AML/CTF compliance officers conducted assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules.
- Some 78 per cent of AML/CTF compliance officers were responsible for overseeing the engagement of others performing independent reviews of their AML/CTF program. Compliance officers in banks were highly likely to carry out this activity (16 out of 17 respondents).

5.8 Know your customer policies and procedures

- Reviewing know your customer (KYC) policies and procedures was a responsibility for 93 per cent of respondents. Slightly fewer respondents were responsible for establishing these policies (83 per cent).
- AML/CTF compliance officers in banks are much less likely to be responsible for establishing KYC procedures than all other sectors.

5.9 Record keeping

- Some 81 per cent of AML/CTF compliance officers were responsible for establishing record-keeping policies and procedures in accordance with Part 10 of the AML/CTF Act.
- AML/CTF compliance officers in superannuation firms were less likely than their counterparts in other sectors to be responsible for this activity.
- AML/CTF compliance officers in entities with less than 10 staff were the least likely to be responsible for this activity. Conversely, 95 per cent of AML/CTF compliance officers in entities with more than 1,000 employees held this responsibility.

5.10 Transaction monitoring system

- The majority of AML/CTF compliance officers (87 per cent) were responsible for overseeing their transaction monitoring system (or framework).
- Some 95 per cent of respondents employed by entities with more than 1,000 staff were responsible for this activity.
- Two-thirds of AML/CTF compliance officers were responsible for project managing the establishment of their transaction monitoring system (or framework).
- AML/CTF compliance officers in banks and superannuation firms were less likely than their counterparts in other sectors to be responsible for this activity.

5.11 Reporting – suspicious matter reports

- Most AML/CTF compliance officers (80 per cent) were responsible for reviewing and filtering suspicious matter reports (SMRs) generated by business units/frontline staff.
- AML/CTF compliance officers in banks were far less likely to be responsible for reviewing and filtering SMRs than their counterparts in all other sectors. However, the eight banks that assigned responsibility for reviewing and filtering SMRs to their AML/CTF compliance officer position were all foreign banks.
- Conversely, all AML/CTF compliance officers in MIS and superannuation firms were responsible for this activity.

- Some 74 per cent of AML/CTF compliance officers were responsible for submitting SMRs to AUSTRAC.
- AML/CTF compliance officers in banks were far less likely to be responsible for submitting SMRs to AUSTRAC than their counterparts in all other sectors.
- All AML/CTF compliance officers in MIS firms were responsible for this activity.
- Entity size appears to be a determinant of whether an AML/CTF compliance officer submits SMRs to AUSTRAC. Compliance officers in entities with less than ten staff were the most likely to have responsibility for submitting SMRs (88 per cent) while their counterparts in organisations with more than 1,000 staff were the least likely to have this responsibility (47 per cent). There is a consistent downward trend from smallest to largest entities.
- Entity size appears to be less of a determinant of whether an AML/CTF compliance officer reviews and filters SMRs. Compliance officers in entities with between 51 and 250 staff were the most likely to carry out this activity (92 per cent), while their counterparts in entities with more than 1,000 staff were the least likely (47 per cent).

5.12 Reporting – threshold transaction reports and international funds transfer instructions/ correspondent banking relationships¹⁷

- Almost one-third of AML/CTF compliance officers were responsible for submitting threshold transaction reports (TTRs) to AUSTRAC.
- Around half of AML/CTF compliance officers in credit unions, building societies or MIS firms were responsible for submitting TTRs to AUSTRAC. None of the AML/CTF compliance officers in banks were responsible for this function.
- Small numbers of AML/CTF compliance officers were responsible for submitting international funds transfer instruction (IFTI) reports to AUSTRAC (8 per cent) and for establishing and reviewing correspondent banking relationships (19 per cent).
- Almost one-third of respondents said TTR reporting was not applicable to their business.
- A much larger number of respondents said that IFTI reporting was not applicable to their business (66 per cent); and that correspondent banking relationships were not applicable to their business (76 per cent).

5.13 Compliance reports

- Nearly all AML/CTF compliance officers were involved in preparing and/or submitting AML/CTF compliance reports to AUSTRAC. Slightly more were responsible for completing compliance reports (97 per cent) than submitting them AUSTRAC (95 per cent). These responses were among the highest of all responses relating to AML/CTF responsibilities.

¹⁷ Survey respondents had a third response option – ‘not applicable’ – for questions relating to the submission of TTRs and IFTIs to AUSTRAC and reviewing correspondent banking relationships. This was because not all reporting entities will have an incidence that gives rise to the need to report a TTR or an IFTI, and many will not have entered into correspondent banking relationships.

5.14 'Other' AML/CTF-related duties

In addition to the AML/CTF-related responsibilities listed above, respondents said they were also responsible for:

- liaising with other government agencies (such as the Australian Taxation Office and APRA) on AML/CTF matters
- liaising with international organisations (such as FATF) on guidance and trends
- reviewing draft industry exemptions and providing advice to industry associations
- reporting AML/CTF compliance breaches
- conducting e-verification.

6 Oversight of AML/CTF

6.1 Seniority of AML/CTF compliance officer position

The seniority of the AML/CTF compliance officer position is an area that is specifically mentioned in the AML/CTF Rules. The Rules state the position should be set 'at the management level'. This is to ensure the position holder can effectively carry out their duties, which includes reporting to, and gaining support from, the board (or equivalent executive body).

Respondents were overwhelmingly of the view that their position is set at an appropriately senior level to identify major deficiencies in their AML/CTF program and effect change where required. Some 98 per cent of respondents held this view. Only three respondents believed their position was not set at an appropriately senior level.

The seniority of the AML/CTF compliance officer position can also be determined by further interrogation of the responses to the question about reporting lines. This was done by looking at how many respondents report directly to one or more of a range of senior positions, including to the board. This information is tabled below.

Reporting lines for AML/CTF compliance officers	
Senior positions to which AML/CTF compliance officers report	Number of respondents
Board	22
Chief Executive Officer	35
Managing Director	13
General Manager	23
Company secretary/legal/general counsel	13
Chief Operating Officer	5
Chief Financial Officer	9
Risk management, compliance or audit committee	10

Overall, it is clear that a large number of respondents reported directly to the board or to another executive position or committee in the organisation. The results provide no evidence of systemic overall or sectoral failure to comply with the obligation to designate the AML/CTF compliance officer at the management level. A very small number of respondents may need to revisit the way they have structured the position to ensure it is set at an appropriately senior level.

6.2 Reporting to the board (or equivalent executive body)

In most cases (63 per cent) only one person or committee reported AML/CTF matters to the board (or equivalent executive body). A further 22 per cent of respondents had two reporting lines for AML/CTF matters to the board. The remaining 15 per cent had between three and five reporting lines.

The following two tables show the approximate number of AML/CTF matters reported to the board (or equivalent executive body) in the last financial year. The first table presents overall figures; the second table indicates the responses by sector. Some 72 per cent of respondents reported one or more AML/CTF matters to the board (or equivalent executive body) during the 2008–09 financial year. A large number of respondents (28 per cent) did *not* report any AML/CTF matters to their board (or equivalent executive body) in the last financial year. These respondents were spread across a range of entity sizes but there was more of a concentration among entities with 250 employees or less. Only one entity in each of the '251 to 1,000' and the 'more than 1,000' entity size categories did not report any AML/CTF matters to their board (or equivalent executive body).

AUSTRAC has some concerns about the high number of entities that did not report any AML/CTF matters to their board (or equivalent executive body) during the last financial year.). Reporting entities are urged to review the criteria for reporting AML/CTF matters to their board (or equivalent executive body) to ensure appropriate oversight arrangements are in place.

Approximate number of AML/CTF matters reported to the board (or equivalent executive body) for the 2008–09 financial year		
Response options	Responses (as % of total responses)	Number of responses
0	28.2%	40
1	11.3%	16
2	14.1%	20
3	7.0%	10
4	11.3%	16
5	4.2%	6
6–10	14.1%	20
More than 10	4.2%	6
Don't know	5.6%	8
Total	100%	142

Approximate number of AML/CTF matters reported to the board (or equivalent executive body) for the 2008–09 financial year – by sector							
	Banks	Credit unions/ building societies	MIS	Superannuation	Securities/ derivatives dealer or trader	Casino	Finance/ lending
0	1	8	10	11	6	–	3
1	–	2	1	6	3	–	4
2	4	6	3	2	1	2	1
3	2	4	–	4	–	–	–
4	–	6	3	5	–	2	–
5	–	2	1	2	–	–	1
6–10	7	7	1	4	1	–	–
>10	–	4	–	–	1	–	–
Don't know	2	4	–	1	–	1	–

7 General

7.1 AUSTRAC guidance and education material

The final section of the survey asked respondents for their views on a range of issues. The first question related to the range of AUSTRAC guidance and education material and the extent to which they assisted AML/CTF compliance officers to carry out their role. The table below presents the responses to this question.

Extent to which AUSTRAC education and guidance materials have been helpful in carrying out your role						
	Didn't know it existed	Not helpful	Somewhat helpful	Helpful	Very helpful	Number of responses
e-learning courses	19	15	26	48	29	137
Typologies reports	25	10	33	46	19	133
<i>AUSTRAC Regulatory Guide</i>	7	4	29	71	24	135
Guidance notes	4	2	28	79	26	139
Public Legal Interpretations	23	11	39	50	9	132
Information Circulars	16	5	31	70	13	135
<i>AUSTRAC e-news</i> (monthly newsletter)	30	7	33	51	13	134

The following observations can be made about these responses:

- The most helpful form of guidance that AUSTRAC produces is guidance notes (76 per cent of respondents rated them as 'helpful' or 'very helpful'). This was followed by the AUSTRAC Regulatory Guide (70 per cent of respondents rated it as 'helpful' or 'very helpful').
- Slightly more than half of respondents rated AUSTRAC's e-learning courses and information circulars as 'helpful' or 'very helpful'.
- Slightly less than half of respondents rated the typologies reports, the Public Legal Interpretations and AUSTRAC e-news as 'helpful' or 'very helpful'.
- Around one-fifth of respondents had not heard of the typologies reports, the Public Legal Interpretations and AUSTRAC e-news.
- The superannuation sector generally regarded all forms of AUSTRAC guidance and education to be less helpful than other sectors. In addition, this sector was far more likely than any other sector to have not heard of AUSTRAC's education and guidance materials.
- Less than 10 per cent of respondents found any one of the guidance and education materials to be 'not helpful'.

7.2 Drivers of compliance

Respondents were also asked to rate the extent to which a range of factors were important in determining their organisation's AML/CTF compliance activities. These responses are set out in the table below.

Extent to which the following factors are important in determining your organisation's AML/CTF compliance activities					
	Not important	Somewhat important	Important	Very important	Number of responses
Preventing reputational damage to your organisation (including any impact on your organisation's share price, if applicable)	4	5	30	104	143
Creating an environment hostile to money laundering and terrorism financing	2	12	50	78	142
Knowing your customers	0	6	37	100	143
Preventing your organisation from facilitating money laundering or terrorism financing	2	4	35	101	142
Financial cost of implementation	17	39	56	31	143
Complying with the AML/CTF Act and the AML/CTF Rules	0	0	26	116	142
Avoiding enforcement activity by AUSTRAC	6	7	49	80	142

The following observations can be made about these responses:

- The most important factor for determining an organisation's AML/CTF compliance activities was to comply with the AML/CTF Act and the AML/CTF Rules. Every respondent rated this factor as either 'important' or 'very important'.
- Most of the other factors rated either 'important' or 'very important' for a large majority of respondents.
- The least important factor in determining an organisation's AML/CTF compliance activities was, by a substantial margin, the financial cost of compliance. This view was particularly common among MIS firms.

7.3 What are the issues?

The final question in the survey asked respondents to nominate the two most significant issues they faced in their role as AML/CTF compliance officer. Two-thirds of respondents provided a response to this question, the results of which were a dynamic cross-section of issues and problems. However, within these responses there were a number of common concerns across all respondents, as well as sector-specific concerns. These are listed below.

- ML/TF risk awareness training for staff was the single largest issue for all respondents. This encompassed the quality of training and ensuring frontline staff were aware of the ML/TF risks and their obligations. It was an issue for respondents in all sectors, especially among credit unions and building societies.
- Another issue raised by respondents was the difficulty maintaining their own knowledge about AML/CTF and keeping up to date with legislative changes.
- Resource issues were raised by a small number of respondents in all sectors. This encompassed issues such as a lack of resources, limited budget, limited time, balancing other duties, the high costs of compliance and technology solutions, and finding quality staff.
- Reporting-related issues were raised by a small number of respondents from all sectors. The issues related to transaction monitoring systems, lack of feedback on SMRs from AUSTRAC, and uncertainty about when to lodge SMRs and TTRs. Many of these concerns were raised by credit unions and building societies and superannuation firms.
- A small number of respondents said uncertainty around the application of the AML/CTF Act to their business was an issue.
- A small number of respondents raised issues associated with KYC, including verification of information and difficulty obtaining beneficial ownership information.
- Concerns about the integrity of outsourced AML/CTF obligations to third parties were raised as an issue by several superannuation firms. Another issue raised by respondents in the superannuation sector was the perceived lack of ML/TF risk in their sector.

8 Attachment A: AML/CTF responsibilities – overall, by sector, by entity size and by DBG/single entity

8.1 Table 1: Percentage of respondents with specific AML/CTF responsibilities – by sector

Responsibilities	All respondents	Banks	Credit unions/building societies	MIS	Superannuation	Securities/derivatives dealer or trader	Casino	Finance/lending
Review of AML/CTF program								
Reviewing and making variations to your AML/CTF program	96%	100%	91%	100%	94%	100%	100%	100%
Risk assessments								
Establishing money laundering and terrorism financing (ML/TF) risk assessment methodologies and procedures	86%	65%	89%	95%	77%	100%	100%	100%
Reviewing ML/TF risk assessment methodologies and procedures	94%	94%	91%	95%	94%	100%	100%	100%
Approval processes								
Involved in the approval process for taking on customers that have been assessed as being high ML/TF risk	79%	63%	86%	100%	69%	92%	83%	67%
Involved in the approval process for the introduction of new products/designated services	87%	94%	93%	85%	77%	92%	100%	78%
Staff training and screening								
Overseeing ML/TF risk awareness training for staff	93%	100%	93%	100%	89%	92%	67%	100%
Conducting ML/TF risk awareness training for staff	66%	63%	61%	85%	63%	83%	50%	67%
Overseeing employee due diligence	73%	75%	75%	86%	74%	58%	17%	89%
Conducting employee due diligence	36%	6%	39%	55%	40%	42%	0%	44%
AUSTRAC contact and advice								
Responding to AUSTRAC feedback	97%	100%	98%	100%	94%	100%	100%	89%
Acting as the main contact person with AUSTRAC	93%	94%	91%	100%	87%	100%	100%	89%
Providing advice on AML/CTF matters	96%	100%	98%	95%	87%	100%	100%	100%

Responsibilities	All respondents	Banks	Credit unions/building societies	MIS	Superannuation	Securities/derivatives dealer or trader	Casino	Finance/lending
Assurance activities and reviews								
Overseeing internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	83%	94%	82%	100%	77%	75%	33%	100%
Conducting internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	52%	38%	59%	79%	40%	67%	20%	44%
Overseeing the engagement of others performing independent reviews of your AML/CTF program	78%	94%	68%	84%	83%	75%	50%	89%
KYC								
Establishing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	83%	53%	89%	100%	74%	92%	100%	89%
Reviewing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	93%	81%	93%	100%	91%	100%	100%	89%
Records								
Establishing policies and procedures for storing records in accordance with Part 10 of the AML/CTF Act	81%	81%	86%	95%	66%	75%	100%	78%

Responsibilities	All respondents	Banks	Credit unions/building societies	MIS	Superannuation	Securities/derivatives dealer or trader	Casino	Finance/lending
Compliance report								
Completing the annual compliance report	97%	94%	96%	100%	97%	100%	100%	89%
Submitting the annual compliance report to AUSTRAC	95%	94%	91%	100%	97%	100%	100%	89%
Transaction monitoring system								
Project managing the establishment of your transaction monitoring system (or framework)	68%	50%	77%	67%	54%	92%	67%	78%
Overseeing your transaction monitoring system (or framework)	87%	75%	93%	91%	77%	100%	100%	89%
Reporting – SMRs								
Reviewing and filtering suspicious matter reports generated by business units/frontline staff	80%	50%	80%	100%	83%	100%	50%	89%
Submitting suspicious matter reports to AUSTRAC	74%	44%	66%	100%	86%	100%	33%	78%
Reporting – TTRs								
Submitting threshold transaction reports to AUSTRAC	35%	0%	46%	55%	27%	25%	33%	56%
Reporting – IFTIs								
Submitting international funds transfer instruction reports to AUSTRAC	8%	13%	5%	11%	9%	8%	17%	0%
Correspondent banking relationships								
Establishing and reviewing correspondent banking relationships in accordance with Part 8 of the AML/CTF Act	19%	44%	18%	6%	3%	17%	0%	11%

8.2 Table 2: Percentage of respondents with specific AML/CTF responsibilities – by entity size and by single entity/DBG

Responsibilities	All respondents	Less than 10 staff	11–50	51–250	251–1000	1,000+	AML/CTF compliance officer for a single entity	AML/CTF compliance officer for a DBG
Review of AML/CTF program								
Reviewing and making variations to your AML/CTF program	96%	91%	93%	97%	100%	100%	94%	100%
Risk assessments								
Establishing money laundering and terrorism financing (ML/TF) risk assessment methodologies and procedures	86%	70%	82%	97%	91%	90%	81%	96%
Reviewing ML/TF risk assessment methodologies and procedures	94%	91%	91%	95%	96%	100%	91%	98%
Approval processes								
Involved in the approval process for taking on customers that have been assessed as being high ML/TF risk	79%	75%	79%	84%	87%	68%	80%	78%
Involved in the approval process for the introduction of new products / designated services	87%	83%	88%	90%	91%	79%	87%	87%
Staff training and screening								
Overseeing ML/TF risk awareness training for staff	93%	91%	91%	97%	91%	90%	89%	98%
Conducting ML/TF risk awareness training for staff	66%	67%	79%	66%	48%	63%	63%	72%
Overseeing employee due diligence	73%	75%	79%	74%	65%	68%	69%	82%
Conducting employee due diligence	36%	67%	48%	24%	13%	21%	37%	33%
AUSTRAC contact and advice								
Responding to AUSTRAC feedback	97%	96%	98%	97%	96%	100%	96%	100%
Acting as the main contact person with AUSTRAC	93%	83%	95%	95%	96%	95%	90%	98%
Providing advice on AML/CTF matters	96%	92%	95%	97%	100%	95%	95%	98%

Responsibilities	All respondents	Less than 10 staff	11–50	51–250	251–1000	1,000+	AML/CTF compliance officer for a single entity	AML/CTF compliance officer for a DBG
Assurance activities and reviews								
Overseeing internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	83%	75%	86%	92%	74%	79%	78%	91%
Conducting internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	52%	46%	62%	53%	46%	44%	50%	56%
Overseeing the engagement of others performing independent reviews of your AML/CTF program	78%	79%	78%	79%	78%	74%	73%	87%
KYC								
Establishing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	83%	70%	80%	95%	83%	84%	78%	91%
Reviewing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	93%	92%	86%	97%	91%	100%	90%	96%
Compliance report								
Completing the annual compliance report	97%	100%	95%	97%	91%	100%	95%	100%
Submitting the annual compliance report to AUSTRAC	95%	96%	95%	95%	96%	95%	94%	98%
Records								
Establishing policies and procedures for storing records in accordance with Part 10 of the AML/CTF Act	81%	67%	86%	82%	74%	95%	77%	87%

Responsibilities	All respondents	Less than 10 staff	11–50	51–250	251–1000	1,000+	AML/CTF compliance officer for a single entity	AML/CTF compliance officer for a DBG
Transaction monitoring system								
Project managing the establishment of your transaction monitoring system (or framework)	68%	50%	74%	79%	57%	68%	64%	74%
Overseeing your transaction monitoring system (or framework)	87%	71%	86%	97%	83%	95%	84%	93%
Reporting – SMRs								
Reviewing and filtering suspicious matter reports generated by business units/ frontline staff	80%	79%	88%	92%	73%	47%	78%	83%
Submitting suspicious matter reports to AUSTRAC	74%	88%	86%	73%	61%	47%	71%	79%
Reporting – TTRs								
Submitting threshold transaction reports to AUSTRAC	35%	36%	43%	37%	30%	16%	32%	39%
Reporting – IFTIs								
Submitting international funds transfer instruction reports to AUSTRAC	8%	5%	5%	8%	9%	16%	6%	11%
Correspondent banking relationships								
Establishing and reviewing correspondent banking relationships in accordance with Part 8 of the AML/CTF Act	19%	23%	10%	5%	26%	16%	14%	15%



9 Attachment B: Survey of AML/CTF compliance officers:

AUSTRAC - Survey of AML/CTF Compliance Officers

1. Section A - Profile

This survey is to be completed by the designated AML/CTF compliance officer for your organisation. The first 4 questions below are the only mandatory questions in the survey. The survey has been approved by the Australian Government Statistical Clearing House (Approval Number 02062-01).



*** 1. Which of the following best describes your organisation?**

- Australian organisation
- Foreign organisation operating in Australia

*** 2. Which of the following best describes the scope of your responsibilities?**

- AML/CTF compliance officer for a single entity / business
- AML/CTF compliance officer for a designated business group (DBG) (established under Chapter 2 of the AML/CTF Rules)

*** 3. Which of the following best describes your organisation's dominant function / activity in Australia? (Choose one selection only)**

- | | |
|--|--|
| <input type="radio"/> Bank | <input type="radio"/> Finance / lending (excluding banks, credit unions, and building societies) |
| <input type="radio"/> Credit union / building society | <input type="radio"/> Securities / derivatives dealer or trader |
| <input type="radio"/> Investment management (via managed investment schemes) | <input type="radio"/> Casino |
| <input type="radio"/> Life insurance (including friendly societies) | <input type="radio"/> Betting agency / totalisator |
| <input type="radio"/> Superannuation | <input type="radio"/> Corporate bookmaker |

*** 4. Approximately how many employees does your organisation have in Australia?**

- Less than 10
- 11 to 50
- 51 to 250
- 251 to 1,000
- More than 1,000

AUSTRAC - Survey of AML/CTF Compliance Officers

5. Is your official title 'AML/CTF compliance officer'?

Yes

No

6. How many months have you held this position?

0-6 months

7-12 months

13-18 months

19-24 months

More than 24 months

7. Did you apply for the role or were you assigned to the role?

Applied

Assigned

8. Are you located in Australia?

Yes

No

9. Which of the following best describes your employment status?

Full-time permanent

Part-time permanent

Casual

Contractor

Other

10. What is your gender?

Male

Female

11. How many years have you worked in the area of compliance and / or risk management (including role(s) in current and previous organisations)?

Less than 1 year

1 to 2 years

3 to 5 years

6 to 10 years

More than 10 years

12. Have you ever worked in any of the following areas?

	Yes	No
Law enforcement	<input type="radio"/>	<input type="radio"/>
Supervision (i.e. for a government regulator)	<input type="radio"/>	<input type="radio"/>

13. Which of the following best describes your level of knowledge of AML/CTF prior to commencing your current role?

None

Basic

Intermediate

Advanced

AUSTRAC - Survey of AML/CTF Compliance Officers

14. Which of the following best describes your current level of knowledge of your organisation's business?

- Basic Intermediate Advanced

15. What is your highest tertiary education qualification?

- Do not hold one Masters
 Bachelors Degree PhD
 Graduate Certificate / Graduate Diploma Other

16. Are you a member of any professional organisations / associations?

- Yes [Move to question 17]
 No [Move to question 18]

17. If yes, does the professional organisation / association membership(s) assist you in your role as AML/CTF compliance officer?

- Yes
 No

AUSTRAC - Survey of AML/CTF Compliance Officers

2. Section B - Role and reporting

18. How many staff have filled the position of designated AML/CTF compliance officer since the position was first created in your organisation?

- 1
 2
 3
 4
 5
 More than 5
 Don't know

19. For which of the following activities are you responsible?

	Yes	No
Reviewing and making variations to your AML/CTF program	<input type="radio"/>	<input type="radio"/>
Establishing money laundering and terrorism financing (ML/TF) risk assessment methodologies and procedures	<input type="radio"/>	<input type="radio"/>
Reviewing ML/TF risk assessment methodologies and procedures	<input type="radio"/>	<input type="radio"/>
Establishing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	<input type="radio"/>	<input type="radio"/>
Reviewing policies and procedures (including group-wide policies and procedures) for carrying out customer identification	<input type="radio"/>	<input type="radio"/>
Involved in the approval process for onboarding customers that have been assessed as being high ML/TF risk	<input type="radio"/>	<input type="radio"/>
Involved in the approval process for the introduction of new products / designated services	<input type="radio"/>	<input type="radio"/>
Completing the annual compliance report	<input type="radio"/>	<input type="radio"/>
Submitting the annual compliance report to AUSTRAC	<input type="radio"/>	<input type="radio"/>
Establishing policies and procedures for storing records in accordance with Part 10 of the AML/CTF Act	<input type="radio"/>	<input type="radio"/>
Overseeing ML/TF risk awareness training for staff	<input type="radio"/>	<input type="radio"/>
Conducting ML/TF risk awareness training for staff	<input type="radio"/>	<input type="radio"/>
Overseeing employee due diligence	<input type="radio"/>	<input type="radio"/>
Conducting employee due diligence	<input type="radio"/>	<input type="radio"/>
Overseeing internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	<input type="radio"/>	<input type="radio"/>
Conducting internal assurance activities to assess compliance with the AML/CTF Act and AML/CTF Rules	<input type="radio"/>	<input type="radio"/>
Overseeing the engagement of others performing independent reviews of your AML/CTF program	<input type="radio"/>	<input type="radio"/>
Providing advice on AML/CTF matters	<input type="radio"/>	<input type="radio"/>
Acting as the main contact person with AUSTRAC	<input type="radio"/>	<input type="radio"/>
Responding to AUSTRAC feedback	<input type="radio"/>	<input type="radio"/>
Project managing the establishment of your transaction monitoring system (or framework)	<input type="radio"/>	<input type="radio"/>
Overseeing your transaction monitoring system (or framework)	<input type="radio"/>	<input type="radio"/>
Reviewing and filtering suspicious matter reports generated by business units / frontline staff	<input type="radio"/>	<input type="radio"/>
Submitting suspicious matter reports to AUSTRAC	<input type="radio"/>	<input type="radio"/>

AUSTRAC - Survey of AML/CTF Compliance Officers

20. For which of the following activities are you responsible?

	Yes	No	Not applicable
Submitting threshold transaction reports to AUSTRAC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Submitting international funds transfer instruction reports to AUSTRAC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establishing and reviewing correspondent banking relationships in accordance with Part 8 of the AML/CTF Act	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other AML/CTF related duties not covered in questions 19 and 20 (please specify)

21. Do your duties extend beyond AML/CTF matters?

Yes No

If yes, please specify

22. Approximately what percentage of your time is dedicated to AML/CTF matters?

10% or less 11-25% 26-50% 51-75% 76-99% 100%

23. Is your position eligible for performance bonuses?

Yes
 No

24. How many staff directly assist you with your duties as AML/CTF compliance officer (excluding frontline staff)?

0 1 2 3 4 5 6-10 More than 10

25. How has the level of resourcing devoted to AML/CTF issues in your organisation changed since September 2008?

Increased Decreased No change Don't know

AUSTRAC - Survey of AML/CTF Compliance Officers

26. In your view, do you have sufficient resources (staff, budget) to effectively carry out your AML/CTF compliance officer role?

Yes

No

27. In your view, is your position set at an appropriately senior level to identify serious deficiencies in your AML/CTF program and affect change where required?

Yes

No

28. What position do you report to (if you report to more than one position, list all position titles)?

29. What position(s) and / or committee(s) in your organisation reports AML/CTF issues to the board (or equivalent executive body where a board does not exist)?

30. For the 2008/2009 financial year, approximately how many AML/CTF matters were reported to the board (or equivalent executive body)?

0

1

2

3

4

5

6-10

More than 10

Don't know

AUSTRAC - Survey of AML/CTF Compliance Officers

31. For the 2008/2009 financial year, at approximately how many board meetings (or meetings of an equivalent executive body) were AML/CTF matters tabled?

0

1

2

3

4

5

6-10

More than 10

Don't know

AUSTRAC - Survey of AML/CTF Compliance Officers

3. Section C - General

32. To what extent have the following AUSTRAC education and guidance materials been helpful to you in carrying out your role?

	Didn't know it existed	Not helpful	Somewhat helpful	Helpful	Very helpful
E-learning courses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E-News (AUSTRAC's monthly newsletter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidance notes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information circulars	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public legal interpretations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory guide	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Typologies reports	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

33. On average, approximately how often do you access the AUSTRAC website?

- Never Yearly A few times a year Monthly Weekly Daily Other

34. To what extent have you found the AUSTRAC website easy to navigate?

- Not easy to navigate
 Somewhat easy to navigate
 Easy to navigate
 Very easy to navigate
 Not applicable

AUSTRAC - Survey of AML/CTF Compliance Officers

35. In your opinion, to what extent are the following factors important in determining your organisation's AML/CTF compliance activities?

	Not important	Somewhat important	Important	Very important
Preventing reputational damage to your organisation (including any impact on your organisation's share price, if applicable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creating an environment hostile to money laundering and terrorism financing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Knowing your customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preventing your organisation from facilitating money laundering or terrorism financing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial cost of implementation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Complying with the AML/CTF Act and the AML/CTF Rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Avoiding enforcement activity by AUSTRAC	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

36. What are the two most significant issues you face in your role as designated AML/CTF compliance officer?