Assignment

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Author Note

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In the previous decades, significant initiatives have been taken around the globe to combat terrorism financing and money laundering(Unger &Busuioc, 2007). For this purpose, the European Union along with US government developed the widespread program AML/CTF(“Risk-Based Approaches to Combating Financial Crime by David A. Chaikin: SSRN,” n.d.). The other programs are also developed through the transnational agencies which include FATF the objective of this is to establish interconnected and coordinated transnational agencies(Samantha, Raymond, & Liu, 2012). In 2005, when FATF did its third review on Australia terrorist financing and money laundering it was found that it does not comply with all forty recommendation with nine special recommendation(Rosdol, 2007). For that reason, Australia is introduced with new legislation as well as amendments were made based on concerns raised by FATF(“Money laundering in Australia 2011 | AUSTRAC,” n.d.).There was the perception within the review of FATF that the previous policies were cumbersome.

The financial institution of Australia implemented the risk-based approach for money laundering through devising the financial programs related to money laundering. The risk management strategies are applied to the reduction of money laundering. But the challenge is that this approach can only minimize money laundering potential risks. However, the challenge is that it does not provide any guarantee that money launders would not use the financial institution services or products. The risks related to money laundering remain even in those situations where the financial institutions are based on the regulatory requirements as well as applied the risk management best practices. Though the most efficient method for allocating resources and setting priorities are used for combating money laundering.

Since 1989, the money laundering international standards have been developed which is the powerful intergovernmental body established under G8 auspices. The FATF is based on 35 member countries which include Australia as well. They have the authority to blacklist any country and can even implement financial sanctions. FATF also implement these standards to Australia by several legislations which include the Anti-money laundering Act. The AML has several elements which include the monitoring procedures for the detection of suspicious and unusual transactions. Customer identification is necessary for this act to avoid terrorists and criminals to become customers. All the suspicious transaction must be reported such as the report of fund transfer as well as the other important cash reports. The conduct of money laundering is regarded as criminalization. It is the fact that the number of suspicious activities and the matter of transaction are increased not only in Australia but globally as well. The main idea of AML act is that all the private sector must evaluate the crime vulnerabilities that are referred as illegal. It is the responsibility of the government to develop reporting schemes which are regarded as suspicious activities. In Australian law, all the organization that provides services to people will become legal only if they must implement the appropriate CTF or AML program. For enhancing the Australian standards with international AML or CTF standards it is required to implement other administrative and legislative policies.

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