EPAA SUBMISSION TO

STORED VALUE CARDS – INDUSTRY CONSULTATION PAPER 2026

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Emerging Payments Association Asia (EPAA)
Submitted to: Department of Home Affairs, Australian Government
Re: Stored Value Cards — Industry Consultation Paper 2026
Date: 2026
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Submission on Stored Value Cards
Stored Value Cards — Industry Consultation Paper 2026

Note on this Submission
While EPAA has consulted with its members and others within the ecosystem in the development of this submission, this submission represents the views of EPAA alone and does not necessarily represent the views of individual EPAA Members, Supporters or Ambassadors.

1. Introduction
The Emerging Payments Association Asia (EPAA) welcomes the opportunity to provide feedback to the Department of Home Affairs on the Stored Value Cards — Industry Consultation Paper 2026.
EPAA's goal is to unify the payments agenda in the Asia-Pacific region, drive business development, and improve the regulatory landscape for all organisations within the payments value chain. We are a community of payments organisations whose goal is to strengthen and expand the payments industry for the benefit of all stakeholders across the Asia-Pacific region. More information about EPAA can be found on our website www.emergingpaymentsasia.org.

2. General Comments
Our response focuses on Items 23 and 24 of the AML/CTF Act, concerning stored value cards (e.g., gift cards) where the monetary value cannot be redeemed in cash. We recommend retaining the AUD $5,000 threshold under Items 23 and 24 for these products. If broader threshold reductions proceed, we recommend a specific exclusion for qualifying lower-risk products which are closed-loop within a specific merchant network and cannot be used to withdraw cash.

Regulatory treatment should reflect each product's functionality, risk characteristics, and safeguards. This approach is consistent with FATF's principle of proportionality and AUSTRAC's 2017 risk assessment, which identifies product features relevant to ML/TF vulnerability. We also seek clarification on how the monetary thresholds in items 23 and 24 apply where multiple gift cards are held by the same person.

EPAA Core Recommendations

- Retain the AUD $5,000 threshold for non-cash-redeemable stored value cards under Items 23 and 24 of the AML/CTF Act.
- If broader threshold reductions proceed, introduce a specific exclusion for qualifying lower-risk products (non-cash-redeemable, network-restricted).
- Adopt a tiered, risk-based approach to SVCs calibrated to AUSTRAC's own risk feature framework, directing compliance obligations to where ML/TF risk genuinely lies.
- Align with New Zealand's NZD $5,000 threshold for non-cash-redeemable cards to accurately capture the integrated ANZ regional risk profile.

- Clarify that threshold limits under Items 23 and 24 apply to individual SVCs, not to the aggregate of cards held under a single customer account.
- If changes proceed, provide no less than 18 months transition time from the date regulations are issued, with no retrospective application.

3. Responses to Consultation Questions
EPAA's responses to each of the consultation questions are set out below. Where we do not have specific comments on a question, we indicate this and defer to industry participants better placed to provide relevant data.

Question 1: ***Does the proposed threshold appropriately balance ML/TF risk mitigation and commercial viability for stored value card products?***

For SVCs contemplated under Items 23 and 24, we consider that the existing AUD $5,000 non-cash-redeemable threshold strikes an appropriate balance between ML/TF risk mitigation and commercial viability. AUSTRAC's 2017 assessment identifies product features that increase ML/TF vulnerability, including reloadability, cash funding and redemption, merchant acceptance on a wide basis, international redemption and high storage limits. The absence of key features such as cash redemption and high storage limits materially reduce the ML/TF risk profile of SVCs to which items 23 and 24 currently apply and, on that basis we consider the existing AUD $5,000 threshold already reflects a proportionate, risk-based calibration.

Commercial Realities within the ANZ Region
New Zealand shares a closely integrated economy with Australia, with substantially more aligned consumer behaviour and retail structures. A significant number of retailers operate trans-Tasman as a single ANZ business, sharing common product catalogues, gift card promotions and compliance functions. New Zealand maintains thresholds at NZD $5,000 for non-cash-redeemable cards, broadly consistent with Australia's current settings.

Aligning with New Zealand will capture the region's risk profile more accurately and will avoid unnecessary disruption to business models that involve SVC issuance in both Australia and NZ.

(a) Can you provide any evidence to support the preferred threshold settings?
We recommend retaining the AUD $5,000 threshold under Items 23 and 24 for these products. If broader threshold reductions proceed, we recommend a specific exclusion for qualifying lower-risk products which are used within a specific merchant network and cannot be used to withdraw cash.

(b) Should specific types of SVC have a higher or lower threshold?
Yes. More broadly, we encourage AUSTRAC to adopt a tiered, risk-based approach to SVCs rather than a one-size-fits-all threshold. SVCs vary significantly in their risk, and a single uniform setting applied across all products would introduce disproportionate compliance cost for low-risk SVCs and potentially under-calibrate for higher-risk instruments.

Consistent with AUSTRAC's own analysis — under which the more risk features a product exhibits, the higher its vulnerability — the level of obligations applied to a product should scale with the number and severity of the risk factors it presents.

Under such an approach, a product's treatment would be determined by reference to the risk features AUSTRAC has identified, including: cash loadability, cash redeemability, open-loop acceptability, international redemption, reloadability, anonymity, and the ability to be used or redeemed by unidentified third parties:

- Products exhibiting few or none of these features — such as a card that is non-cash-redeemable — present the lowest risk and should attract the lightest-touch treatment and the higher (AUD $5,000) threshold.
- Products exhibiting several of these features — such as a card that is cash-redeemable, and anonymously held present materially higher risk and appropriately warrant lower thresholds and more extensive controls.

A tiered model of this kind directs compliance effort to where the ML/TF risk genuinely lies, avoids imposing disproportionate obligations on low-risk retail products, and is consistent with FATF's principle that AML/CTF measures should be commensurate with the risks identified.

Illustrative Risk-Tiering Framework for SVCs

Product Type	Key Risk Features	Recommended Treatment
Non-cash-redeemable	No cash redemption; restricted merchant network; no international redemption; limited reloadability	Light-touch obligations; retain AUD $5,000 threshold
Semi-open loop, non-cash-redeemable	Broader merchant acceptance; moderate reloadability; no cash redemption	Moderate obligations; intermediate threshold
Open-loop, cash-redeemable	Cash redemption; open merchant acceptance; international redemption possible; anonymous holding	Full AML/CTF obligations; lower threshold; enhanced controls

We consider that a divergence between the two threshold options — a lower threshold for cash-redeemable products and a higher (AUD $5,000) threshold for non-cash-redeemable products — is a positive design feature. A clear differentiation of this kind helps businesses to streamline their investments in controls on a proportionate basis.

It is in the interests of businesses and customers alike to have controls on high-risk, cash-redeemable, open-loop products that may be exploited by bad actors, as opposed to SVCs which are used within a defined merchant network and cannot be redeemed for cash. Such a differentiated approach:
- Provides clear product design incentives — issuers of genuinely low-risk products can continue to invest in product development and distribution without bearing disproportionate regulatory costs;
- Supports customer uptake — compliance friction at low value thresholds on low-risk products is likely to suppress legitimate consumer use without a corresponding reduction in ML/TF risk; and
- Enables proportionate distribution models — retail and digital distribution of lower-risk products can continue without identity verification requirements that would be operationally unworkable at point-of-sale.

Question 2: If not, what threshold level would appropriately balance risk mitigation and commercial viability?

For the reasons set out in our responses above, existing thresholds for non-cash redeemable SVCs should continue at AUD $5,000. If, however, the Government proceeds with a reduction that brings non-cash redeemable SVCs within the full scope of the AML/CTF regime, we consider that an appropriate transition period and a phased implementation would be essential to enable orderly compliance.

Question 3: How would different threshold options impact product design, distribution and customer uptake?
We do not have specific comments on this question and defer to industry participants who may be better placed to provide data on the direct impact of different threshold options on product design, distribution and customer uptake.

We note, however, that the question of threshold design is closely related to implementation costs. A tiered approach of the kind described in our response to Question 2 above would materially reduce implementation costs for issuers of low-risk products by limiting new compliance obligations to products where the risk genuinely warrants them.

Question 4: What transition period would be required to implement changes?
In that event, and consistent with recent international implementation experience, we recommend a transition period of no less than 18 months from the date on which the changes are made. This is consistent with the scale and complexity of the systems changes required, including:

- Readjusting system thresholds for SVCs across issuer and distributor platforms;
- Designing, building and testing system changes, including CDD and monitoring workflows;
- Updating issuer and distributor agreements to reflect revised obligations; and
- Retraining front-facing staff who manage gift card operations at retail and digital distribution points.

Non-Retrospective Application
We are also mindful that these changes should not be retrospectively applied. All SVCs issued above the threshold prior to the commencement date should continue to be effective. Only SVCs issued after the changes take effect should be subject to the new threshold limit.

Question 5: What implementation risks or costs should the government consider?
We do not have specific comments on this question and defer to industry participants who may be better placed to provide data on the direct implementation costs associated with changes to SVC thresholds.

We note, however, that the question of implementation costs is closely related to the nature of the threshold design adopted. A tiered approach of the kind described in our response to Question 2 above would materially reduce implementation costs for issuers of low-risk products by limiting new compliance obligations to products where the risk genuinely warrants them.

Question 6 — Individual vs Aggregate Threshold: What guidance or regulatory support would assist industry compliance?

We request that AUSTRAC issue guidance to confirm that the monetary threshold under items 23 & 24 only applies to individual SVCs. Where several individual SVCs are held by the same person (including by being connected to a single online customer account), the threshold should not apply to the aggregate amount but to each individual SVC (even if an aggregate amount is displayed to the account holder). Merely connecting multiple SVCs to a single customer account does not increase the ML/TF risks associated with the SVCs. For example, customers remain unable to withdraw any monetary value stored in connection with each SVC in cash and the amount available under each SVC remains below the relevant threshold. The ability to link individual SVCs to an online customer account does not change the functionality associated with each SVC and merely enables smoother administration from the perspective of the provider and the customer

In terms of broader regulatory support, EPAA recommends that the Department and AUSTRAC consider:

- Issuing clear, product-specific guidance on how the risk-tiering framework operates in practice, including worked examples for common SVC product types;
- Establishing a formal industry consultation mechanism for ongoing dialogue on SVC regulation as the market evolves;
- Confirming, by way of regulatory guidance or no-action position, the treatment of multi-card customer accounts to provide legal certainty to issuers; and
- Providing adequate notice of any new AUSTRAC SVC guidance or rule changes so that issuers can plan system and operational updates accordingly.

4. Conclusion

EPAA welcomes this consultation by the Department of Home Affairs and appreciates the opportunity to engage on the important question of how stored value card regulation can best serve both the integrity of Australia's financial system and the legitimate interests of industry and consumers.

Our central submission is straightforward: the existing AUD $5,000 threshold for non-cash-redeemable stored value cards under Items 23 and 24 is already proportionate and risk-calibrated. It reflects the materially lower ML/TF risk profile non-cash-redeemable products and aligns with comparable settings in New Zealand and FATF's principle of proportionality. We respectfully urge the Department to retain this threshold for qualifying products.

If, however, a broader reduction in SVC thresholds is determined to be necessary, EPAA strongly advocates for a tiered, risk-based approach that directs compliance effort and obligation to where ML/TF risk genuinely lies. A blanket reduction applied uniformly across all SVC product types would impose disproportionate costs on the issuers of low-risk products without a commensurate reduction in systemic risk.

EPAA looks forward to further engagement as this work on stored value card regulation continues. We are happy to discuss any aspect of this submission at the Department's convenience.

Yours sincerely,

Camilla Bullock
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About this Submission

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