Activity
worksheet

Customer due diligence

In this activity, you'll complete an initial customer due diligence (CDD) assessment for a residential property buyer.

Activity: completing initial customer due diligence (CDD)

Activity overview

In this activity, you'll complete an initial customer due diligence (CDD) assessment for a residential property buyer.

You'll work through the same onboarding and initial CDD process that real estate agents may be required to complete under the AML/CTF framework.

Using the information provided, you'll complete the:

- Money Laundering and Terrorism Financing (ML/TF) risk assessment
- identity verification
- sanctions and Politically Exposed Persons (PEP) checks
- nature and purpose of transaction assessment
- final onboarding checks
- final risk rating and sign-off.

The activity is designed to help you understand:

- what information needs to be collected
- how Initial customer due diligence works in practice
- how to identify Money Laundering and Terrorism Financing risk factors
- when escalation is — and isn't — required.

Scenario

You're the selling agent for a residential property.

A buyer, Andrew Smith, has made a successful off-market offer of $1 million and contracts have been exchanged.

You now need to complete initial customer due diligence on the buyer before settlement.

Andrew has provided a:

- completed onboarding form
- driver licence for identity verification.

You must now complete the initial customer due diligence form.

Onboarding form: Individual

Complete this form to help us meet our obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act)*.

An onboarding form must be completed for each person requesting the service. We may also need to request further information from you.

Customer details

Legal name:	Andrew Smith
Are you known by any other names? If YES, list those names.	☐ Yes ☒ No Other names:
Date of birth:	20 Nov 1976
Residential address:	123 Example Street, Sydney NSW 2000
Country of residence:	Australia
Occupation:	Engineer
What service are you seeking and why? For example: brokering services to help sell residential real estate I own purchasing real estate to live in purchasing real estate as an investment.	Purchasing real estate to live in
If you're buying a property, are you using a mortgage, loan or other finance from a bank or lender?	☒ Yes ☐ No If YES, Bank/lender name: Westpac
If you're buying a property, how are you paying for it? If you are using a mortgage, loan, or other finance from a bank or lender, also indicate how you are paying the deposit. Choose all that apply.	☐ Physical currency (cash) - specify amount to be paid: ☐ Virtual assets - specify amount to be paid: ☒ Electronic transfer ☐ Other (please specify):
Are you or have you been a member of a parliament, high ranking member of a government body, a member of a court or other position listed in Appendix B?	☐ Yes ☒ No If YES, position and role description:

Do you have a family member or a close business associate that is or has been a member of a parliament, high ranking member of a government body, a member of a court or other position listed in Appendix B?	☐ Yes ☒ No If YES, position and role description:

Identity documents

I have provided the following documents as required by Appendix A:

Requirement	Document provided
Identity documents for the customer:	Drivers Licence
Identity documents for the customer's representative:	n/a
Authority for any customer's representative to act:	n/a
If alternative identification is required due to circumstances listed in Appendix A, specify why and which alternative documents were provided:	n/a

Is there any further information you want to provide in relation to the above questions?

Provide details here:

Important information

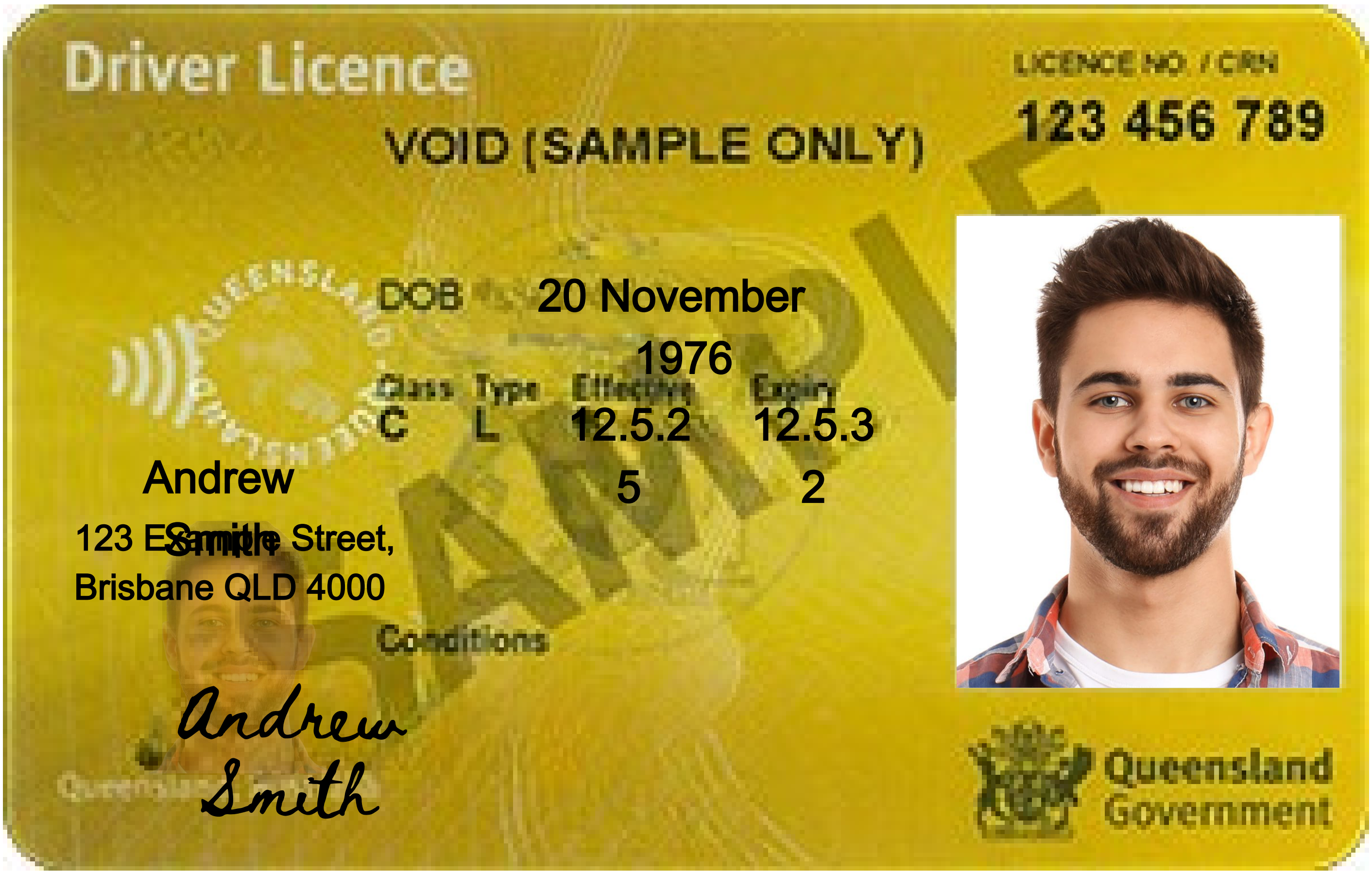
Our business must gather information from you to ensure compliance with our anti-money laundering and counter-terrorism financing obligations. We may stop providing services to you if you refuse to provide the information we request, or we decide you are not within our risk appetite.

It is an offence under sections 137 and 140 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) to:

- provide false or misleading information in this form or documents you provide to us
- receive a designated service from us using a false name or anonymously.

By completing and signing this form you confirm that the information provided is correct and accurate. You also consent to your and any representative's identification being verified electronically and to us disclosing your information to third parties to help us meet our obligations under the AML/CTF Act.

Customer or customer representative name:	Andrew Smith
Date:	23 May 2026
Signature:	Andrew Smith


Driver Licence
VOID (SAMPLE ONLY)
LICENCE NO. / CRN
123 456 789
DOB
20 November 1976
Class Type Effective Expiry
C L 12.5.25 12.5.32
Andrew Smith
123 Example Street,
Brisbane QLD 4000
Conditions
SAMPLE
Andrew Smith
Queensland Government

Your task

Step 1 – Risk rating

Review the onboarding information and complete the money laundering and terrorism financing risk assessment section.

Consider:

- Is the property high value and purchased without a mortgage?
- Is cash or cryptocurrency involved?
- Are there unusual transaction patterns?
- Is there any criminal or suspicious behaviour?
- Are there any country, delivery channel or PEP risks?

Record:

- YES / NO answers
- initial money laundering and terrorism financing risk rating.

Tip: A customer is generally:

- high risk if any high-risk factor is identified
- medium risk if multiple medium-risk factors exist
- low risk if no medium/high-risk factors are present.

Initial customer due diligence form – real estate: individual

This form is for training purposes only. Speak to your AML/CTF compliance officer for the forms/process used in your agency.

Before you complete this form, you must make sure the onboarding form has been fully completed. You may need to ask the customer for more information if you can't complete this form without it.

Customer’s name:	
Internal reference number:	

Risk rating › Identity › Sanctions & PEP › Nature of transaction › Final checks › Sign-off

Risk assessment

Answer the following questions based on the customer’s onboarding form and your interactions in relation to this service:

Risk factor	Risk rating	Yes	No
Designated service risks			
Is the real estate of high value ($1.5 million or more) and being purchased without a mortgage?	**Medium**	☐	☐
Is the customer paying wholly or partly with physical currency (i.e. physical notes or coins) valued at $50,000 or more?	**High**	☐	☐
Is the customer paying wholly or partly with one or more virtual asset (such as digital currency, cryptocurrency, Bitcoin, Ethereum)?	**High**	☐	☐
Has the customer requested a service that: • has no apparent economic or legal purpose? • would involve unusually complex or large transactions? • would involve an unusual pattern of transactions?	**High**	☐	☐
Customer risks			
Do you think the customer may have engaged in criminal or unusual activity? Note: If YES, have you notified your AML/CTF compliance officer?	**High**	☐	☐
Do you think the customer or a **related party** are or have previously been a domestic or international organisation **politically exposed person (PEP)**?	**Medium**	☐	☐
Do you think the customer or a **related party** are or have previously been a foreign **PEP**?	**High**	☐	☐
Is a third party acting on the customer’s behalf as their representative?	**Medium**	☐	☐

Risk factor	Risk rating	Yes	No
If the third party is a reporting entity enrolled with AUSTRAC and provides evidence of enrolment, select NO.			
Do you think the customer has unexplained wealth disproportionate to their known sources of legitimate wealth? *For example, the customer lists their occupation as 'student' or 'unemployed' and wants to purchase high value real estate without a mortgage and evidence of where the funds came from.*	**High**	☐	☐
Is the customer or a **related party** operating a charity or other non-profit organisation (NPO)?	**Medium**	☐	☐
Delivery channel risks			
Will you be interacting with the customer or their representative only through remote channels that prevent you from establishing that they are who they say they are? *For example, online channels where a person can't prove they are who they say they are, such as channels that prevent you from linking their appearance to identity documents or taking other reasonable measures to prove they are an actual person.*	**High**	☐	☐
Country risks			
Is the customer or a **related party** resident of or located in a **medium risk country**? Do you think the customer will transact with another person who is a resident in one of these countries? This includes individuals or non-individuals (such as companies, body corporates, trusts, legal arrangements).	**Medium**	☐	☐
Is the customer or **related party** resident of or located in a **high risk country**? Do you think the customer will transact with another person who is a resident in one of these countries? This includes individuals or non-individuals (such as companies, body corporates, trusts, legal arrangements).	**High**	☐	☐

Escalations

Escalate the customer to the AML/CTF compliance officer as soon as practicable if you have:

- ticked YES to any high risk factors
- identified one of the following not included in the Risk assessment: a kind of customer, designated service, method of delivering this service, country, ML/TF risk, method or indicator of criminal activity
- identified a potential suspicious matter that may need to be reported: give a completed Unusual activity report information form to the AML/CTF compliance officer.

If a customer has been escalated to the AML/CTF compliance officer, don't provide them with designated services until you receive approval in line with the Escalation and enhanced customer due diligence policy.

Customer risk rating

Based on the information you have about the customer, assign a risk rating based on the below criteria:

- High – if you've answered YES to at least one high risk factor or there are other reasons that suggest the customer is high ML/TF risk.
- Medium – if you've answered YES to at least two medium risk factors or the information you have otherwise warrants this rating.
- Low – where a high or medium risk rating isn't warranted.

Provide the risk rating and information on the reasons for this rating below.

Risk rating	*Reasons*
☐ High ☐ Medium ☐ Low	

Refer any Medium or High risk customers to the AML/CTF compliance officer.

Step 2 – Identity verification

Use the onboarding form and mock drivers licence to complete the identity section.

Check:

- Does the ID match the onboarding form?
- Does the photo appear to match the customer?
- Are there any discrepancies?
- Does the document appear valid?

Record:

- document type
- unique identifier
- expiry date
- any concerns identified.

Identity

This section establishes the:

- identity of the customer and any representatives
- customer is who they claim to be.

Verify the customer's information by comparing their identity documents against the information in the onboarding form and what you have seen and heard from your interactions with the customer.

These documents must be one of the independent and reliable data sources contained in Appendix A of the customer onboarding form. You may need to request additional identity documents if there are differences between the information the customer gave you and their identity documents.

If an individual is using alternative identification, refer to the onboarding form for examples of identity documents they can use. Refer to the bottom of this section for steps you can take to manage and mitigate the ML/TF risks of using alternative identification.

Important: If you think the customer or their representative are not who they claim to be, or that the documents provided may be false or fraudulent, submit an Unusual activity report information form to the AML/CTF compliance officer as soon as practicable.

Customer identity

Description of documents provided. *For example, passport, driver's licence.*	
Do the documents match the information provided in the onboarding form? *For example, their name, date of birth, residential address.*	☐ Yes ☐ No Differences:
For photographic identification, does the photograph match the individual? Compare the photo in the document against the individual.	
Unique identifier (if any): *For example, passport or driver's licence number.* For sole traders, provide a unique identifier other than the ABN (provided in Section C2).	
Date of expiry, issue or production of the documents (if any).	
Do you have any concerns about the validity of the documents? If YES, provide details.	☐ Yes ☐ No Details:
Describe any steps you have taken, or will take, to resolve differences. *For example, requesting additional documents.*	

Is the customer using alternative identification? Is the reason for seeking alternative ID appropriate? What steps will you take to manage and mitigate the associated ML/TF risk?	☐ Yes ☐ No Reason alternative identification required: Steps:

Reference if no photo identification provided

If an individual can't provide a photo ID, request a reference from a person who holds a position of trust in the community and has an existing relationship with the individual. Refer to Appendix A of the onboarding form for information about appropriate references. The referee must confirm the person is who they claim to be. Attach any references to this form.

Name of referee:	
Position in the community:	
What is the existing relationship with the individual?	
Does the information on the reference match details on the onboarding form?	
Describe any steps you have taken, or will take, to resolve differences: *For example, requesting additional documents or references.*	

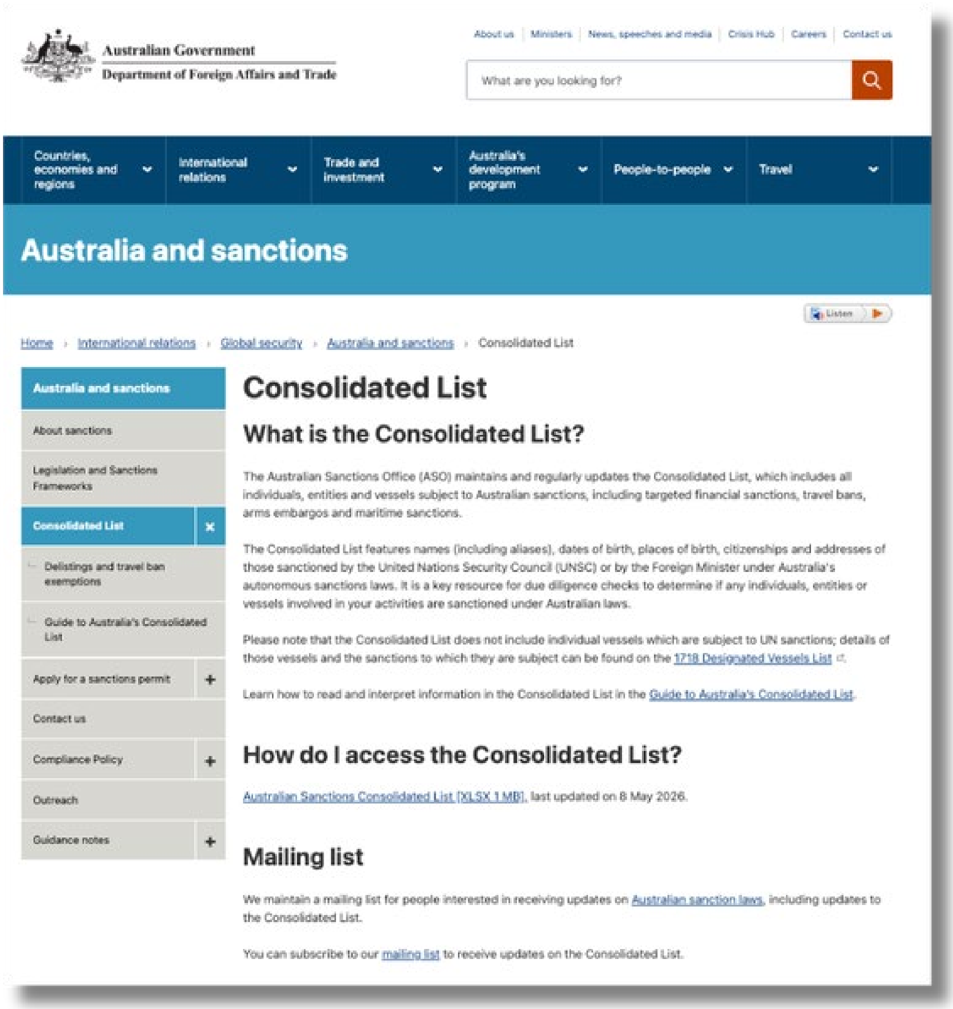
Step 3 – Sanctions and PEP checks

Complete:

- sanctions screening
- politically exposed person (PEP) check.

Record:

- search terms used
- date of checks
- whether the customer is a PEP
- whether sanctions concerns exist.



Sanctions and PEP

This section confirms if the customer or their representative is a person subject to targeted financial sanctions or a politically exposed person (PEP). The search results may impact the customer's final risk rating and whether you need to refer them to the AML/CTF compliance officer.

Sanctions screening

Important: This section can't be delayed. It must be completed upon receiving the customer onboarding form to avoid non-compliance with sanctions obligations.

See Sanctions check process to determine if a person is sanctioned.

If the person is sanctioned, stop engaging with them, don't deal with their assets and, if you control their assets, don't return them. Criminal penalties apply for non-compliance. Immediately escalate the matter to the AML/CTF compliance officer through an Unusual activity report information form.

Person	Name, address and other details searched	Date of the search	Is the person subject to sanctions?
Customer			
Customer representative			

If the customer or any of their representatives are subject to targeted financial sanctions, outline the steps you took to meet sanctions requirements.

Record details here:

Politically exposed person (PEP) check

See Politically exposed persons check process to identify how to conduct a PEP check. Attach screenshots of the search engine's page results or verification results from a PEP screening software.

Individual	Steps taken: PEP check and search terms used	Date of check	Is the person a PEP?
Customer			☐ Yes ☐ No **If YES:** ☐ Domestic PEP ☐ Foreign PEP ☐ International organisation PEP Description of role:

Step 4 – Nature and purpose of the transaction

Assess whether the:

- transaction appears legitimate
- purpose of the purchase makes sense
- customer’s behaviour aligns with the transaction.

Record your assessment in the “Nature and purpose of the transaction” section.

Nature of Transaction

Nature and purpose of the transaction

This section helps you consider the onboarding information provided about why the customer is seeking your services.

If you have doubts about this information, refer the customer to the AML/CTF compliance officer to verify.

Do you believe the customer provided truthful reasons for requesting your services? If NO, refer to compliance officer to verify. *For example, does it seem like the customer is using your services for a legitimate purpose? Does it seem like their occupation or reasons for seeking the service don't align with their behaviour or the services being requested?*	☐ Yes ☐ No Details:

Step 5 – Final checks and risk rating

Review the checklist to make sure you have completed all tasks.

Confirm whether you're satisfied regarding:

- identity
- customer legitimacy
- nature of transaction
- PEP status
- sanctions screening
- ML/TF risk assessment you completed in the risk rating step 1.

Then determine:

- Is escalation required?
- Can the transaction proceed?

Complete:

- final ML/TF risk rating
- reasoning for the rating
- sign-off section.

Final Checks

Final onboarding checks

Are you satisfied of the following matters? Do you have reason(s) for being satisfied?	Yes	No
The identity of the customer	☐	☐
The customer is who they claim to be	☐	☐
The nature and purpose of the business relationship	☐	☐
Whether or not the customer is a **politically exposed person**	☐	☐
Whether or not the customer and any representative are subject to targeted financial sanctions	☐	☐
You have identified the ML/TF risk of the customer based on the information that's reasonably available to you	☐	☐

If you've answered NO to any of the above matters, you must not provide the designated service until you are satisfied of the matter. You may need to collect or verify additional information or escalate the matter to the AML/CTF compliance officer.

Outline the additional steps you've taken to reach the required level of satisfaction.

Record details here:

Escalation check

Do matters in the Escalating matters to the AML/CTF compliance officer process need to be sent to the AML/CTF compliance officer?	☐ Yes ☐ No
Why has the matter been escalated?	
When was it escalated?	
If the matter was escalated, have you received written approval to proceed with the transaction?	☐ Yes ☐ No AML/CTF compliance officer / senior manager decision: Date of decision:

Proceed to Final risk rating if:

- there is nothing to escalate to the AML/CTF compliance officer or you have received approval to proceed with the designated service (if required) in line with the Escalation and enhanced customer due diligence policy
- you have answered YES to all the matters at F1.

Final risk rating

Criteria	Yes	No
Since starting this form, have you become aware of circumstances that may change your assessment of the customer's risk at A1 and A2?	☐	☐

If YES, what is the new customer risk rating? Indicate below why the risk rating has changed.

Or, to complete initial CDD, confirm your final risk rating below.

Risk rating	*Reasons*
☐ High ☐ Medium ☐ Low	

Sign-off

The person completing this form must provide their details below:

Name:	
Role:	
Signature:	
Date:	
Date of brokering/agency agreement (if applicable):	
Date of exchange of contracts:	
Date any delayed CDD components completed:	

You can now start to provide the designated service. You can also start to provide the designated service if you are delaying components of this form.

Reminder

You must update this form once delayed components are completed and consider if the outcomes affect the customer's ML/TF risk.

Scenario update – Change in customer risk

New information

Three weeks before settlement, Andrew contacts you and advises that he would like to pay part of the remaining balance of the purchase using Bitcoin.

Andrew explains that:

- he has recently made gains through cryptocurrency investments
- he would like to use some of these funds toward the property purchase
- the remainder of the transaction will still proceed through his Westpac loan and electronic transfer.

No other changes to the transaction have been identified.

Discussion

Discuss as a group

Has a new ML/TF risk factor emerged?

Consider: is cryptocurrency considered a higher-risk payment method under the risk assessment form?

Does the customer's risk rating change?

Should the customer now be considered low risk, medium risk, high risk.

Is escalation required?

Consider: does the matter now need to be referred to the AML/CTF compliance officer? If yes, why?

Can the sale still proceed?

Discuss:

- Does escalation automatically stop the transaction?
- What steps or CDD measures could you take to mitigate the risk?
- What is the role of the frontline agent vs the AML/CTF compliance officer?