

MEDIA RELEASE

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Financial Intelligence Centre instrumental in recovery of more than R5.8 billion in criminal assets

29 September 2023: In meeting its objectives, the Financial Intelligence Centre (FIC) has been instrumental in the recovery of more than R5.8 billion in criminal proceeds in the last financial year, as reported in its [2022/23 annual report](#).

The FIC's primary objectives are to identify the proceeds of crime and assist in combating money laundering, terrorist financing and proliferation financing. It does this through interpreting and analysing regulatory reports it receives from accountable institutions, to produce financial intelligence reports. These intelligence reports are shared with law enforcement, prosecutorial authorities and other domestic and foreign competent authorities who use the intelligence in their evidence gathering, investigations, prosecutions and applications for asset forfeiture. Between 1 April 2022 and the end of March 2023, the FIC produced 3 424 intelligence reports upon request and based upon its own analysis. Most of the intelligence produced related to money laundering, fraud, bribery and corruption.

At year end, 45 392 businesses and sectors were registered with the FIC, and over the financial year they filed more than 5.3 million regulatory reports. Approximately 558 000 were suspicious and unusual transaction reports, 4.2 million were reports on transactions exceeding the R49 999.99 threshold. In addition, more than 500 000 reports were received on electronic international funds transfers exceeding the threshold of R19 999.99. The latter reporting stream came into effect on 1 January 2023.

Also during the financial year, 402 entities were inspected for financial intelligence centre Act, 2001 (Act 38 of 2001) (FIC Act) compliance. Seventy-five percent of the inspections (302) focused on legal practitioners. Inspections in this sector reflected improvements in

some aspects of compliance behaviour, and also revealed that a large proportion required further guidance and monitoring. Other sectors inspected included motor vehicle dealers, trust companies and the gambling industry.

In February 2023, the Minister of Finance, Mr Enoch Godongwana, announced an additional allocation of R265.3 million to the FIC's annual budget. With this allocation, the FIC is able to build on its capacity and capability and increase its human resources and general capacity where required.

Schedule amendments

Amendments to the Schedules of sectors and business types required to register and comply with the FIC Act came into effect on 19 December 2022. There were technical amendments and new sectors were brought into the FIC Act fold. New sectors listed in the FIC Act include co-operative banks, credit providers, and dealers in high-value goods. These changes are based on the understanding that criminals target different types of businesses for laundering their criminal proceeds. Compliance with the FIC Act by a broader range of sectors and business types has the potential to offer the FIC deeper insight and a wider variety of information for interpretation and analysis.

The Schedule changes also ushered in increases in the FIC's supervisory duties. This includes responsibility for supervision and oversight of all designated non-financial businesses and professions (DNFBPs), namely, legal practitioners, trust and company service providers, estate agents and the gambling sector, in addition to credit providers, high-value goods dealers and crypto asset service providers. The FIC also supervises the South African Postbank and the South African Mint Company.

The FIC ramped up guidance and awareness on compliance obligations to DNFBPs in 2022/23. DNFBPs are a priority focus area for the FIC as their FIC Act compliance is central in helping to address deficiencies identified by the Financial Action Task Force (FATF) in its mutual evaluation of South Africa. During the course of the year, the FIC started augmented its existing risk-based framework by collecting and analysing information to inform its categorisation and inspection on legal practitioners and estate agents at high risk of being exploited for money laundering and terrorist financing purposes.

FIC Act amendments

Supported by legislative and regulatory changes, the 2022/23 financial year saw the FIC fortified to enhance its service and product delivery, and strengthening its role in the fight against financial crime.

As one of the Acts amended in the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act, 2022 (Act 22 of 2022) (GLA Act), the FIC has been given added momentum.

Significantly, the amendments also ushered in a new division within the FIC aimed at strengthening measures to combat money laundering, terrorist financing and proliferation financing. The new shared forensic capability will be responsible for producing forensic evidence on the results of the analysis it produces that could be used as expert testimony in cases where this may be relevant in court proceedings.

Financial Action Task Force

This financial year saw much focus at the FIC on addressing the deficiencies identified by the FATF, following their assessment in 2019 of South Africa's regime and capability on anti-money laundering, combating of terrorist financing and proliferation financing (AML, CFT and CPF).

FATF's findings, contained in their mutual evaluation report, identified 67 deficiencies. From 2019 the FIC, along with several other government departments and entities, has focused on addressing the identified deficiencies. The majority of these were addressed and eight remained, when in February 2023, FATF designated South Africa as a country to be placed under increased monitoring or 'grey listed'.

FATF, of which South Africa is a member, is the international inter-governmental body responsible for setting standards on combating money laundering, terrorist financing and proliferation financing. FATF assesses member countries' compliance with these standards. South Africa made significant progress during 2022 on many of the FATF recommended actions such as developing national AML and CFT policies to address higher risks and amending the legal framework for terrorism financing.

Partnership work

During the period, the FIC continued its work with public and private sector partners. Since its inception in 2020, to date, the Fusion Centre had more than 550 matters registered with it. The Fusion Centre is a public-public collaborative hub where law enforcement and other competent authority partners work together, within their own jurisdictions and mandates, to expedite matters in the pursuit of financial crime. The total value of criminal assets recovered by the partners from 2020 to end March 2023, was close to R1.8 billion.

Work conducted in the FIC-led South African Anti-Money Laundering Integrated Task Force yielded desktop research and information by bank-led expert working groups for the use of regulatory authority such as the FIC and the South African Reserve Bank. In addition, various banks were able to provide speedy and necessary information in the identification and stemming of crime.

The results and success of the assistance offered by the FIC and its collaboration with domestic and foreign competent authorities, and the private sector are illustrated across several case studies in the FIC’s 2022/23 annual report.

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**ISSUED BY THE FINANCIAL INTELLIGENCE CENTRE
FOR MORE INFORMATION PLEASE E-MAIL: media@fic.gov.za**

Note to editors: As South Africa’s national centre for the gathering and analysis of financial data, the role of the Financial Intelligence Centre (FIC) is to safeguard the integrity of the country’s financial system and its institutions. In pursuit of this, the Financial Intelligence Centre Act, 2001 (Act 38 of 2001), mandates the FIC to assist in the identification of the proceeds of crime and assist in combating money laundering, terrorist financing and proliferation financing, to facilitate effective supervision and enforcement of the Act. Under this legislation, financial and non-financial institutions are required to fulfil certain compliance obligations, including registering with, and filing various regulatory reports to the FIC. The information provided in these reports forms the basis for the FIC’s analysis to develop financial intelligence reports for use by a wide range of law enforcement and other competent authorities, and other institutions to facilitate the administration and enforcement of the laws of the Republic. The FIC Act also sets out the enforcement and penalty regime for non-compliance with the FIC Act. In February 2023, the country was placed under increased monitoring listed by the Financial Action Task Force, the global anti-money laundering and combating of terrorist financing watchdog organisation. Work to address South Africa’s grey listing was under way in earnest in 2022/23 and will continue in the coming period. The FIC will continue its contribution in work towards exiting South Africa from the grey list as soon as possible. In the FIC environment, the 2022/23 financial year saw several legislative and regulatory changes being implemented, which speak to some of the concerns raised by FATF. Among them were changes to the FIC Act, and an increase in the types of financial and non-financial institutions required to comply with obligations of the FIC Act. Altogether, these amendments and other measures enable the FIC to source, for interpretation and analysis, transactional and other information from a broader playlist. In this way, the FIC will continue to improve its support in the justice and crime prevention arena domestically and internationally.

For more about the FIC visit www.fic.gov.za

ITEM	2022/23
Total institutions registered as at year end	45 392
Compliance events and attendees	33 events and 16 801 attendees
Compliance inspections	402 FIC and 544 supervisory bodies

Regulatory reports received	>5.3 million
Cash threshold reports received	>4.2million
Suspicious and unusual transaction reports received	558 348
Financial intelligence reports disseminated	2 393 reactive, 976 proactive, 55 on illicit financial flows
Proactive financial intelligence reports disseminated	976, of which 144 related to high priority matters
Value of suspected criminal proceeds frozen	R92.2 million
Value of proceeds of crime recovered, in which the FIC's financial intelligence was used	>R5.82 billion