Quick reference guide

ML/TF risks and indicators

Quick reference guide with common risks and indicators of money laundering

Four core risk areas

Money laundering risks typically fall into 4 key categories:

1. Customer risk.
2. Service / transaction risk.
3. Delivery channel risk.
4. Foreign jurisdiction risk.

Simple way to remember

Who – What – How – Where

Who = customer risk.

What = transaction risk.

How = delivery channel risk.

Where = jurisdiction risk.

These are the core risk lenses agents should apply to every deal.

Customer risk

Who are you dealing with

This is about the person or entity involved in the transaction.

Ask yourself: "Does this client's behaviour, background, or structure make sense?"

Customer risk increases when:

- you don't clearly understand who they are
- their story doesn't match their profile
- they are trying to stay hidden or distant.

In simple terms: does this person (or entity) make sense as a buyer/seller for this deal?

High-risk customer types:

- cash-intensive businesses
- buying/selling on behalf of others (hidden buyer)
- foreign politically exposed persons (PEPs)
- remote buyers (no inspection)
- complex company/trust structures
- customers linked to high-risk industries or jurisdictions.

Behaviour red flags:

- avoids face-to-face meetings
- secretive, evasive, or obstructive
- pushes for shortcuts or rapid transactions
- reluctant to provide ID or KYC info
- ends relationship when questioned
- appears to act on behalf of others
- requests sudden ownership changes near settlement.

Profile red flags:

- lifestyle inconsistent with income
- cannot explain wealth or funds
- linked to negative media / criminal activity
- business has little or no real activity
- buying property inconsistent with profile
- links to high-risk sectors or individuals.

Service / transaction risk

What's happening in the deal

This is about the transaction itself—how the deal is structured and how money moves.

Ask yourself: "Does this deal make sense?"

Transaction risk increases when the:

- money flow is unusual or unclear
- deal is overly complex or rushed
- structure doesn't have a clear commercial reason.

In simple terms: does the deal itself add up?

Source of funds or wealth red flags:

- can't explain source of funds
- multiple or unusual funding sources
- third-party payments or private lenders
- offshore banks, crypto or complex financing
- cash payments (full or partial)
- renovation + resale with no clear funding source

Cash activity red flags:

- cash deposits into trust accounts
- large one-off cash payments
- deposit then withdrawal/refund request
- foreign currency use without clear reason.

Urgency and complexity:

- unusual urgency or pressure to close
- last-minute contract changes
- transactions outside normal business
- unnecessarily complex arrangements.

Transaction behaviour red flags:

- unusual or illogical instructions
- frequent or last-minute changes
- overpaying or underpaying for property
- back-to-back transactions with rising values
- sale proceeds directed to unrelated third parties
- complex deal structures with no clear purpose.

Complex structure (high risk)

Pay extra attention when you see:

- multiple companies or trusts
- nominee directors or shareholders
- family members used as owners
- difficulty identifying beneficial owner.

Key question: "who actually controls the funds/wealth being used in the transaction?"

Delivery channel risk
How the deal is being done

This is about how the client interacts with you and how the transaction is conducted.

Ask yourself: "Why is this being done this way?"

Channel risk increases when:

- the client avoids face-to-face contact
- they use intermediaries to distance themselves
- communication is limited or controlled.

In simple terms: are they trying to avoid being seen or identified?

Red flags:

- insists on remote transactions
- avoids in-person verification
- uses intermediaries (lawyers, accountants, agents)
- limited contact methods (apps, email only)
- different name on contract vs contact
- buyer hasn't inspected property.

Foreign jurisdiction risk

Where money or parties are coming from

This is about the geographic location of the client or funds.

Ask yourself: "does the location introduce additional risk?"

Risk increases when:

- money comes from high-risk or offshore jurisdictions
- there are complex international transfers
- there is exposure to corruption or organised crime environments.

In simple terms: does where the money comes from make this deal riskier?

Red flags:

- funds from high-risk or sanctioned countries
- offshore structures without clear purpose
- links to tax havens or secrecy jurisdictions
- complex cross-border fund flows
- connections to corruption, organised crime or terrorism risk.

What to do

If you notice one of these indicators, you're not expected to investigate.

Your role:

- notice unusual behaviour
- ask reasonable questions
- follow the AML/CTF process for your agency
- escalate concerns internally to your AML/CTF compliance officer.

REFERENCE

AUSTRAC (March 2026). Risk insights and indicators of suspicious activity for the real estate sector. Australian Government. https://www.austrac.gov.au/industry-and-business/education-and-resources/publications-and-resources/risk-insights-and-indicators-suspicious-activity-real-estate-sector