

Binance Under Scrutiny in Australia Over AML Failures

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Binance, the world's largest cryptocurrency exchange, faces a mandatory audit in Australia after the country's financial intelligence agency, AUSTRAC, identified "serious concerns" regarding its anti-money laundering (AML) and counter-terrorism financing (CTF) measures. The directive applies specifically to Binance Australia, operated locally by Investbybit Pty Ltd.

Under AUSTRAC's enforcement, Binance Australia has 28 days to appoint an external auditor for review. The auditor will be selected by AUSTRAC following a process designed to address deficiencies in compliance across the cryptocurrency sector.

The move stems from several compliance issues, including Binance's limited independent review scope relative to the size of its operations, high staff turnover, and insufficient local resourcing and oversight by senior management. AUSTRAC Chief Executive Brendan Thomas stressed that international operators must ensure systems reflect local regulatory requirements rather than relying on global standards.

"Businesses can have systems and processes that apply to multiple jurisdictions – but they need to reflect local regulatory requirements. The systems must adapt to the regulatory requirements, not the other way around," Thomas said.

AUSTRAC's action against Binance is part of a wider enforcement initiative targeting 13 remittance and digital currency exchange providers for compliance breaches, while 50 additional providers remain under investigation. Nine operators have already faced licence cancellations, suspensions, or refusals to renew due to non-compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act.

The regulator has strengthened its oversight through a dedicated crypto task force established in December, focused on addressing violations by crypto ATM operators and monitoring suspicious activity linked to scams and fraudulent transactions. AUSTRAC has also contacted 427 registered digital currency exchange providers that appear inactive, warning that failure to voluntarily withdraw could lead to deregistration.

To further protect consumers, AUSTRAC plans to launch a publicly searchable register, enabling verification of officially registered crypto exchanges. The initiative aims to prevent criminal exploitation of dormant or fraudulent platforms.

Meanwhile, the Australian Securities and Investments Commission (ASIC) has intensified efforts against scams, averaging the shutdown of 130 scam websites weekly. This includes over 10,000 malicious platforms, such as 7,200 fake investment sites and 1,500 phishing scams. ASIC recently obtained Federal Court approval to wind up 95 companies linked to "pig butchering" investment schemes, following 1,500 victim claims amounting to losses of \$35.8 million.

Melbourne-based exchange Cointree received a fine of \$75,120 for late submission of suspicious matter reports, with AUSTRAC highlighting that delayed filings hinder investigations into criminal funds.

Authorities have uncovered sophisticated money laundering operations converting illicit cash into digital assets. In Queensland, the Joint Organised Crime Taskforce charged four individuals over a scheme moving \$190 million through a Gold Coast security company, blending criminal proceeds with legitimate business income before converting to cryptocurrency. Authorities restrained \$21 million in assets, including 17 properties and multiple vehicles, and executed 14 search warrants across Brisbane and the Gold Coast.

Separately, ASIC charged former barrister Dimitrios Podaridis and three others for orchestrating investment scams between January and July 2021. The operation used fake comparison websites and professional-looking documentation to convince victims to deposit funds, which were then transferred offshore and converted into crypto assets.

Internationally, Binance faces similar scrutiny. France is investigating the exchange for allegedly assisting in habitual money laundering related to drug trafficking and tax fraud across the European Union. Binance has denied these allegations. European regulators are also reviewing operations at OKX after hackers allegedly laundered \$100 million in stolen funds through its Web3 platform, raising questions over its compliance with EU Markets in Crypto-Assets regulations.

The Australian enforcement measures underline a broader trend of regulators worldwide seeking to tighten oversight of the cryptocurrency sector. Authorities continue to emphasise that digital currency platforms must maintain robust, locally compliant AML and CTF systems to prevent exploitation by criminals. The AUSTRAC audit of Binance Australia marks one of the most high-profile interventions in the region's crypto industry, signalling regulators' determination to hold global operators accountable for local obligations.