




Internal Affairs
Te Tari Taiwhenua

Te Kāwanatanga o Aotearoa
New Zealand Government

Guidance: AML/CFT requirements for accommodation providers offering currency exchange services

This guideline should be read together with the Risk Assessment and AML/CFT Programme guidelines.



Introduction

1. This guidance is intended to support providers of hotel accommodation or any other accommodation (**accommodation providers**), who also offer currency exchange services, to comply with their requirements under the Anti-Money Laundering and Countering Financing of Terrorism (**AML/CFT**) Act 2009 (the **Act**).¹
2. Accommodation providers who offer currency exchange services are reporting entities under the Act by virtue of falling under the definition of ‘financial institution’.² However, accommodation providers may be partially exempt from many of the Act’s requirements.³ The partial exemption applies to currency exchange transactions (or a series of related transactions) that do not exceed NZD\$1,000. The partial exemption does not, however, exempt accommodation providers from the requirements to submit suspicious activity reports,⁴ or keep records,⁵ if the transaction is relevant to a suspicious activity report and any offence related to suspicious activity reports.⁶
3. All requirements under the Act will apply to accommodation providers who undertake currency exchange transactions (or a series of related transactions) that exceed NZD\$1,000, irrespective of how regularly they engage in currency exchange transactions above that threshold.
4. While this guidance has been produced by the Department of Internal Affairs (the **Department**) to assist accommodation providers who offer currency exchange services, you should ensure you understand your obligations under the Act and how the partial exemption applies. This guidance does not constitute legal advice.

Money laundering and terrorism financing risks associated with accommodation providers offering currency exchange services

5. Currency exchange services, including those offered by accommodation providers, present money laundering and terrorism financing risks as they involve the conversion of one form of currency to another, often in cash, and outside of the formal banking system. These services may be utilised to conceal the origins of criminal proceeds, structure transactions to avoid detection, or facilitate the movement of illicit funds across borders.
6. Currency exchange services can be vulnerable to abuse for the following reasons:
 - **Anonymity:** currency exchange services, particularly those offered as an incidental service by non-financial businesses such as accommodation providers, may not consistently apply robust customer due diligence measures, making it easier for customers to conduct transactions anonymously.⁷

¹ Providers of accommodation who meet the definition of a ‘reporting entity’ in section 5 of the Act will, for the purposes of this guidance, be referred to as ‘accommodation providers’. The Department notes that not all accommodation providers will offer services which make them a reporting entity under the Act.

² Refer to the definition of a **financial institution** in section 5(a)(xiii) of the Act.

³ Refer to Regulation 9 of the AML/CFT(Exemptions) Regulations 2011.

⁴ Refer to Subpart 2 of the Act.

⁵ Refer to section 49 of the Act.

⁶ Refer to sections 92 to 100 of the Act

⁷ The New Zealand National Risk Assessment identified a lack of quality reporting of suspicious activity reports in the currency exchange sector which may indicate a lack of awareness of money laundering and terrorism financing risks as well as a lack of awareness of AML/CFT requirements.

- **Cash-intensive nature:** currency exchange transactions often involve physical cash, which is hard to trace and provides the opportunity for layering illicit funds.
 - **Volume and frequency of small transactions:** criminal actors may exploit thresholds for transaction reporting or conducting customer due diligence by breaking large amounts of funds into smaller transactions, potentially across multiple different reporting entities. This is referred to as 'structuring'.
 - **Foreign exchange fluctuations:** criminal actors may exploit exchange rate differences or use multiple transactions to avoid reporting or customer due diligence requirements.
 - **Foreign exchange and cross boarder transport of funds:** criminal actors who might seek to import illicit drugs into New Zealand are likely to require currencies other than New Zealand Dollars. This may result in the purchase of foreign currency for payment, which may involve the physical carriage of cash over the border or payment through the post.⁸
7. Even where currency exchange services are incidental to an entity's core business, or where currency exchange transactions are infrequent or low volume, they can carry money laundering and terrorism financing risks when proper controls are not in place.
8. Accommodation providers offering currency exchange should therefore be alert to red flag indicators, including:⁹
- Customers conduct multiple small transactions just under the reporting or customer due diligence threshold within a short period of time.
 - Customers exchanging large quantities of currency inconsistent with their apparent economic profile or that of a typical traveller, or their stay.
 - Reluctance to provide identification or the use of identification documents that either appear fraudulent or do not match the person.
 - Repeat customers appearing to follow a routine involving different accommodation providers or locations for currency exchange services.
 - Customers exchanging currency but not appearing to be staying at the accommodation provider's accommodation or using its other services.
 - Customers exchanging large and/or repeated sums in cash without verifiable economic or travel purposes.
 - Transactions involving currencies from higher risk jurisdictions.¹⁰

⁸ See the New Zealand National Risk Assessment 2024, in particular pages 20 and 54.

⁹ For more information on money laundering and terrorism financing risks associated with currency exchange services, including more red flags, please see the Currency Exchange Risk Summary.

¹⁰ For more information see the AML/CFT Supervisors' Country Risk Guidance.

Partial exemption

9. Low-value currency exchange transacted through accommodation providers is, generally, of lower money laundering and terrorism financing risk. For example, a hotel guest exchanging USD\$100 for the equivalent amount in NZD for use during their travel in New Zealand. Accommodation providers have, therefore, been granted a partial exemption from the requirements of the Act for transactions (or a series of related transactions) that do not exceed NZD\$1,000.
10. If you are an accommodation provider and also offer currency exchange services (for example, exchanging small value amounts of foreign currency for guests), you may be able to rely on the partial exemption. Characteristics which may indicate the applicability of the partial exemption to your business include where the currency exchange offered is:
 - a. incidental to your primary business purpose (accommodation);
 - b. not advertised or promoted as a standalone service;
 - c. low in value; and
 - d. offered to guests or customers of your principal services (accommodation and/or hospitality services (food and beverage)).
11. The partial exemption does not exempt accommodation providers from submitting suspicious activity reports, or keeping records, if the transaction is relevant to a suspicious activity report and any offence relating to suspicious activity reports, irrespective of the value of the transaction sought or undertaken.
12. Where accommodation providers undertake currency exchange transactions (or a series of related currency exchange transactions) that exceed NZD\$1,000, all the requirements under the Act apply. This includes conducting customer due diligence (including any ongoing customer due diligence, account monitoring or enhanced customer due diligence) and any prescribed transaction reporting.
13. **Note:** The full requirements of the Act apply whether a transaction exceeding NZD\$1,000 is carried out in a single transaction, or several transactions that appear to be related or linked (**related transaction conditions**). For more information on related transaction conditions see paragraphs 16 to 21 below. In practice, this means an accommodation provider must take steps to identify related transactions, so that customer due diligence requirements can be applied when triggered.

Department view

14. You could elect to put controls and measures in place to ensure your customers do not exceed the NZD\$1,000 threshold, thereby mitigating your risk of money laundering and terrorism financing. In turn, this would limit your requirements under the Act to only include those related to suspicious activity reporting.

Occasional Transaction Threshold: Currency Exchange

15. The occasional transaction threshold for currency exchange transactions is NZD\$1,000.¹¹ This means that even in the absence of a business relationship between a currency exchange service provider and the customer, customer due diligence requirements are triggered by transactions of NZD\$1,000 or more.¹²

Related Transaction Conditions

16. The related transactions conditions are important. They are an “anti-avoidance” provision to mitigate the risk of a person, or more than one person, structuring transactions to bypass the NZD\$1,000 threshold, and to evade the application of the Act.
17. To detect related transactions, an accommodation provider should take a risk-based approach to implement appropriate procedures, policies and controls. For example, accommodation providers collect, in the normal course of business, relevant information and documentation from their guests which may assist them in identifying related transactions. Some options, which may be applied in combination, include:
- a. **Collecting currency exchange customer identity information:** ensuring sufficient identifying information (such as name, address, phone number, email address and credit card information) is collected and subject to appropriate authentication.
 - b. **Attaching currency exchange transactions to the stay or room:** this may be utilised both to identify related transactions and as a control to mitigate the potential elevated risks from providing currency exchange services to non-guests.
 - c. **Record keeping and receipts:** ensuring adequate record keeping and receipts are retained, even where transactions are below the NZD\$1,000 threshold.
 - d. **Separation of funds used for currency exchange services:** support monitoring and oversight measures by separating cash intended for currency exchange services from other sources such as cash floats used for change for payments for hospitality products and services.
 - e. **Identifying related transactions from identity information and patterns of transactions:** monitoring transactions to identify commonalities and potentially related transactions. This will ensure that persons trying to structure transactions (individually or with others) to bypass the requirements of the Act are identified.
 - f. **Review and examine:** there should be accompanying processes to review, escalate and respond to situations when it appears that transactions are related or where there are any indicators of suspicious activity.

¹¹ Refer to Regulation 14 of the AML/CFT (Definitions) Regulations 2011.

¹² Refer to sections 14(1)(b) and 22(1)(b) of the Act.

Department view

18. You must take adequate steps to identify whether transactions appear to be related or linked. It will not be sufficient to say that transactions did not appear to you to be related if you have made no, or inadequate, attempts to identify related transactions.
19. In practice, the Department's view is that for accommodation providers offering currency exchange services, the primary focus should be **identifying persons trying to intentionally bypass conditions** to avoid the requirements of the Act. At a minimum, policies and controls must be sufficient to detect conduct of this kind.
20. These procedures, policies and controls are also likely to be most effective if aligned with wider security measures. However, the extent and complexity of necessary policies may vary depending on the level of risk faced by each individual accommodation provider.

Suspicious Activity Reporting

21. If an accommodation provider has reasonable grounds to suspect that a transaction or activity by a customer who seeks to conduct, or conducts, currency exchange through the accommodation provider is related to criminal activity, a suspicious activity report must be submitted to the New Zealand Financial Intelligence Unit (**FIU**). A copy of the report must also be kept.
22. Reporting entities should be registered with [goAML](#), to enable them to submit a suspicious activity report within 3 working days of forming a suspicion.

Risk Assessment and AML/CFT Programme

23. All accommodation providers should ensure they have measures in place to monitor whether a currency exchange transaction (or series of related transactions) exceeds the NZD\$1,000 threshold.
24. For further information relating assessing money laundering and terrorism financing risk, please refer to the AML/CFT Supervisors' [Risk Assessment Guideline](#). As referred to in the risk assessment guideline, reporting entities should have regard to the following;
 - a. [National Risk Assessment](#);
 - b. FIU guidance material (accessible to reporting entities registered with the FIU's goAML system);
 - c. relevant sector risk assessments (**SRA**) produced by the AML/CFT Supervisors, including the [Financial Institutions SRA](#); and
 - d. industry-specific sector risk summaries, including the [Currency Exchange Risk Summary](#).
25. For further information relating to the requirements of an AML/CFT programme, please refer to the AML/CFT Supervisors' [AML/CFT Programme Guideline](#).

Further information

26. Accommodation providers who offer currency exchange services are required to register on the Financial Service Providers Register (**FSPR**).¹³ For more information on the requirements for financial service providers and registration please refer to the [Companies Office](#).
27. The Financial Action Taskforce provides useful information on money laundering and terrorism financing risks. Further, the Asia Pacific Group on Money Laundering provides information relevant for the Asia Pacific region, including yearly typology reports and up-to-date news on methods and trends.
28. If you require further information on the application of the Act and partial exemption to accommodation providers who offer currency exchange services, please contact the Department of Internal Affairs, AML/CFT Group at amlcft@dia.govt.nz.
29. If you require further information regarding the suspicious activity and prescribed transaction reporting processes using the FIU's goAML system, please contact the FIU at goaml@police.govt.nz

Disclaimer

Note: The guidance has been produced by the Department of Internal Affairs under s 132(2)(c) of the Act for accommodation providers who offer currency exchange services. This guidance does not set out all obligations under the Act, its associated regulations and codes of practice. This guidance does not constitute legal advice.

Version history

Version	Date	Author	Description of changes
1.0	August 2025	Department of Internal Affairs	Initial version

¹³ Refer to section 5(1)(j) of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

Appendix 1: Is your hotel or accommodation service captured by the Act?

