



## REMITTANCE SERVICE PROVIDERS

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This **GUIDANCE NOTE** is produced by the Australian Sanctions Office (ASO) within the Department of Foreign Affairs and Trade (DFAT). It provides a summary of relevant sanctions laws but does not cover all possible sanctions risks. Users should consider all applicable sanctions measures and seek independent legal advice. This document should not be used as a substitute for legal advice. Users are responsible for ensuring compliance with sanctions laws.



### OVERVIEW

Within the financial sector, there are instant payments systems known as remittance services that allow users to send and receive funds almost immediately. These systems operate at high speeds and volumes, posing questions about sanctions compliance measures. This guidance note aims to reaffirm that remittance services should adopt appropriate measures to manage sanctions risks.

## RISK FACTORS AND CONSIDERATIONS FOR REMITTANCE SERVICE PROVIDERS

All Australian persons, regardless of their location, and all Australian entities must adhere to Australian sanctions laws. To reduce the risk of violating these laws, the ASO advises that Australians and remittance service providers employ appropriate measures including developing, implementing, and regularly updating a sanctions compliance program. This program should include essential components for sanctions screening of all parties involved in the transaction, including receiving financial institutions, risk assessment, internal checks, and training.

The ASO values the critical role that remittance service providers play within the community and the financial sector. However, these providers can be targeted by individuals or entities attempting to channel funds to sanctioned parties. As such, remittance service providers are crucial in preventing sanctions contraventions. To avoid involvement in contravening of Australian sanctions laws, it is essential for you to understand your sanctions obligations thoroughly.

### Risk in sanctions compliance

Sanctions compliance is complex and challenging due to the constantly changing regulations and wide range of activities that can trigger contravention risks. It may not be possible to fully mitigate sanctions risks in every case, as even low-risk activities like exporting goods or dealing with overseas entities could involve designated parties or indirect links to sanctioned individuals or countries, making it hard to avoid all potential contraventions.

The constantly changing nature of sanctions laws adds complexity. Australian sanctions are frequently updated, with new designated persons or entities and changes to specific measures. This requires regulated entities to continuously monitor and update their compliance programs to stay current with the latest regulations.

Given these challenges, the focus for regulated entities shifts from attempting to eliminate all sanctions risks—an often-unattainable goal—to managing those risks as effectively as possible. This involves taking reasonable precautions and exercising due diligence to avoid contraventions. This means implementing robust internal policies, procedures, and controls that are tailored to the specific risks faced by the business. For example, regulated entities should regularly screen transactions, customers, and partners for links to sanctioned entities, ensure staff are well-trained, and keep their compliance programs updated and regularly audited.

It is a defence to the strict liability offence if a body corporate demonstrates it took reasonable precautions and exercised due diligence to avoid contravening the sanctions law. However, what is objectively 'reasonable' is highly context-dependent and can vary based on factors such as the size and nature of the business, the complexity of its transactions, and the specific geographic regions and sanctions regulations involved.

## MANAGING SANCTIONS OBLIGATIONS

This guidance addresses remittance service providers' obligations concerning mainly financial sanctions. The Australian government has implemented several financial measures in response to international concerns. Current financial sanctions include:

- targeted asset freezes applied to specific individuals and entities, restricting access to assets, and
- restrictions on various financial markets and services, such as directives to end banking relationships and activities.

The *Autonomous Sanctions Regulations 2011* (the Regulations) prohibit the provision, either directly or indirectly, of an asset to, or for the benefit of, a designated person or entity without a permit. 'Asset' is defined broadly and includes payments and other property, limiting the extent to which remittance service providers can deal with a designated person or entity. Prohibitions can also be enacted in a number of UN sanctions regulations, and we recommend you refer to the Sanctions Compliance Toolkit and Sanctions Risk Assessment Tool available at <https://www.dfat.gov.au/international-relations/security/sanctions/guidance>.

Importantly, the sanctions legislation may be contravened by indirectly making a financial asset available to a designated person or entity. This may occur if someone makes funds available to a person who acts at the designated person or entity's direction.

A person may also commit an offence if they make financial assets available for a designated person or entity's benefit. For example, this may include paying money to another person in satisfaction of a designated person's liabilities.

### Who is a designated person or entity?

A designated person or entity is an individual, organisation, group or business who is subject to targeted financial sanctions. They may be Australian citizens, foreign nationals, or residents in Australia or overseas.

The Minister for Foreign Affairs may designate persons or entities for the purposes of the sanctions legislation. The criteria for designation vary according to the sanctions regime that it relates to. In addition, some persons and entities are designated pursuant to UN Security Council resolutions.

The Department of Foreign Affairs and Trade keeps a **Consolidated List** of designated persons and entities, available at <https://www.dfat.gov.au/international-relations/security/sanctions/consolidated-list>.

## SANCTIONS SCREENING

Remittance providers are required to maintain an effective sanctions screening program. This encompasses the screening of customers, transactions, and third-party service providers for any potential sanctions contraventions.

### High risk jurisdictions

Remittance providers should be aware, and exercise enhanced due diligence when corresponding jurisdiction is of heightened sanctions risk. You may wish to consider enhanced due diligence is applied when the transaction involves the following jurisdictions:

- The Democratic People's Republic of Korea (DPRK)
- Iran
- Myanmar
- Russia
- South Sudan
- Syria
- Yemen.

### What should you do if you identify a possible sanctions contravention?

You should deny transactions, or refuse to process transactions unless you are satisfied they are lawful. You should report the attempted transactions – through the Sanctions Portal [Pax](#) or by emailing [sanctions@dfat.gov.au](mailto:sanctions@dfat.gov.au).

If the transactions have already occurred, you should take steps to ensure no future payments are processed, and report the incident to the ASO through the Sanctions Portal [Pax](#) or by emailing [sanctions@dfat.gov.au](mailto:sanctions@dfat.gov.au). You should also freeze the funds and report that you have frozen the funds to the AFP.

You should consider your Anti Money Laundering and Counter-Terrorism Financing (AML/CTF) obligations, including whether to submit a suspicious matter report to AUSTRAC, conduct enhanced customer due diligence or strengthen your AML/CTF program.

## INTERNAL CHECKS

Remittance service providers should implement robust internal checks to ensure compliance with sanctions laws. These internal checks should be comprehensive and multifaceted, addressing various aspects of their operations.

Remittance service providers should be able to flag transactions involving sanctioned entities or jurisdictions. Regular updates to the tools used for this purpose are essential to keep pace with the evolving landscape of sanctions.

Providers should conduct periodic reviews of their internal policies and procedures related to sanctions compliance. This includes evaluating the effectiveness of their current measures and making necessary adjustments in response to new threats or regulatory changes.

By implementing these internal checks, remittance service providers can significantly reduce the risk of sanctions contraventions and ensure that they operate in compliance with all relevant laws and regulations.

## TRAINING

Another critical check involves training and educating staff on sanctions laws and compliance procedures. Staff should be well-informed about the indicators of suspicious activity and the steps to take when such activity is identified. Regular training sessions and updates can help maintain a high level of awareness and preparedness.

## FURTHER INFORMATION AND RESOURCES

While this guidance note provides a framework for understanding key sanctions risks and compliance requirements, it is essential to remember that it does not cover every possible scenario. Sanctions compliance is an ongoing obligation rather than a one-time assessment. Sanctions measures and associated risks are constantly evolving, requiring regulated entities to continuously monitor and reassess their compliance strategies. Australian regulated entities are encouraged to seek independent legal advice tailored to their specific situations and ensure thorough due diligence in all activities.

We recommend users also refer to the following guidance to assist in their evaluation of sanctions risks:

- [Sanctions Compliance Toolkit | Australian Government Department of Foreign Affairs and Trade](#)
- [Sanctions Risk Assessment Tool | Australian Government Department of Foreign Affairs and Trade](#)
- [Guidance Note - Dealing with assets owned or controlled by designated persons and entities | Australian Government Department of Foreign Affairs and Trade](#)
- [Guidance Note - Financial transactions involving designated persons and entities | Australian Government Department of Foreign Affairs and Trade](#)

Further information is available on the Department's website at <https://www.dfat.gov.au/international-relations/security/sanctions>, or by making an enquiry to [sanctions@dfat.gov.au](mailto:sanctions@dfat.gov.au).