

## MEDIA RELEASE

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9/5/13

### **REPORT RELEASED ON RISKS OF MONEY LAUNDERING FOR LENDERS OF MONEY AGAINST THE SECURITY OF SECURITIES**

**THURSDAY, 31 MARCH 2022:** The Financial Intelligence Centre (FIC) today released [a report](#) on the inherent risks of money laundering facing lenders of money against the security of securities.

This sector is listed as an accountable institution in the Financial Intelligence Centre Act, 2001 (Act 38 of 2001), among 15 other sectors, as being vulnerable to possible abuse for financial crimes.

In compiling the report, the sector for money lenders against the security of securities was surveyed, comparative studies were conducted, and the sector was consulted.

All sectors listed in the FIC Act need to understand the environment in which they operate and the potential risks they face. Thus, sector risk assessments are important tools for financial and non-financial institutions to help them sharpen their measures to avoid becoming victims of financial crime, such as money laundering and terrorist financing.

Significantly the report provides indicators to some of the methods criminals may use to exploit the vulnerabilities in the sector. They also outline the risks that lenders of money against the security of securities may face in terms of their products and services, clients, transactions, delivery channels and geographic location.

The preparation of the report speaks directly to a Financial Action Task Force requirement that vulnerable sectors gain a better understanding of the money laundering and terrorist financing risks they face. This understanding of the risks should be at a national level, a sectoral level, as well as an individual business level where institutions are required to apply a risk-based approach

by allocating their resources in accordance with their understanding of the money laundering and terrorist financing risks they may face.

“The research conducted by the FIC to produce this report is intended to assist lenders of money against the security of securities to have a better understanding of the potential money laundering risks they face,” said Christopher Malan, Executive Manager for Compliance and Prevention at the FIC.

“With this improved understanding the sector for lenders of money against the security of securities, will be better equipped to look out for negative financial behaviour and provide timeous and detailed regulatory reports to the FIC.

“This is the starting point of effecting South Africa’s regime for combating money laundering and terrorist financing and helping to ensure that our institutions have the necessary protection against crime.”

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Issued by:

### **The Financial Intelligence Centre**

For more information, please contact [communications@fic.gov.za](mailto:communications@fic.gov.za) or visit [www.fic.gov.za](http://www.fic.gov.za).

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#### **Note to editors:**

**Note to editors:** As South Africa’s national centre for the gathering and analysis of financial data, the Financial Intelligence Centre’s (FIC’s) role 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 identify the proceeds of crime, and assist in combating money laundering, terrorist financing and proliferation financing, and to facilitate the effective supervision and enforcement of the FIC Act.

Under this legislation, the FIC makes information available to a wide range of law enforcement agencies and other government institutions to facilitate the administration and enforcement of the laws of the Republic. The FIC also provides information and guidance to financial and non-financial institutions on their compliance obligations. It also outlines the enforcement and penalty regime for those who do not comply.

The FIC ensures South Africa’s legislation and standards for combating money laundering and terrorist financing are met and up-to-date across government and the private sector.

Item	2020/21
Institutions registered with FIC as at 31 March 2021	44 499
Regulatory reports received	5.2 million
Cash threshold reports received	4.8 million
Suspicious and unusual transaction reports received	394 709
Inspection reports issued by FIC and supervisory bodies	749
Total number financial intelligence reports disseminated	3 206
Responses to requests for financial intelligence	2 080
Financial intelligence reports referred	1 126
Value of suspected criminal proceeds frozen	R613.2 million
Value of criminal proceeds recovered where FIC financial intelligence was used	R3 398.71 million

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