

# FINANCIAL CRIME OUTLOOK IN AUSTRALIA

Serious and organised crime group involvement in financial crime has been assessed as being likely to continue to increase during the next two years. Similarly, it is almost certain that individuals with significant wealth and/or intent to engage in serious financial crime will exploit vulnerabilities in processes and frameworks of the financial sector, government programs, regulatory environments and reporting requirements.

## KEY PREDICTIONS

Money laundering investigations undertaken across Australia have led to an enriched intelligence picture of serious financial crime. The strategic picture suggests that those involved in money laundering use multiple methodologies, and that law enforcement attention to one methodology leads to displacement to alternative methodologies—some of which are better understood than others. Money laundering will continue to pose a threat, but the significant change will be in the identified methodologies used by international money laundering organisations to transfer and conceal illicit funds globally.

Though the role of technology in enabling financial crime has been on the rise for some years, recent years have seen a marked escalation in its use.

Similarly, the risk posed by cybercrime, while not new, has increased rapidly and is now recognised by the financial sector as a primary ongoing area of risk. The use of technology to enable financial crime, and the risk posed by cybercrime, will continue to grow.

The release of Mossack Fonseca client data and similar datasets, which include information on Australian entities, has shown that the extent of tax evasion facilitated by large corporate offshore service providers is likely to be considerably larger than previously thought. Investigating the role of offshore service providers in facilitating this financial crime will be a priority for Australian law enforcement and partner agencies over the next two years.

A whole-of-government focus on the collection of intelligence in relation to the role of professional facilitators will support quantifying and qualifying the role that they play in enabling financial crime. It is anticipated that, as the integration of technology in government and financial service delivery expands, the services of professional experts to facilitate financial crime through these e-platforms will also increase. Similarly, as governing rules of superannuation, investment and financial market frameworks change, professional advice to identify and exploit loopholes will also be increasingly sought out. Professional facilitators will continue to offer a degree of expertise, insulation, access and efficiency that is integral to serious financial crime activities.

## OPPORTUNITIES

The Australian Government is taking a holistic approach to tackling serious financial crime. Initiatives combining the strengths of government agencies with a financial crime remit, coupled with industry and community collaboration, are generating prevention and response opportunities.

Targeting enablers of financial crime provides a unique opportunity to affect illicit markets. The impacts of law enforcement, regulatory, legislative or policy activity to disrupt enabling activities have the potential to resonate through all illicit markets in which those enabling activities are present. For example, should law enforcement agencies' capability to identify, trace and prosecute technology-enabled financial crime be enhanced, all markets that rely on technology to perpetrate crime would be significantly affected.

Similarly, if policy, legislative or regulatory changes are implemented in markets or against enablers relevant to serious financial crime, then it stands to reason that these changes would also have an impact across other crime types and markets, particularly where there is a nexus with financial crime, such as terrorism financing.

Intelligence collection and investigative actions of the Serious Financial Crime Taskforce will continue to deliver an informed intelligence picture and evidence base of the nature and extent of the risks that the highest priority financial crimes present to Australia. This evidence base will assist to inform any policy, legislative and/or regulatory change required to not only disrupt financial crime but to also make the environment more adverse and resistant to those looking to engage in financial crime in Australia.

While financial crime will continue to pose a real risk to Australia, the work of the Serious Financial Crime Taskforce will continue to provide opportunities to understand and respond agilely to that risk.

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# ACRONYMS

<b>ABF</b>	Australian Border Force
<b>ABS</b>	Alternative banking service
<b>ACIC</b>	Australian Criminal Intelligence Commission
<b>ACORN</b>	Australian Cybercrime Online Reporting Network
<b>AFP</b>	Australian Federal Police
<b>AGD</b>	Attorney-General's Department
<b>AML/CTF</b>	Anti-money laundering/counter-terrorism financing
<b>APRA</b>	Australian Prudential Regulation Authority
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ATM</b>	Automatic teller machine
<b>ATO</b>	Australian Taxation Office
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>CDPP</b>	Commonwealth Director of Public Prosecutions
<b>DNFBP</b>	Designated non-financial businesses and professions
<b>DoS/DDoS</b>	Denial of service/Distributed denial of service
<b>GST</b>	Goods and services tax
<b>ICT</b>	Information and communications technology
<b>OSP</b>	Offshore service provider
<b>PII</b>	Personal identifying information
<b>SMSF</b>	Self-managed superannuation fund
<b>SVC</b>	Stored value card
<b>TBML</b>	Trade-based money laundering



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