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## Crypto Crackdown: AUSTRAC Targets Digital Assets in Major Financial Crime Overhaul

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Australia's financial crime watchdog has placed digital currencies front and centre in what it calls the most ambitious reform to anti-money laundering laws in a generation. The *Australian Transaction Reports and Analysis Centre* (AUSTRAC) on Wednesday flagged cryptocurrencies and cash-heavy businesses as top-tier threats, announcing a sweeping regulatory expansion that will extend anti-money laundering obligations to nearly 80,000 new businesses by July 2026.

AUSTRAC Chief Executive Officer Brendan Thomas outlined the agency's strategic shift, moving from traditional compliance checks to enforcement focused on real-world risks and financial harm. In his statement, Thomas said, "This year marks a regulatory shift from regulation that primarily checks for compliance to one focused on substantive risks and harms." The emphasis is now on virtual asset service providers and digital currency exchanges, which have been widely exploited for untraceable global transactions. Their decentralised nature, while innovative, poses increasing challenges for authorities trying to keep illicit finance at bay.

The second phase of reforms known as *Tranche 2* will bring a wide range of sectors under AUSTRAC's regulatory net, including real estate agents, lawyers, conveyancers, accountants, and dealers in high-value assets such as precious metals and stones. The industries, long known to be vulnerable to money laundering due to poor oversight, will finally be held to the same standards as traditional financial institutions. The move is intended to close long-standing regulatory gaps, though concerns remain about how businesses, particularly small firms will manage the extra burden of compliance.

Despite the clear need for stronger protections, it is worth noting that this sweeping crackdown emerges under a federal government that has been slow to provide clarity or leadership in the digital finance space. While Labor champions its regulatory ambitions, its inability to keep pace with rapid financial innovation has allowed threats to evolve in the shadows. As AUSTRAC takes a firmer stance on crypto and high-risk sectors, businesses are left grappling with growing obligations and little practical support. The challenge ahead lies in striking a balance tackling criminal misuse of financial systems without stifling innovation or burying legitimate enterprises in red tape. With digital assets reshaping the global economy, Australia can't afford to get caught flat-footed. The risks are real but so are the opportunities for smarter, stronger regulation.