



## **financial intelligence centre**

### **REPUBLIC OF SOUTH AFRICA**

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#### **Press Statement**

**The Financial Intelligence Centre: The 2009 Annual Report shows consolidation and improvement in anti- money laundering system, offering continued protection to the local financial system.**

**Wednesday, 02 December 2009:** The Financial Intelligence Centre (FIC) continues to show a significant contribution in the fight against money laundering and crime in general. The Centre's 2009 annual reports shows that the Centre has referred to law enforcement agencies for further investigations, cases with a combined value of R6 billion during the 2008/2009 financial year. These are cases that involved suspicions of money laundering emanating from fraud, corruption, narcotics dealing and other criminal activities.

This figure represents a 195% year-on-year increase on the previous financial year of 2007/2008, the Centre's latest 2009 Annual Report shows.

During the 2008/2009 financial year, 22 762 Suspicious Transaction Reports (STR's) were received by the Centre from businesses and the public, alleging suspicion of financial irregularities by individuals within the South African borders. Following further rigorous analysis of these STR cases, about 1 220 of them were found to have high degree of suspicion and were referred for further investigation by relevant authorities (either the South African Police Services, the South African Revenue Service or the intelligence authorities).

Murray Michell, the FIC Director, says the Centre has seen great improvements in the quality of the STR's received from local banks, insurance house and real estate agents. This has led to more suspicious cases of money laundering and fraud being reported to relevant authorities after analysis work by the Centre.

“The fact that the number of STR's referred for further investigation has increased shows that our system to fight crime is maturing and the various authorities are better able to use information supplied by the Centre in their investigative work,” says Michell.

The STR's filed with the Centre assist law enforcement authorities by creating a paper trail of financial activities on a specific individual which can then be followed in a criminal investigation.

Another major achievement in the past year is more co-operations with international peers on trans-national crimes. The Centre received 72 requests for information from foreign jurisdiction and disseminated nine (9) spontaneous alerts to foreign financial intelligence units where the Centre was in possession of information that it deemed suspicious and relevant to its foreign counterparts' mandate.

This is made easy because the enjoys good relations within the Egmont Group which is made up of financial intelligence units from 112 members across the world. The key to these relations is the sharing of financial analysis information among the parties.

Some other achievements:

- About 232 compliance audits were conducted in the past financial year with seven (7) of the supervisory bodies, in particular the National Gambling Board, Estate Agency Affairs Board, Law society of SA and JSE limited among others.
- The Centre conducted 30 voluntary audits on the South African Post Office and Postbank to assess level of compliance to the FIC Act by these institutions
- The Centre also initiated a process to develop a register of all accountable institutions aimed at improving FIC Act compliance.

- South Africa's AML/ CFT system was found to compare very favourably with those of most developed countries by a peer review process undertaken by the Financial Action Task Force (FATF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The Mutual Evaluation assessment provides good insight to the extent the local system has developed in the last five years.

"What the mutual evaluation process has shown South Africans is that we have good systems in place to help in the fight against money laundering and counter terrorism funding. These systems make it easier for us in our support of law enforcement authorities to identify and uproot criminals from our communities," says Michell.

"However, while the building blocks of the system are in place, much work remains in order to get the system to function optimally

In the year ahead, accountable institutions should brace themselves for more rigorous approach to compliance. The FIC Act was recently amended to give the Centre administrative enforcement powers, which would lead to more action being taken against institutions that are slack in implementing the Act.

"Although compliance levels are showing encouraging signs, in general, the compliance levels are still lower than we would wish. The indications from our reports show willingness to fight crime by accountable institutions in the country, but more needs to be done. Therefore these institutions must expect robust approach to compliance in the future," says Michell.

Ends

Note to Editors:

- The Financial Intelligence Centre is defined as a juristic person. It is a PFMA Schedule 3A entity and is accountable directly to Minister of Finance. It is funded through the national budget.
- Its main responsibility is to analyse information obtained in reports (STR's) from 'accountable institutions' identify proceeds of crime and suspicious financial dealings and refer this information to Law Enforcement Authorities - eg. SAPS (DPCI - Hawks), AFU, SARS, Intelligence Services.
- The Centre also coordinates SA's policy on Anti Money Laundering / Combating of Financing of Terrorism.

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