



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

PUBLIC COMPLIANCE COMMUNICATION No. 15 (PCC15)
THE ACCEPTANCE OF A SMART CARD IDENTIFICATION DOCUMENT
ISSUED BY THE DEPARTMENT OF HOME AFFAIRS FOR CLIENT
IDENTIFICATION AND VERIFICATION PURPOSES

The Financial Intelligence Centre (the Centre) provides the guidance contained in this Public Compliance Communication (PCC) in terms of its statutory function in terms of section 4(c) of the Financial Intelligence Centre Act No. 38 of 2001, as amended (the FIC Act), read together with Regulation 28 of the Money Laundering and Terrorist Financing Control Regulations (the Regulations) issued in terms of the FIC Act.

Section 4(c) of the FIC Act empowers the Centre to provide guidance in relation to a number of matters concerning compliance with the obligations of the FIC Act.

Guidance provided by the Centre is the only form of guidance formally recognised in terms of the FIC Act and the Regulations issued under the FIC Act. Guidance provided by the Centre is authoritative in nature. An accountable institution must comply with guidance issued by the Centre, or explain the reasons for non-compliance if prompted by the Centre. It is important to note that enforcement action may emanate as a result of non-compliance with the FIC Act where it is found that there has been non-compliance with the guidance issued by the Centre.

PCC Summary

An accountable institution may accept the smart card identification document issued by the Department of Home Affairs for the purpose of establishing and verifying the identity of a client, or a client that is acting on behalf of another person, or a person acting behalf of a client if that person is a natural person.

Disclaimer

The publication of a PCC concerning any particular issue, as with other forms of guidance which the Centre provides, does not relieve the user of the guidance from the responsibility to exercise their own skill and care in relation to the users' legal position. The Centre accepts no liability for any loss suffered as a result of reliance on this publication.

Copyright notice

This PCC is copyright. The material in a PCC may be used and reproduced in an unaltered form only for personal and non-commercial use within your institution.

Apart from any use permitted under the Copyright Act No. 98 of 1978, all other rights are reserved.

Objective

The objective of this PCC is to provide the Centre's view on the acceptance by accountable institutions of smart card identification documents issued by the Department of Home Affairs (DHA) for the purpose of establishing and verifying of the identity of a client, or a client that is acting on behalf of another person, or a person acting behalf of a client if that person is a natural person.

1. Introduction

- 1.1 Section 21 of the Financial Intelligence Centre Act, Act 38 of 2001 as amended (the FIC Act), requires that an accountable institution must identify and verify their clients prior to establishing a business relationship or concluding a single transaction with the client.
- 1.2 The Money Laundering and Terrorist Financing Control Regulations (Regulations) define an 'identification document' in respect of a natural person who is a citizen of or resident in, the Republic of South Africa, as an official identity document. The Department of Home Affairs previously defined an official identity document as a green bar coded identity document¹.
- 1.3 Regulation 4 of the Regulations stipulates that an accountable institution must verify the full names, date of birth and identity number of a natural person referred to in regulation 3(1) (a), (b), or (c), or 3(2)(a), (b), or (c) by comparing these particulars with an identification document of that person.
- 1.4 Regulation 4 furthermore provides for exceptional cases in which a person is unable to produce an official identity document. In such instances the accountable institution must be satisfied that the client has an acceptable reason for being unable to produce an official identification document. The accountable institution may then accept an alternative valid, meaning current and unexpired, document which contains:
- a photograph of that person;
 - that person's full names or initials and surname;
 - that person's date of birth;
 - that person's identity number; and
 - Any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

¹ Identification Amendment Act, Act 28 of 2000

2. The Centre's view

- 2.1 The DHA has launched a pilot project whereby identification smart cards are being issued to South African citizens and residents, to replace the green bar coded identity documents; or in the event that they are first time applicants, have lost their identity documents or in the event that such identity document has been stolen.
- 2.2 The issuance of the identification smart cards by the DHA is executed with the intention that the smart card will eventually replace the green bar coded identity document.
- 2.3 The identification smart card will reveal the same information pertaining to the particulars of an individual as contained in the green bar coded identification document that was issued prior to the smart card in that it will contain the following information in respect of that person:
- a photograph of that person;
 - that person's full names or initials and surname;
 - that person's date of birth; and
 - that person's identity number.
- 2.4 The identification smart cards issued by the DHA bear the same weighting as that of the typical green bar coded identification document issued by the DHA prior to the pilot project being launched, and can therefore be construed as an official identity document. As the identification smart card is in effect the new form of an official identity document an accountable institution may accept the DHA identification smart cards for the purposes of client identification and verification.

3. Conclusion

- 3.1 The Centre considers the new identification smart card issued by the DHA as an official identification document and an accountable institution may accept these identification smart cards for the purposes of client identification and verification in terms of Regulation 4(a)(i) of the Regulations to the FIC Act.

For any further enquiries regarding this PCC15, please contact the Centre on **0860 222 200**, or by sending an email to: fic_feedback@fic.gov.za.

Issued By:

The Director

Financial Intelligence Centre

22 January 2013