Law Council
OF AUSTRALIA

Business Law Section

23 October 2026

Department of Home Affairs
PO Box 25
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By email: EconomicCrime@homeaffairs.gov.au

Dear Sir/Madam,

Stored Value Cards Industry Consultation Paper 2026

1. The Financial Services Committee of the Business Law Section of the Law Council of Australia (the **Committee**) appreciates the opportunity to provide its views on the proposal to reduce the applicable thresholds to regulation set out in the Stored Value Cards – Industry Consultation Paper 2026 (the **Paper**).

2. The Committee notes that the 2016 Statutory Review of the AML/CTF Act conducted by the Attorney-General's Department recommended that AUSTRAC assess the money laundering/terrorism financing (**ML/TF**) risks posed by stored value cards (**SVC**s) and the continued appropriateness of the thresholds for SVC designated services (recommendation 4.3). The 2017 AUSTRAC Stored Value Cards ML/TF Risk Assessment analyses the vulnerabilities of the product, including the particular vulnerabilities associated with "below the threshold" SVCs.

3. The Committee considers that the choice of threshold of monetary value above which SVCs are regulated as designated services under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) is unlikely on its own to materially impact the ML/TF risk of the SVC product. The impact of Chapters 5 and 6 of the *Anti-Money Laundering and Counter-Terrorism Financing (Class Exemptions and Other Matters) Rules 2007* (Cth) (**Exemptions Rules**) on SVC ML/TF risk and the viability of the industry has the potential to be greater.

4. Items 21 to 24 of Table 1 at section 6 of the AML/CTF Act relate to the issuing or reloading of SVCs either with, or without, the facility to withdraw cash from the card. Chapters 5 and 6 of the Exemptions Rules have the effect of ensuring that merchants are able to accept gift cards under the relevant threshold of monetary value in certain circumstances without triggering AML/CTF obligations.

5. The Committee considers that Chapters 5 and 6 of the Exemptions Rules should be considered in conjunction with any change in the monetary value of the thresholds set out in items 21 to 24 of Table 1 at section 6 of the AML/CTF Act in order to effectively address the ML/TF risks of SVCs and ensure the viability of the industry for the continued availability of SVC products to consumers.

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Question 2: What threshold level would appropriately balance money laundering and terrorism financing risk mitigation and commercial viability for stored value card products

6. The Paper highlights examples of low-value SVCs being exploited for scams and for a “high volume low value” approach to certain crimes targeting teenagers, as a group unlikely to have significant funds. The Committee notes the point made in the Paper, that SVCs can be used for ML/TF in small transactions. Simply lowering the threshold for the designated services set out in Table 1 items 21 to 24 at section 6 of the AML/CTF Act can only ever have a marginal (in the literal sense of the word) impact on ML/TF risks associated with the product while imposing exponentially greater compliance burdens on industry and inconvenience to consumers.

7. Any threshold is a necessarily arbitrary invitation for a strategic response from those seeking to circumvent it. The Committee notes that the practice of purchasing SVC products in potentially any number, however large, is a simple and effective means of ensuring current monetary thresholds have negligible impact on ML/TF risk. There are many legitimate reasons for the purchase of large numbers of small value SVCs, including bulk purchase by business for staff incentives or customer gifts. The anonymity of gift cards means it is practically not possible for issuers or merchants to monitor for grouped or related transactions. The current arrangements under the Exemption Rules, however, impose relatively greater compliance requirements on the participants in the industry that provide the infrastructure on which other participants depend, such that those participants may consider exit and the viability of the industry suffers as a result.

8. SVCs are a high cost niche payment product the main benefit of which to consumers is convenience. Imposing AML/CTF obligations on a greater proportion of the market would increase the compliance costs of already high cost SVC offerings and likely have little impact on the ML/TF risks presented by those SVC products for the reasons discussed above while decreasing the convenience of the product to consumers, when this is its chief attribute.

9. Chapters 5 and 6 of the Exemption Rules have a direct impact on the viability of the card industry and in the view of the Committee should be reconsidered in conjunction with the thresholds in the AML/CTF Act.

10. Under Chapter 5, as noted above, initial customer due diligence will not apply to selling and loading gift cards. Under Chapter 6, the redemption of gift cards will be exempted from the application of Table 1 item 29 or 30 designated services (for the transfer of value) provided the issuer is not a reporting entity for other reasons. The largest issuers are authorised deposit-taking institutions and card scheme members that provide a range of other designated services. Rule 5.1 exempts these issuers from initial customer due diligence obligations but without the benefit of Chapter 6 ongoing and enhanced due diligence obligations will apply, and anonymity is impossible for consumers purchasing cards of these issuers. This is a perverse outcome when it is considered that it is these large issuers that, as card scheme members, provide the card scheme rails for processing and settlement on which the viability of the industry depends. It is these issuers who are best placed to manage

ML/TF risks. Rule 6 is thus likely to damage the SVC industry more than lowering card limits will. Indeed, Committee members anecdotally report that these largest issuers do appear to be exiting the market. The result will be that only single merchant programs are sufficiently viable to continue, and consumer choice and convenience will be adversely impacted.

11. The Committee would welcome the opportunity to discuss these matters further. Please contact Andrew Ham, Anti-Money Laundering Lead [redacted]

Yours sincerely



Adrian Varrasso
Chair, Business Law Section