

## MEDIA RELEASE

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### **FINANCIAL INTELLIGENCE CENTRE ANNUAL REPORT HIGHLIGHTS ITS ROLE IN ASSET RECOVERY**

**26 September 2024:** During 2023/24 the Financial Intelligence Centre (FIC) was at the forefront of implementing anti-money laundering and countering the financing of terrorism (AML and CFT) regulatory reforms, and its work resulted in the recovery of more than R98.5 million in criminal proceeds.

The FIC's [annual report](#), tabled recently in Parliament, sets out these and other organisational achievements in the 2023/24 financial year.

Acting Director of the FIC, Pieter Smit said: "It was a year characterised by focused and urgent implementation of the numerous legislative and regulatory developments that took place in the previous financial year, and the imperative of meeting the Financial Action Task Force (FATF) requirements to help South Africa exit the grey list."

On 24 February 2023, FATF placed South Africa as a "jurisdiction under increased monitoring". Following engagements, FATF adopted a grey listing action plan for South Africa to remediate eight areas of identified strategic deficiencies comprising 22 action items on effectiveness requiring remediation within specified timelines.

"The FIC worked closely with various government departments, entities and agencies in contributing to South Africa's collective effort to strengthen the effectiveness of its regime for anti-money laundering and combating the financing of terrorism, and to resolve deficiencies identified in the mutual evaluation of South Africa," said Smit.

## **Recovering criminal proceeds**

The FIC produced a total of 3 924 financial intelligence reports that directly contributed to the recovery of R98.5 million in criminal proceeds during 2023/24.

As South Africa's financial intelligence unit, the FIC is the only entity authorised to receive transaction and other related data through regulatory and reports from registered financial and non-financial institutions. The FIC interprets and analyses the regulatory reports to develop financial intelligence for use by law enforcement, prosecutors and other competent authorities for their investigations, prosecutions and applications for asset forfeiture.

At 31 March 2024, 51 020 accountable institutions were registered with the FIC. These institutions yielded approximately 7.4 million regulatory reports, including 414 984 suspicious and unusual transaction reports. Most of the FIC's financial intelligence related to various types of money laundering, fraud and bribery and corruption.

In addition, the FIC blocked R295.8 million as suspected proceeds of crime involving 208 bank accounts.

## **New tools to bolster the fight against financial crime**

Changes to legislative and regulatory frameworks during the previous financial year included amendments to the Schedules of sectors and business types required to register and comply with the FIC Act.

These amendments effectively expanded the range of entities under the FIC's supervision to include oversight of non-financial sectors required to register with the FIC. These sectors, collectively referred to as designated non-financial businesses and professions (DNFBPs), include casinos, lawyers, notaries and other independent legal practitioners, accountants, trust and company service providers, estate agents, dealers in precious metals and dealers in precious stones.

During the period under review, the FIC introduced a risk and compliance analysis assessment tool to inform its risk-based supervision and inspections. Certain sectors, including DNFBPs, were required to complete and submit to the FIC a self-assessment questionnaire, called the risk and compliance return (RCR).

The questionnaire, geared to enable institutions to identify their vulnerability to money laundering (ML) and terrorist financing (TF) abuse and gauges their understanding of FIC Act compliance obligations.

Institutions' inputs on the RCRs were fed into the FIC-developed assessment tool, which helped identify institutions at higher risk of ML and TF abuse. Based on the RCR assessments, the FIC conducted 111 inspections.

The assessment tool not only augmented the FIC's understanding of the entity-level risk for DNFBPs but, also tackled one of the 22 action items that needed to be addressed to help the country exit the FATF grey list by February 2025.

Amendments to the FIC Act brought about by the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act, 2022 (Act 22 of 2022) ushered in the creation of the Shared Forensic Capability (SFC) under the auspices of the FIC.

Operating since May 2023, the SFC's purpose is to provide forensic service support to law enforcement and other authorities. The capability will offer specialised resources in forensic accounting, analysis and reporting, as well as producing forensic evidence and presenting such evidence in court. In 2023/24, its first year of operating, the SFC enrolled 18 matters and issued eight affidavits and forensic reports for use by law enforcement agencies.

### **Strengthening South Africa's regime for combating money laundering and terrorist financing**

During the financial year, the FIC also worked closely with various government departments, entities and agencies in contributing to South Africa's collective effort to address the grey list action items and strengthen its AML and CFT regime. Among the action items was the implementation of beneficial ownership transparency and reporting reforms with the FIC taking part in working groups and leading consultations with private and public sector stakeholders.

## Promoting and enforcing FIC Act compliance

Ensuring that accountable institutions comply with FIC Act obligations, the FIC conducted 558 inspections where 245 institutions were found to be non-compliant and issued with reports requiring them to implement remedial actions.

The FIC also initiated a host of guidance and awareness activities to enhance compliance with the FIC Act and foster understanding of South Africa's AML and CFT regime. These included hosting webinars, providing contact centre communication, publishing media releases, issuing guidance documents, and conducting compliance reviews.

The FIC hosted 48 awareness sessions – either virtually or through face-to-face roadshows – with more than 30 000 people attending FIC hosted webinars, which was almost double the number of attendees in 2022/23 (16 801).

## Issued by the Financial Intelligence Centre

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**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.

For more about the FIC visit [www.fic.gov.za](http://www.fic.gov.za)

| ITEM   | 2023/24   |
|--|---|
| Total institutions registered as at year end   | 51 020  |
| Compliance events and attendees  | 48 events and 32 914 attendees                                  |
| Compliance inspections   | 558   |
| Regulatory reports received  | >7.4 million  |
| Cash threshold reports received  | >3.1 million  |
| Suspicious and unusual transaction reports received                                      | 414 984   |
| Financial intelligence reports disseminated  | 2 654 reactive, 1 159 proactive, 111 on illicit financial flows |
| Value of suspected criminal proceeds frozen  | R295.8 million  |
| Value of proceeds of crime recovered, in which the FIC's financial intelligence was used | >R98.5 million  |