

## MEDIA RELEASE

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### **THE FINANCIAL INTELLIGENCE CENTRE PUBLISHES FINANCIAL CRIME INSIGHTS REPORT ON MONEY MULE ACTIVITY IN SOUTH AFRICA**

**21 June 2024:** The Financial Intelligence Centre (FIC) today issued its first *Financial Crime Insights* publication which assessed the [inherent money laundering risks related to money mule activities](#) and schemes in South Africa.

The report focused on threat patterns and trend information identified through analysis of suspicious and unusual transaction and suspicious activity reports filed to the FIC between August 2016 to July 2023.

These observations noted in the report intend to assist law enforcement agencies, competent authorities and other stakeholders in identifying instances of suspicious and unusual transactions activity.

The report includes a compilation of money laundering indicators flowing from the analysis of FIC transaction reports related to money mules and supported by analysis of domestic and international sources. The indicators will assist business in adopting preventive measures including implementing a risk-based approach and stimulate the submission of detailed suspicious and unusual transaction and other regulatory reports to the FIC.

In addition, the FIC has established a profile of possible money mules perpetrators, transaction locations, types of industries involved as well as useful account information and controls that may be useful for public and private sector entities to detect and prevent money muling.

Pieter Smit, acting Director of the FIC, said the report laid the foundation for future analysis and insights into money mules which is often the convergence point of money laundering and other offences such as fraud.

“The inaugural Financial Crime Insights report is an important first step in enriching our understanding of money mule activity in South Africa and how it is used to launder money,” Smit said.

“The money mules report highlights the valuable contribution the FIC makes in receiving regulatory reports, conducting analysis and producing financial intelligence.”

The FIC extracted section 29 regulatory reports accountable institutions submitted between August 2016 to July 2023 to mine the data on money mules to help identify the role players, the flow of funds, complex structures, locations, the types of accounts implicated and any other related information.

During the review of the suspicious and unusual report database, the FIC identified 58 cases relating to money mules and illicit flow of funds for analysis. Only the contents of the 153 section 29 regulatory reports linked to the 58 cases were analysed to establish trends, role players, occupations, and business entities involved in money mule activity.

The FIC noted during its analysis that accountable institutions did not provide sufficient information on suspected money mule activity in the regulatory reports they submitted to the regulator.

As a result of this report, the FIC is expanding the list of indicators relating to money mules on its registration and reporting system, goAML, to enhance categorisation of money muling and related financial crimes.

The FIC’s analysis found extensive use of shell companies to host fraudulent funds, while most persons involved in money mule or illicit financial flow activities were South Africans. The majority of money mule activity identified in the reports and analysed by the FIC took place in the Gauteng and Western Cape provinces.

Money mules often facilitate financial schemes, illicit financial flows, romance scams, job scams and a myriad other scams allowing criminals to transfer illicit proceeds between banks, countries, currencies, or cryptocurrencies.

**Issued by the Financial Intelligence Centre. For more information please e-mail: [media@fic.gov.za](mailto: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](http://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