UNIVERSITIES AUSTRALIA

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Universities Australia's response to the Department of Home Affairs' consultation on strengthening the Genuine Student requirement and financial capacity framework

Universities Australia (UA) supports a strong and credible Student visa system that protects the integrity of Australia's international education sector while ensuring genuine students can access a high-quality Australian education. Students must have genuine intentions to study and sufficient financial resources to support themselves. The challenge is how to verify those resources without imposing unnecessary costs, complexity and barriers on legitimate applicants.

UA doesn't support making the transfer of funds into an Australian bank account a mandatory requirement for all Student visa applicants. Students should continue to be able to demonstrate financial capacity through a range of legitimate, verifiable mechanisms appropriate to different source countries, family circumstances and funding arrangements. An Australian-held account could be one option but shouldn't be the only way to establish financial capacity.

If the Government nevertheless decides that additional Australian-held funds requirements are necessary, they should be limited to cohorts presenting demonstrated integrity risks, rather than applied universally. Applicants should be asked to transfer funds only after receiving approval in principle for their visa, with appropriate safeguards. This is a fallback position, not UA's preferred approach or an endorsement of mandatory transfers.

If the Government pursues one of its proposed models despite these concerns, it must undertake detailed design work with banks, universities, students, education agents and regulators, provide substantial lead time and test arrangements through targeted pilots before any wider implementation.

These recommendations should be considered against the cumulative impact of successive changes to Student visa settings. Australia is already becoming a more difficult and expensive place for genuine international students to choose. Further reform must strengthen integrity without driving high-quality applicants to competitor destinations.

UA recommends that the Government:

- Retain multiple, independently verifiable ways for students to demonstrate genuine access to sufficient funds, including overseas deposits, legitimate family support, scholarships and recognised education loans. An Australian-held account should be optional, not universal.
- Reject a mandatory Australian-held funds requirement for all applicants, and assess the full implications for students, banking capacity, identity verification, anti-money laundering safeguards, financial access and course commencement timelines.

- If additional Australian-held funds requirements are pursued, target them to clearly evidenced integrity risks and allow funds to be transferred after approval in principle, with transparent criteria and safeguards.
- Ensure revised Genuine Student assessments are clear and consistent, recognise universities' academic expertise and accommodate legitimate changes in students' study circumstances and different educational pathways.
- Apply proportionate, evidence-based interim requirements for Evidence Level 3 applicants, recognising differing banking systems and legitimate financial practices, and carefully assess interactions with provider Evidence Levels.
- Establish a transition advisory group with UA and university, student, education-agent, banking and relevant regulator representation; undertake pilot programs and provide adequate transition periods before introducing significant changes.

A financial capacity framework that preserves choice

The objective of financial capacity assessment should be to establish that a student genuinely has access to sufficient and sustainable resources for tuition, living and associated costs. It shouldn't depend on where those funds are held at the point of application.

UA's preferred approach is to retain a range of acceptable, independently verifiable forms of financial evidence. These should include verified overseas bank accounts, legitimate family or sponsor support, government and institutional scholarships, and education loans from appropriately regulated lenders, including loans disbursed in stages. Enhanced verification of the source, ownership, accessibility and continuing availability of funds can address integrity concerns without requiring all students to move money offshore before a visa decision.

Students should also be able to choose to demonstrate financial capacity through an eligible Australian bank account where this is practical and appropriate to their circumstances. This should be an additional pathway, not a precondition for accessing an Australian education.

The consultation paper's first three options would require applicants to hold substantial funds in an Australian account. The fourth option provides a more limited pathway for recognised education finance. UA doesn't support options one, two and three as universal requirements. While aspects of option four warrant further consideration, it shouldn't be confined to exceptional cases where an Australian account is impractical. A genuinely flexible, verifiable approach should remain available as the standard framework.

Why a universal Australian-held funds requirement is the wrong approach

A requirement for all applicants to establish and fund an Australian bank account before a visa decision would introduce significant practical and financial burdens, without a demonstrated case that those burdens are necessary or proportionate to the integrity risks being addressed.



Requiring offshore applicants to establish Australian bank accounts would raise significant identity verification and anti-money laundering challenges. Banks would need to consider how existing customer identification, fraud prevention, transaction monitoring and source-of-funds requirements could be met for applicants who are not yet in Australia. Opening and administering potentially large numbers of accounts, including for applicants whose visas are ultimately refused, would also impose a substantial administrative burden. The Government shouldn't assume that Australian banks have the capacity or commercial incentive to provide suitable products across all source markets.

These challenges also raise important regulatory considerations. Australian financial institutions have anti-money laundering and counter-terrorism financing obligations, including strict customer identification and due diligence requirements. Any proposal must be developed in close consultation with banks and AUSTRAC to ensure that new visa requirements don't encourage the circumvention or weakening of existing safeguards. Measures intended to strengthen visa integrity shouldn't inadvertently create new vulnerabilities in Australia's financial system.

The proposed requirements must also account for significant differences in banking arrangements, foreign exchange restrictions, international transfer rules and access to regulated education finance across source countries. A uniform Australian-account requirement could exclude genuine students for reasons unrelated to their financial capacity or intention to study. Stronger verification of overseas financial evidence and recognised education finance arrangements would provide a more proportionate starting point.

The timing and cost of transferring funds would present further challenges. The proposed one- and three-month holding periods don't necessarily align with university admissions processes, final academic results, unconditional offers or students choosing between institutions. Requiring substantial funds to be transferred before a visa decision could impose exchange-rate losses, transaction fees and, for students relying on education loans, interest costs before their studies commence. Requiring 50 per cent of total course tuition and prescribed living costs upfront could place particularly significant financial pressure on students and families, including those from middle-income backgrounds or relying on staged finance.

There are also important questions about access to and protection of students' funds. Students would need clear rights and practical processes to retrieve their money if a visa is refused, study is deferred or circumstances change. Any managed disbursement arrangements would need sufficient flexibility to accommodate unexpected expenses, including accommodation and medical costs. Consumer protections, the risk of scams and fraudulent intermediaries, dispute resolution processes and access to funds while students remain offshore would also need to be addressed. These are fundamental considerations in determining whether the proposed arrangements are workable and fair.

UA recommends that Home Affairs engage directly with Australian and overseas banks, AUSTRAC and other relevant regulators, students and universities to assess these issues, and undertake a detailed,



evidence-based assessment of the integrity benefits, costs and risks of any proposed Australian-held funds model before selecting a preferred approach.

If additional financial assurance is pursued, it must be targeted

UA's preference remains a flexible, verifiable framework for all genuine applicants. If the Government concludes that some applicants require an additional Australian-held funds requirement, that obligation should be confined to identified higher-risk cohorts, supported by evidence, transparent criteria and regular review. It shouldn't be imposed across the entire Student visa program merely because a single model is administratively simpler.

In those limited circumstances, funds should be transferred only after an applicant has received approval in principle for their visa. New Zealand's Funds Transfer Scheme offers a relevant comparison. It applies to selected applicants, and a requirement to transfer funds is communicated after an approval-in-principle assessment. That sequencing reduces the risk of students committing substantial sums to a foreign account before there is reasonable assurance about the visa outcome.

An Australian approval-in-principle approach would require careful design, including clear timeframes, conditions, refund protections and treatment of genuine changes in circumstances. It wouldn't remove the other concerns about overseas banking access, loan arrangements, anti-money laundering compliance or consumer protection. UA doesn't support treating approval in principle, on its own, as sufficient justification for a universal transfer requirement.

Recognised education finance should continue to provide a legitimate pathway, subject to direct verification with appropriately regulated lenders. Where additional assurance is justified, proportionate arrangements should be tailored to the risk rather than assuming managed disbursement or large upfront deposits are necessary for every student.

Strengthening the Genuine Student requirement

UA supports the Government's objective of ensuring Student visas are granted to applicants with a genuine intention to undertake their proposed course of study. Any revision to Ministerial Direction 106 should improve the transparency and consistency of decisions while retaining holistic, individual assessment.

Universities already assess applicants' academic preparedness, qualifications, course suitability and capacity to complete their chosen programs. Revised guidance should recognise this academic expertise and avoid duplicating assessments of course suitability, educational rationale or preparedness where a university has undertaken comprehensive admission processes. Immigration decisionmakers retain responsibility for visa integrity, but assessments of academic merit should be informed by universities' expertise.

Clearer guidance is needed on how relevant GS factors are considered and weighted, particularly where decisions involve judgements about the suitability or value of a course. This would improve predictability for applicants and universities without converting the assessment into an inflexible checklist.

UA welcomes, in principle, positive recognition of transnational education (TNE) pathways. They can demonstrate familiarity with Australian qualifications and support successful progression. However, TNE opportunities vary across countries and institutions. Students without access to them shouldn't be disadvantaged.

The framework should also distinguish legitimate changes in the circumstances of continuing or returning students from indicators of non-genuine study. Course changes, study gaps or extensions may arise from unavailable subjects, course sequencing, personal circumstances or unforeseen disruption. Revised guidance should provide for these circumstances to be considered fairly and individually, rather than treating deviations from an expected study pathway as evidence of an integrity concern.

Proportionate interim measures for Evidence Level 3 applicants

UA recognises the Government's intention to strengthen the quality and verifiability of financial evidence for primary applicants from Evidence Level 3 (EL3) countries while longer-term reforms are considered. Any interim measure should respond to demonstrated integrity risks, not pre-empt a decision to introduce universal Australian-held accounts.

Six months of transaction history may be a reasonable starting point, but decisionmakers must recognise legitimate lump-sum deposits, asset sales, family support and cash-based financial practices in some countries. Requirements should permit credible alternative evidence where standard banking histories are unavailable, while maintaining robust verification of genuine access to funds. Legitimate education loans should not be excluded simply because disbursement is conditional on a visa decision or occurs in stages.

The Government should also assess how country-level requirements would interact with providers' existing Evidence Level ratings. Universities have invested heavily in strong compliance outcomes. Any change should avoid perverse incentives or unjustified differences in the treatment of applicants from the same source market. The Government should examine the effects of uniform and provider-differentiated approaches and consider piloting measures before applying them broadly.

Implementation must follow evidence, not precede it

The proposed changes would affect Home Affairs, banks, universities, students, education agents, financial regulators and institutions in source countries. They can't be implemented effectively through changes to visa guidance alone.

UA recommends a formal transition advisory group with UA and university representation alongside relevant banking, student, education-agent and regulatory expertise. It should test proposed arrangements against real admissions cycles, student finance practices and operational conditions in different countries, and advise on legal requirements, communications, transition rules and risk management.

Any proposal involving new Australian-held accounts or managed disbursement should be tested first through targeted pilots involving a small range of institutions, source markets and student cohorts. A pilot should assess the practical ability to open and fund accounts offshore, identity and anti-money laundering compliance, loan drawdown, the return and release of funds, costs, application processing and unintended effects on genuine applicants. A substantial lead-in period would then be needed before any wider rollout, with clear guidance for students already in the recruitment and visa pipeline.

Changes should be coordinated with the broader Evidence Level framework and recent Student visa reforms. The Government should assess their combined effects rather than considering each reform in isolation.

Conclusion

A strong Student visa system is essential to Australia's reputation as a high-quality education destination, but integrity reforms must be judged both by the risks they address and by the genuine students they may deter.

The warning signs are already evident. Department of Education data for the year to August 2026 show international student numbers down eight per cent and commencements down 12 per cent compared with the same period in 2025. Further barriers would come on top of rising visa costs, tighter settings and increasing uncertainty for prospective students.

Students with strong academic prospects have choices. A requirement to transfer substantial sums into an Australian bank account before they know whether they can study here may be presented as providing certainty, but risks becoming another reason for high-quality applicants to choose a competing destination. This would affect not only international education, but also the resources universities have available to support Australian students, research and our future prosperity.

UA urges the Government to preserve a range of credible ways to demonstrate financial capacity, reserve additional assurance measures for evidenced risks, and work closely with the sector before contemplating any major change. Stronger integrity and continued international competitiveness must be pursued together.