



*moving money for better*

16 September 2016

The AML/CFT Consultation Team  
Ministry of Justice  
SX10088, Wellington  
New Zealand

**By post and by email to:** [aml@justice.govt.nz](mailto:aml@justice.govt.nz)

Dear Sir/Madam

**Improving New Zealand's Ability to Tackle Money Laundering and Terrorist Financing – Ministry of Justice Consultation Paper on Phase Two of the AML/CFT Act (August 2016) (“Consultation Paper”)**

This submission has been prepared by Western Union in response to the Consultation Paper. Western Union appreciates the Ministry's continued efforts to implement New Zealand's Anti-Money Laundering and Counter Financing of Terrorism Act 2009 (the “Act”). Although money transfer services are not among of the target businesses for Phase Two of the Act covered in the Consultation Paper, Western Union would still like to comment on several topics outlined in Parts 4 and 6 of the Consultation Paper which affect the money transfer business.

The comments below follow the order of the topics in the Consultation Paper. We would welcome the opportunity to discuss or clarify our views with the Ministry of Justice, if this is necessary.

**Detailed Commentary**

**1. Part 4: Supervision (page 31)**

Western Union supports the existing “multi-agency supervision” model. We think that the other proposals (i.e. single supervisor model and multiple agencies with self-regulating bodies) would not be appropriate for the money transfer business in light of the existing regulatory regimes and the nature of the money transfer business.

We agree that reverting from a multi-agency model to a single supervisor would be costly and time-consuming with no obvious benefits. A single supervisor might not have the needed expertise to supervise highly regulated business like banking and securities industries. It is also difficult for a single supervisor to apply the AML/CFT regulations and exercise supervision consistently while at the same time recognizing the differences required by the diverse characteristics of the different regulated activities.

Unlike for legal or accounting professions, few countries have opted to establish a self-regulating body for non-bank money transfer operators (“MTOs”). Different MTOs participating in the New Zealand market have varying scales of business, operating models, customer segments and service corridors. MTOs in New Zealand range from small enterprises that target single corridors through single locations to global enterprises like Western Union which provide international money transfer service through multiple channels (e.g. through physical and digital channels) via a comprehensive network of more than 400 locations. The diversities within the industry make it unlikely that such a self-regulating body can be formed with the requisite resources and expertise capable of self-regulation.

**2. Part 6: To expand current requirement to report suspicious transactions to report suspicious activity (page 33)**

Western Union supports this proposal for early detection of criminal or money laundering activities. Western Union would like to point out that we submit suspicious transaction reports to the New Zealand Financial Intelligence Unit based on analysis of money transfers and transaction patterns, without reference to any direct interaction with customer. Western Union relies on its network of representatives and their front line associates to identify and detect suspicious activity involving customers attempting to perform transactions at locations. To the extent any suspicious activity involves observation of customer behavior or activity that does not lead to actual transactions, Western Union will not see that behavior. Responsibility to report that behavior will then fall on the representatives.

**3. Part 6: Information sharing (page 34)**

Western Union generally supports the proposal to expand the sharing of customers’ AML/CFT related personal information among the government agencies, regulators and reporting entities for law enforcement purpose.

Western Union is subject to privacy regulations in almost all countries where our service is offered. Our Online Privacy Statements, internal policies and Standards and Controls define specific measures we take to safeguard customer, consumer, employee and partner personal information, with additional controls applied to our most sensitive data elements. All employees, contractors, agents and vendors must comply with the requirements in our Standards and Controls which are necessary to protect personal information and to enable compliance with data privacy regulations and data breach laws. In most cases, Western Union or its representatives can disclose or share customer information only with express customer consent, to meet our legal and regulatory obligations or pursuant to mandatory requests of enforcement agencies. To allow industry participants to meet their privacy and their reporting requirements, any proposed sharing of customer information should occur under a clear statutory framework. Aspects that need to be regulated include the circumstances and scope where disclosure is required, the government agencies entitled to receive the information, the kind of information disclosed and the restrictions on the use of any disclosed information.

**4. Part 6: Reliance on third parties (page 36)**

Western Union supports the three existing options allowing reporting entities to rely on third parties to meet their AML/CFT obligations. In order to provide an effective end-to-end compliance program, Western Union and its network representatives need to rely on each other for customer due diligence and transaction analysis. Western Union in turn must rely on the assistance provided by various entities within its worldwide corporate group of companies. Western Union strongly recommends that the existing framework be preserved. We would also support additional options for third party reliance.

Please contact McArthur Hill or Grace Saron (Email: [Grace.Saron@westernunion.com](mailto:Grace.Saron@westernunion.com) and by tel. no: +64 9 3662 416) if you have any questions.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'McArthur Hill', with a stylized flourish at the end.

**McArthur Hill**  
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