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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

“FATF GREYLISTING”: SOUTH AFRICA’S PROGRESS IN ADDRESSING ITS ACTION PLAN AS AT JUNE 2024

The Financial Action Task Force (FATF) published the latest update on South Africa’s progress in addressing the Action Items in its Action Plan on 28 June 2024, following the conclusion of the June 2024 FATF Plenary meetings in Singapore. South Africa’s progress update is listed on the progress for “*Jurisdictions under Increased Monitoring – 28 June 2024*” ([FATF Update on greylisted countries June 2024](#)).

National Treasury is satisfied with the outcomes of the FATF Plenary meetings. Given the FATF process, Treasury does not expect South Africa to exit greylisting before June 2025, as per the Action Plan deadlines. The FATF Plenary did not discuss the delisting of South Africa from greylisting at this juncture but focused instead on the progress made by South Africa in addressing the 17 outstanding Action Items. The FATF Plenary accepted the report of the FATF Africa/ Middle East Joint Group that South Africa has largely addressed 3 further Action Items, and hence has 14 outstanding items left to address (from the original 22).

When the FATF greylisted South Africa at its February 2023 Plenary meetings, it adopted a jointly agreed Action Plan containing 22 Action Items linked to the eight strategic deficiencies identified in the country’s Anti-Money Laundering and the Combating of the Financing of Terrorism (AML/CFT) regime. South Africa is required to address all 22 Action Items so as to exit the FATF greylist. The Action Items have differing deadlines, falling between January 2024 to January 2025.

The January 2025 deadline serves as a general guide on the earliest time that South Africa can be expected to have addressed all the Action Items in the Action Plan, which is 2 years after the placement of a country on the FATF greylist. Once all the Action Items have been addressed, the country is required to confirm its progress via an onsite visit by the FATF Joint Group. As such, if the FATF Plenary determines in February 2025 that South Africa has addressed or largely addressed all 22 Action Items, it will schedule an onsite visit of the Joint Group in April/May 2025 to confirm that assessment and make a recommendation to the June 2025 FATF Plenary to remove the country from the FATF greylist. If any of the Action Items remain unaddressed by the January 2025 deadline, the country will be required to continue reporting to the FATF every 4 months, until all the deficiencies have been addressed.

At the June 2024 meetings, the FATF Plenary adopted a report by the FATF Joint Group for Africa/ Middle East, confirming that eight of the 22 Action Items are now addressed or largely addressed in accordance with the specified deadlines. The items that are addressed or largely addressed relate to the legal provisions criminalizing terrorist financing and underpinning South Africa’s targeted financial sanction regimes, increasing the use of financial intelligence from the Financial Intelligence



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Centre to support money laundering investigations, the introduction of risk-based tools to identify higher-risk Designated Non-Financial Businesses and Professions, the updating of the Terror Financing National Risk Assessment, and increasing the resources and capacity of relevant authorities.

South Africa is left with two reporting cycles in September 2024 and January 2025 in terms of the Action Plan. Many of the 14 outstanding items are due in the last two reporting cycles because South Africa has to demonstrate that the improvements made are sustained over successive reporting periods. In the next reporting cycle, South Africa is required to address (or at least largely address) 9 of the outstanding Action Items in the Action Plan that are due in September 2024. The final 5 Action Items are due in January 2025.

National Treasury notes that whilst South Africa is on track to address all the outstanding Action Items, it remains a tough challenge to address all 14 of the remaining Action Items by February 2025. All relevant agencies and authorities will need to continue to demonstrate significant improvements, and also that such improvements are being sustained and are effective. The Minister of Finance has been leading a process within government to ensure that South Africa addresses all Action Items by February 2025, to enable South Africa to exit greylisting by June 2025.

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ANNEXURE: SOUTH AFRICA'S ACTION PLAN

| Immediate Outcome | Action Item | Expiry date |
|---------------------------|---|----------------|
| IO2 | 1. South Africa should demonstrate a sustained increase in outbound MLA requests and timely follow up to help facilitate ML/TF investigations and confiscations of different types of assets in line with its risk profile. | May 2024 |
| IO3/4 | 1. The authorities should proactively identify and take action against unlicensed cross-border MVTs. | January 2025 |
| | 2. South Africa should improve risk-based supervision of DNFBPs by: a) implementing and keeping up-to-date supervisory risk-assessment tools to identify higher risk DNFBPs as a basis for risk-based supervision; | May 2024 |
| | b) conducting inspections on a risk-sensitive basis of high-risk DNFBPs; and | September 2024 |
| | c) conduct training and awareness programmes on their AML/CFT obligations, particularly with regards to filing and submitting STRs filed in line with risks. | September 2024 |
| | 3. South Africa should strengthen the AML/CFT supervisory capacity (human and financial resources) of FSCA and FIC. | May 2024 |
| | 4. South Africa should demonstrate that all AML/CFT supervisors apply and monitor implementation of follow-up remedial actions and that effective, proportionate and dissuasive sanctions are being applied | January 2025 |
| IO5 | 1. South Africa should demonstrate that competent authorities have timely access to adequate, accurate and up to date beneficial ownership information of legal persons and arrangements. | September 2024 |
| | 2. South Africa should apply remedial actions and/or dissuasive and proportionate sanctions for violations of the transparency obligations applicable to legal persons. | January 2025 |
| IO6 | 1. The SAPS should demonstrate a sustained increase in proactive requests for financial intelligence from the FIC for its ML/TF investigations. | May 2024 |
| IO7 | 1. South Africa should demonstrate a sustained increase in investigations and prosecutions of serious and complex money laundering, in particular involving professional money laundering networks/enablers and third-party ML in line with its risk profile. | January 2025 |
| IO8 | 1. South Africa should enhance its identification, seizure and confiscation of proceeds and instrumentalities of a wider range of predicate crimes, in line with its risk profile. | September 2024 |
| IO9 (+ element of IO1) | 1. South Africa should take necessary actions to ensure the deficiencies identified in R.5 are addressed.* | January 2024 |
| | 2. South Africa should: a) Review and update its TF Risk Assessment; and | May 2024 |
| | b) Update and begin to implement a comprehensive national counter financing of terrorism strategy, incorporating the findings of the updated TF Risk Assessment. | September 2024 |
| | 3. South Africa should enhance the capacity of the relevant authorities, including SAPS and NPA, by: a) providing each agency with adequate training, personnel and financial resources to effectively carry out their CFT roles and responsibilities; | May 2024 |
| | b) clearly incorporating the new obligations under revised POCDATARA into internal trainings, policies, procedures and performance indicators. | September 2024 |
| | 4. South Africa should demonstrate a sustained increase in the effective identification, investigation and prosecution of the full range of TF activities, consistent with its TF risk profile. | January 2025 |



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ANNEXURE: SOUTH AFRICA'S ACTION PLAN (Cont.)

| Immediate Outcome | Action Item | Expiry date |
|-------------------|--|----------------|
| IO10/11 | 1. South Africa should implement a legal and institutional framework for targeted financial sanctions (TFS) by: a) Addressing the R.6 deficiencies identified in the MER consistent with the FATF Standards*; | May 2024 |
| | b) Addressing the R.7 deficiencies identified in the MER consistent with the FATF Standards*; | May 2024 |
| | c) Demonstrating an effective process to implement TF TFS without delay; and | September 2024 |
| | d) Demonstrating an effective mechanism to identify individuals and entities that meet the criteria for domestic designation in line with UNSCR 1373. | September 2024 |