



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

THE SOUTH AFRICAN RESERVE BANK SANCTIONS FOUR BANKS

Wednesday, 16 April 2014: The Financial Intelligence Centre notes that the South African Reserve Bank has sanctioned four banks for non-compliance with the Financial Intelligence Centre Act, No 38 of 2001, (the FIC Act). The sanctions include financial penalties ranging from R10 million to R60 million as well as instructions to implement remedial actions.

The FIC Act imposes obligations for regulatory controls on financial and other institutions and professions. These are aimed at providing transparency in our financial system and at capturing information that may be required for financial and forensic investigations.

The regulatory controls under the FIC Act that apply to accountable institutions, among them attorneys, estate agents, foreign exchange dealers and banking institutions, require the following:

- Registration with the FIC
- Customer identification and verification
- Record-keeping
- Reporting of information – such as reporting of cash transactions of R25 000 or more, reporting of suspicious and unusual transactions and terrorist property reporting
- Formulating and implementing internal rules for how to implement the FIC Act

- Training of employees on the FIC Act and on internal rules
- Appointment of a compliance officer to oversee the bank's compliance obligations.

Supervisory bodies such as the South African Reserve Bank are empowered by the FIC Act to supervise and enforce compliance among designated institutions to ensure that these regulatory controls are in place. The South African Reserve Bank conducted inspections over a period of time to assess whether each of the institutions had the appropriate measures in place to ensure compliance with the relevant provisions of the FIC Act. Stemming from the findings of the inspections, the South African Reserve Bank has imposed the financial penalties and ordered banks in question to take remedial action.

“The compliance measures imposed by the FIC Act are in place to support our financial system and to create barriers to prevent criminals from exploiting institutions such as banks,” said Director of the FIC, Mr Murray Michell.

“Accountable institutions have the responsibility to ensure that their systems are watertight and maintain the highest levels of integrity.

“The danger of not fulfilling compliance measures can open the door to criminals abusing our institutions for criminal activities.”

--- ends ---

Note to editors: The Financial Intelligence Centre (FIC) was established in 2003, through the promulgation of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), with the purpose of identifying the proceeds of unlawful activities and combating money laundering and financing of terrorism. The organisation collects and analyses data sourced from reports submitted by accountable and reporting institutions. Where necessary, the FIC provides this analysis to the law enforcement authorities and the South African Revenue Service for further follow up. The FIC works closely with counterparts on the African continent as well as with international organisations. The FIC enhances levels of business compliance to the FIC Act, thereby reducing the possibility of financial and accountable institutions being exploited by criminal networks, which is core to enhancing the integrity of the country's financial system. Amendments to the FIC Act were announced on 1 December 2010, which gave the supervisory bodies and the FIC powers of

inspection and enforcement of the FIC Act and Regulations.

Some statistics from the 2012/13 Annual Report of the Financial Intelligence Centre:

- 21 866 accountable and reporting institutions now registered with the FIC
- R1.171 billion recovered in cash from the proceeds of crime
- More than 6 million cash threshold reports were received during the reporting period
- 147 744 suspicious transaction reports were filed with the FIC during the reporting period
- 292 inspection reports produced
- The FIC experienced a 71% increase in requests for support in investigations from other organisations
- FIC supported 269 Asset Forfeiture Unit investigations
- As part of the Anti-Corruption Task Team, provided support in 89 priority investigations.

Issued by the Financial Intelligence Centre: www.fic.gov.za

For more information please contact: Panna Kassin on: +27 12 641 6000, +27 79 751 2172 or via e-mail on: communications@fic.gov.za.