

MEDIA RELEASE

Ref No: 9/5/1/3

15 YEARS ON: FIC CONTINUES TO MAKE SIGNIFICANT STRIDES

20 September 2018: The receipt of the first STR (suspicious or unusual transaction report) in 2003, signalled the start of the Financial Intelligence Centre's (FIC's) journey as South Africa's financial intelligence unit. As the national centre for gathering and analysis of financial data, the mandate of the FIC is to identify the proceeds of crime, combat money laundering and terror financing.

Fast forward 15 years later to 2018, and the real count can be made of the contribution the FIC has made in helping to fight crime, as reflected in the FIC's recently tabled 2017/18 annual report.

Since 2003, for example, with the implementation of section 34 freezing orders, the FIC assisted in blocking more than R1.13 billion in suspected proceeds of crime. In 2017/18 alone, the FIC blocked R55 million. These are suspected criminal proceeds, which had they remained undetected, would have passed through the financial system and possibly been used in further criminal activities.

Fundamental to the FIC's ability to deliver its financial intelligence reports, is the transaction and added data input provided by accountable and reporting institutions and other business in the form of regulatory reports.

By 2017/18, 40 799 institutions were registered with the FIC. In effect this means that potentially, there are that number of institutions at the business coalface in South Africa, able at first hand to help stem money laundering and terror financing. Of these registered institutions, 3 394 submitted a total of more than 5.2 million regulatory reports i.e. cash threshold (2017/18: 4.9 million) and STR (2017/18: 330 000) to the FIC.

The information and data provided to the FIC by registered institutions – institutions have to be registered in order to submit a report – forms the basis of all the FIC's monitoring and analysis work.

In turn, this work enables it to produce the financial intelligence reports which have increasingly become essential tools for domestic and foreign investigative authorities, crime intelligence and other competent authorities as well as fellow financial intelligence units.

Over the last 15 years the FIC has provided financial intelligence information on 14 861 matters upon request, to domestic and foreign criminal investigations. Also, the FIC referred more than 10 700 matters to domestic and foreign partners since 2006 for their follow up and action. In addition, FIC has provided evidence in 170 judicial actions since 2011.

The FIC has also made inroads for South Africa in the arena of anti-money laundering and combating of terror financing (AML/CFT) policy and standards. Since joining the international standard setting body on matters relating to the combating of money laundering and terrorist financing, the Financial Action Task Force in 2003, South Africa underwent two peer reviews of its AML/CFT framework and policies implementation in 2013 and 2009. Each of these reviews pointed out areas that required attention and improvement.

The FIC set about enhancing the country's AML/CFT framework, the Financial Intelligence Centre Act, 2001 (Act 38 of 2001). The first change was introduced in December 2010, which saw the introduction of a robust model for supervision of accountable and reporting institutions and enforcement, and the commencement of cash threshold transaction reporting to the FIC.

The second change has been the recent amendments to the FIC Act that became effective in 2017. This update to the FIC Act introduces increased transparency and traceability to transactions in the financial system. Together the changes introduced in 2010 and 2017, are intended to make South Africa's transaction environment safer and to enable economic growth.

In preparation for the next round of mutual evaluations by the International Monetary Fund/FATF/ESAAMLG in 2019, the FIC has already begun engaging with its domestic partners and registered institutions. It is important that South Africa is fully prepared for the next round as this will test the effectiveness of the domestic AML/CFT regime. It will also serve to reflect the integrity of the South African financial system and its ability to withstand attempts at exploitation for criminal purposes. Further, it will pronounce on the acceptability of our jurisdiction to receive foreign direct and portfolio investment from international investors. It is hoped that the work that has been done in the AML/CFT arena thus far, will stand the country in good stead and benefit our economy through retaining our status as an investment jurisdiction of choice.

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[CLICK HERE](#) for the 2017/18 FIC Annual Report

ISSUED BY THE FINANCIAL INTELLIGENCE CENTRE

FOR MORE INFORMATION PLEASE E-MAIL: communications@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 identify the proceeds of crime, combat money laundering and terror 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 terror financing are met and up-to-date across government and the private sector.

In 2017, new amendments to the FIC Act were promulgated to create greater transparency in the financial system and to advance the fight against corruption, money laundering and the financing of terrorism. These amendments ensure that South Africa continues to meet international standards and best practices. The amendments target four key areas:

- Adopting a risk-based approach when establishing the identity of a client
- Identifying who really owns and benefits from corporate vehicles
- Improving the management of relationships with prominent influential persons
- Implementing United Nations Security Council financial sanctions.

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

HEADLINE STATISTICS AS AT 31 MARCH 2018	
40 799	Institutions registered with the FIC
330 639	Reports on suspicious or unusual transaction received
4.88 m	Cash threshold reports received
5.2 m	Total number of reports received
1 470	Referrals to law enforcement
2 243	Requests for information received
37	Judicial actions contributed to
859	Total FIC (133) and supervisory body (726) inspections conducted