



FIC CONTINUES TO MAKE SIGNIFICANT STRIDES



The Financial Intelligence Centre's annual reports capture major achievements during each financial year.

Operating since 2003, the purpose of the FIC is to implement measures to identify the proceeds of crime, combat money laundering and financing of terrorism, and related activities, as contained in the Financial Intelligence Centre Act.

In doing so, the FIC helps to ensure the integrity of the financial system by exposing when it is being tainted by proceeds so that those who seek to exploit the system can be brought to justice. The practical demonstration of the financial system being intolerant to this form of abuse contributes to economic growth and stability.

The FIC Act works in close concert with the Prevention of Organised Crime Act and the Protection of Constitutional Democracy Against Terrorist and Related Activities Act. This trio of Acts are geared toward ensuring the sound health of the economy. The FIC is the national centre for gathering and analysis of financial data.

Measures introduced by the POC Act are aimed at combating organised crime, money laundering, racketeering and criminal gang activities. The POCDATARA Act, is geared primarily toward the prevention and combating of terrorist and related activities.

Since its inception the FIC has focused on raising awareness among accountable and reporting institutions so that they are alert to the FIC and its services, their compliance obligations and other requirements of the FIC Act.

Basic FIC Act compliance requirements are for accountable and reporting institutions listed in Schedules 1 and 3 respectively, to register with and report to the FIC. At the 2017/18 year end, 40 799 institutions had registered with the FIC. Effectively, this means that 40 799 institutions are at the business coalface, able to help stem money

laundering and terrorist financing. To submit reports, business and institutions need to first register via the FIC's online registration and reporting system.

Reports submitted by accountable and reporting institutions and other businesses are vital to the work and delivery of financial intelligence reports by the FIC; they are crucial tools in helping to identify, deter, interrupt and stem crime.

The FIC received its first suspicious or unusual transaction report in 2003. In that year, FIC received 991 such STRs. The number of STRs received in 2017/18 totalled 330 369. The requirement for reports on cash transactions of R24 999,99 and above i.e. cash threshold reports, came into operation in December 2010. From December 2010 to 31 March 2011, the FIC received 1.3 million CTRs. In 2017/18 alone, the FIC received 4.88 million CTRs.

The demand for the FIC's financial intelligence reports, which are prepared using the information we extract from the reports we receive, has grown over the years. To date, the FIC has received more than 14 860 requests for information from South African authorities and foreign counterparts. The FIC has referred more than 10 700 matters for investigation.

Over the years, the FIC Act has undergone two significant amendments, first in 2010 and then more recently in 2017. Other smaller legislative changes were also implemented as a consequence of other pieces of legislation.

The legislative changes in 2010 were primarily compliance and enforcement focused. They introduced powers to assist the FIC and supervisory bodies in testing compliance with the Act and sanctioning compliance failures through an enforcement framework within which administrative penalties could be applied. An appeal process was also introduced.

The 2017 amendments created greater traceability in the financial system and advanced the fight against money laundering and the financing of terrorism.

These amendments ensure that South Africa continues to meet international standards and best practices. The 2017 amendments include:

- Providing for a risk-based approach to knowing a customer and understanding a customer's business
- Identifying who really owns, benefits from and ultimately controls corporate vehicles such as companies and trusts
- Improving customer due diligence measures with respect to domestic

prominent persons and foreign prominent public officials

- Implementing targeted financial sanctions with respect to United Nations Security Council Resolutions.

In keeping with the ethos and understanding that, for countries to work in isolation in trying to find solutions for global money laundering problems would not work, the FIC has continued on its road of entering into co-operation agreements with peers in various jurisdictions. By the 2017/18 year end, 89 memoranda of understanding had been concluded with financial intelligence units across the globe to ensure speedier sharing of information and to draw the net tighter against criminals.

For further information visit www.fic.gov.za