

CONSULTATION NOTE

Relating to the draft Guidance Note No. 102A
on the directive for conduct within the national
payment system in respect of the financial
action task force recommendations for
electronic funds transfers
(Directive No.1 of 2022.)

October 2022

FOR CONSULTATION PURPOSES ONLY

INTRODUCTION

1. The Financial Intelligence Centre (Centre) has issued draft Guidance Note 102A (Draft GN102A) for consideration by all supervisory bodies and other persons in terms of 42B of the Financial Intelligence Centre Act, 2001 (Act 38 of 200) (FIC Act).
2. Draft GN102A provides guidance on the South African Reserve Bank (SARB) Directive 1 of 2022, the FATF electronic funds transfer directive. Directive 1 of 2022 sets conditions for the processing of electronic funds transfers. The aspect of verifying the accuracy of client information below the threshold amount is elaborated upon in further detail in this updated Guidance Note 102A.

BACKGROUND

3. The National Payment System Department (NPSD) of SARB in Directive 1 of 2022 set out the conditions for the processing of electronic funds transfers, so that South Africa complied with Recommendation 16 of the FATF Recommendations.
4. The Directive 1 of 2022 (under Directive 3 of 2019) and the Draft Guidance Note 102 were made available for comment from Monday, 23 September 2019 with the due date closing on Monday, 14 October 2019. All comments received were considered and incorporated in the Directive 1 of 2022 and Draft Guidance Note 102A.
5. Draft GN102A aims to clarify the application of Directive 1 of 2022.
6. Further, to address the areas of concerns as highlighted in the Financial Action Task Force's (FATF) 2019 mutual evaluation final report, which states:

"...South Africa was rated partially compliant with the... as there were inter alia no legal requirements for all wire transfers to be accompanied by full originator information, to ensure intermediary FIs to transmit all originator information with the transfer, and to ensure beneficiary FIs to consider restricting or terminating the business relationship with FIs that fail to meet the wire transfer requirements. South Africa addressed

FOR CONSULTATION PURPOSES ONLY

(most of) these deficiencies by issuing SARB EFT Directive 1 and its Interpretive Note.”

7. In addition, the FATF mutual evaluation final report highlighted
“All banks and clearing system participants must ensure that any wire transfers – commonly known as EFTs in South Africa- meet the requirements of R.16 (EFT Directive 1.)”
8. Draft GN102A discusses the application of the general FIC Act compliance obligations in the context of electronic funds transfers (EFTs) and the verification of client’s information.
9. Furthermore, there is a discussion of the practical application of Directive 1 of 2022 by accountable institutions.

CONCLUSION

10. Commentators are invited to comment on the draft GN102A by submitting written comments via the online comments submission link only ([insert here](#)). Any questions or requests relating to this draft GN102A may only be sent to the FIC at **consult@fic.gov.za**. Submissions will be received until close of business on Monday, 18 November 2022.
11. The Centre intends to conclude the consultation on this draft GN102A by publishing a final version no later than Friday, 30 November 2022.

FOR CONSULTATION PURPOSES ONLY

COMMUNICATION WITH THE CENTRE

12. Queries can be directed to the compliance contact centre on 012 641 6000 and select option 1. Queries can also be submitted online by clicking on <http://www.fic.gov.za/ContactUs/Pages/ComplianceQueries.aspx> or visiting the Centre's website and submitting an online compliance query.

Issued By:

The Director Financial Intelligence Centre

Private Bag X177

CENTURION

0046

31 October 2022