



South African Reserve Bank



## MEDIA RELEASE

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9/5/18

### FIC AND SARB COMMIT TO INCREASED COLLABORATION

**Monday, 29 October 2018:** The Financial Intelligence Centre (FIC) and the South African Reserve Bank (SARB) today formalised a memorandum of understanding committing them to collaboration and co-operation in the fulfilment of their respective legislative obligations.

The two organisations share the goal of ensuring that the financial system is safe, stable and sustainable for all citizens. The memorandum of understanding has come at a time when the FIC and SARB have undergone landmark legislative changes geared towards improvements and reforms in the financial sector.

In August last year, the Financial Sector Regulation Act 9 of 2017 (FSR Act) was signed into law, bringing about mandate and structural changes to the SARB. One of the changes brought about was the creation on 1 April 2018 of the Prudential Authority (PA), which is responsible for regulating the financial sector. This sector includes banks, insurers, cooperative financial institutions, financial conglomerates, and certain market infrastructures.

Also in 2017, amendments to the Financial Intelligence Centre Act 1 of 2017 (FIC Act) were signed into law. The amendments ensure greater transparency, traceability and accountability in the financial system, and advance the fight against money laundering and the financing of terrorism.

As a supervisory body for the banking industry in terms of the FIC Act, the SARB, and now the PA, is a key FIC partner. In the past financial year alone, the SARB's Financial Surveillance Department and PA were responsible for 82 inspections on banks. The SARB also imposed administrative sanctions to the value of R77 million against non-compliant institutions in 2017/18.

It is a requirement in the FSR Act that the PA enter into cooperative agreements with financial sector regulators it works with, such as the FIC. Similarly, the FIC Act requires that the FIC enter into agreements with supervisory bodies and other competent authorities it works with.

The purpose of these agreements are intended to strengthen enforcement and compliance and, in the event of a systemic event, assist in restoring financial stability as speedily and efficiently as possible.

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**Note to editors:**

As South Africa's national centre for the gathering and analysis of financial data, 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 38 of 2001 (FIC Act) mandates the FIC to identify the proceeds of crime, combat money laundering and the financing of terrorism, and facilitate effective supervision and enforcement of the Act.

Under this legislation, financial and non-financial institutions are required to fulfil certain compliance obligations, including reporting to the FIC. The information provided in these reports forms the basis upon which analysis is conducted to develop financial intelligence reports which the FIC makes 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 Act also sets out the enforcement and penalty regime for non-compliance with the FIC Act.

In 2017, new amendments to the FIC Act were passed 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, namely:

- 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; and
- Implementing United Nations Security Council financial sanctions.

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

**Headline statistics as at 31 March 2018**

Statistic	Achievement
40 799	Institutions registered with the FIC
330 639	Reports on suspicious or unusual transactions
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
37	Contributions to judicial actions
859	Total FIC own (133) and supervisory body (726) inspections conducted

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### **Note to editors:**

The Prudential Authority (PA), one of the two pillars of the new architecture for the regulation of the South African financial sector, took effect on 1 April 2018. The PA is the prudential regulator created in terms of the Financial Sector Regulation Act 9 of 2017 (FSR Act).

The implementation of the Twin Peaks model for financial sector regulation marks an important milestone towards ensuring a safer and fairer financial system that serves all South Africans. Twin Peaks aims to reform the regulatory and supervisory system insofar as it relates to financial institutions. The passing of the FSR Act was the culmination of collaboration on financial sector reform by the South African Reserve Bank (SARB), National Treasury (NT) and the Financial Services Board (FSB) over the past decade.

The PA will consist of the following four departments: Financial Conglomerate Supervision; Banking, Insurance and Financial Market Infrastructure Supervision; Risk Support; and Policy, Statistics and Industry Support.

The dedicated PA website, [www.prudentialauthority.co.za](http://www.prudentialauthority.co.za), went live on 1 April 2018, with the full PA team on hand to ensure the effective regulation of South Africa's financial sector