

# WESTPAC'S RESPONSE PLAN



**Immediate fixes**



**Lifting our standards**



**Protecting people**

September 2020 Update



# Immediate fixes

Westpac is taking immediate action to fix the issues raised in AUSTRAC’s Statement of Claim to ensure these issues cannot happen again.

## Actions

- **Close the relevant Westpac Australasian Cash Management Product:** This was the technology platform at the core of Westpac’s failing to identify and report on international fund transfer instructions (IFTIs) to AUSTRAC.
- **Remediate and analyse all unreported IFTIs to AUSTRAC:** Westpac has reconstructed and submitted 99.99% of the historical files, and appointed regulatory and compliance specialists to conduct a detailed independent review of all of these transactions, which has been shared with AUSTRAC.
- **Close the LitePay international funds transfer system:** This was a technology platform that facilitated low value international payments.
- **Implement updated child exploitation filters into screening for the SWIFT payment channel to additional jurisdictions:** This is now complete. Westpac acknowledges some actions should have been completed sooner.
- **Lookback screen of customer transactions:** Westpac has undertaken a further review of all child exploitation transaction types for the Philippines over the past 12 months, to identify and report any further suspicious transactions or customers that warrant investigation.
- **Review and action highlighted customers:** AUSTRAC’s statement of claim highlights 12 customers who were previously reported by Westpac. All 12 of these customers have been re-reviewed and Westpac has taken action where appropriate.
- **Increase financial crime resourcing:** Westpac has more than doubled its internal resourcing dedicated to financial crime to 750 people over the past three years. In 2020 we expect to add a further 200 resources to this team.

## By when

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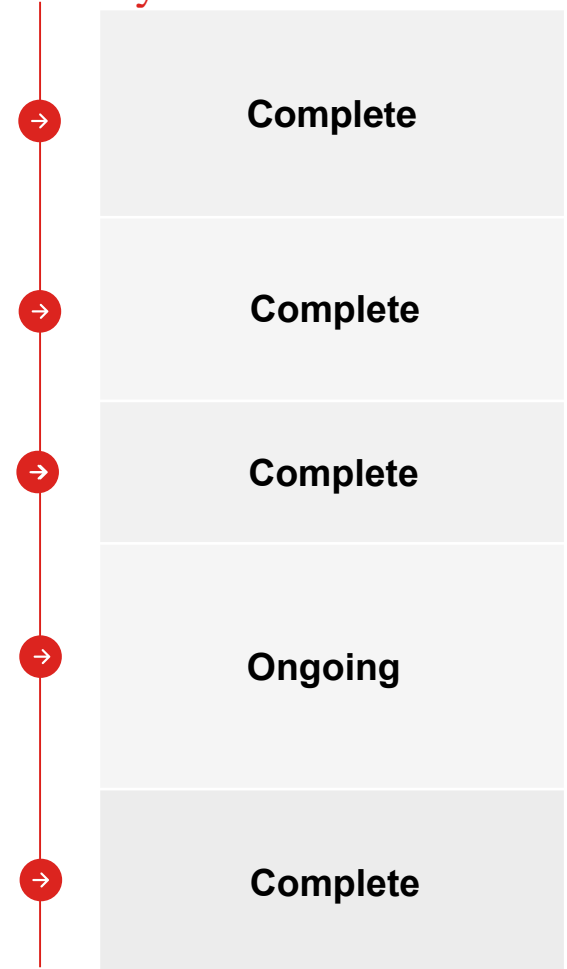
# Lifting our standards

Westpac is reviewing all financial crime systems and processes to pursue best-in-class global standards.

## Actions

- **Priority screening:** Where Westpac flags transactions that suggest potential child exploitation in high risk locations, these transactions are now prioritised for action and reported to AUSTRAC within 24 hours. This is faster than regulatory standards require.
- **Board Financial Crime sub-committee:** Westpac will establish a dedicated Board Financial Crime sub-committee, chaired by a non-executive Director, to oversee the implementation of our enhanced financial crime program.
- **External expert:** The Board Financial Crime sub-committee will commission an external expert to independently review Westpac's program including a review of accountability, and report back.
- **Improving cross-industry data sharing:** Data sharing is at the heart of fighting financial crime. Westpac will invest \$25 million to improve cross-border and cross-industry data sharing and analysis to better support regulators and authorities to fight financial crime. This will include seeking partnerships with industry, technology, telecommunication and government partners.
- **Elevating the financial crime function to report directly to the Chief Risk Officer:** This role will review ways in which we can accelerate our ongoing AML / CTF program.

## By when





# Protecting people

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Westpac is undertaking a series of immediate actions and investments to reduce the human impact of financial crime

## Actions

- **Funding for the International Justice Mission (IJM):** Westpac will match IJM's current level of funding, investing \$18 million over three years to tackle Online Sexual Exploitation of Children (OSEC) in the Philippines. This will enable IJM to expand on-the-ground initiatives in Southeast Asia to help end child exploitation.
- **Funding for SaferKidsPH:** Westpac will match the Australian Government's current level of funding for its SaferKidsPH partnership with Save the Children, UNICEF and The Asia Foundation, investing \$6 million over six years to raise awareness of Online Sexual Exploitation of Children (OSEC) and support programs to protect children in the Philippines.
- **Prevention:** Westpac will seek the guidance of industry experts, through the convening of an expert advisory roundtable, to develop a program of actions to support the prevention of online child exploitation. Westpac will provide funding of up to \$10 million per year for three years to implement these recommendations.

## By when

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**Funding program commenced.  
Over 3 years**

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**Funding program commenced.  
Over 6 years**

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**Expert round-table established.  
Funding programs commenced.  
Over 3 years**