

aml

From: [REDACTED]@mia.org.nz>
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To: aml
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Attachments: MIA submission on AML_CFT consultation - 3 December 2021.pdf

Please find attached the MIAs submission.

Regards,

[REDACTED]
Principal Technical Advisor, MIA

[REDACTED] [@mia.org.nz](mailto:[REDACTED]@mia.org.nz) | [REDACTED] | www.mia.org.nz



**MOTOR INDUSTRY
ASSOCIATION**
INCORPORATED

Motor Industry Association (Inc)
2 Brook Street,
Lower Hutt 5010
PO Box 31221,
Lower Hutt 5040
New Zealand

T: +64 4 972 5663
W: www.mia.org.nz

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AML/CFT consultation team
Ministry of Justice
SX 10088
Wellington 6140
Email: aml@justice.govt.nz

Review of the AML/CFT Act

Please find below the MIA's short submission on the Ministry of Justice's Review of the AML/CFT consultation document.

The Motor Industry Association (MIA) is a voluntary trade association set up to represent the interests of the new vehicle industry specifically the official representatives of overseas vehicle manufacturers. Members account for over 98% of all new vehicles imported and sold in New Zealand across the passenger car, light and heavy commercial vehicle and motorcycle (including on and off-road). In 2019, total sales of new light vehicles and commercial vehicles totalled over 154,000, and in 2020 sales were nearly 120,000, the decline due to the impact on Covid-19.

The Association has over 44 members (official distributors appointed by vehicle manufacturers) covering 81 different marques. Some MIA members are vertically integrated and own and operate their own dealer networks, while others supply vehicles to franchise motor vehicle dealers.

Our submission comments only on the 'High value dealer obligations' under part 4, as this is of most interest to MIA members.



Principal Technical Advisor

Consultation questions

4.210. Should we extend additional AML/CFT obligations to high value dealers? Why or why not? If so, what should their obligations be?

The MIA doesn't support extending the additional AML/CFT obligations to high value dealers as this would place additional costs on motor vehicle dealers to comply. This would exceed the FATF requirements because in NZ motor vehicle dealers are included in the NZ definition of a 'high value dealer'.

Instead, we would suggest more could be done to discourage business transactions using cash, such as reducing the threshold to \$5,000.

As it is, motor vehicle dealers discourage the use of cash, and some have policies of not accepting cash above limits that are lower than the \$10,000 threshold in the Act. This, combined with the phase out of personal cheques by the banks and that bank cheques or other bearer instruments are not generally accepted means there are less risks of money laundering. Dealers generally require payments from customers to be made by EFT (from their NZ bank accounts with NZ domiciled banks) and generally don't receive payments from overseas bank accounts or in foreign currencies. As a result of the above, the funds are already within the banking system before dealers receive payment and cannot, without significant efforts and costs, determine or assist with determining where the funds originated.

Therefore, motor vehicle dealers should not have increased obligations other than potentially reporting of suspicious transactions if clear guidance is provided.

4.211. Should all high value dealers have increased obligations, or only certain types, e.g., dealers in precious metals and stones, motor vehicle dealers?

The MIA suggests that only certain types of high value dealers should be subject to increased obligations, to bring New Zealand more in line with FATF requirements, if at all. They should be restricted to dealers in precious metals and stones, and not motor vehicles, in line with international requirements.

Other comments

Identity verification

Feedback from MIA members suggests motor vehicle dealers would find it easier if there were simpler forms of ID acceptable as proof of identity, such as a drivers' licence or RealMe (as primary identification).