



Financial  
Intelligence Centre

## MEDIA RELEASE

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9/5/1/3

### **NEW REPORTING STREAM TO SHED LIGHT ON ELECTRONIC CROSS-BORDER TRANSACTIONS**

**25 January 2023:** The President signed a [proclamation](#) on 13 December 2022, for the commencement on 1 February 2023 of sections 31 and 56 of the Financial Intelligence Centre Act (FIC Act). On Friday, 20 January 2023, the Minister of Finance, Mr Enoch Godongwana, [gazetted](#) the commencement of sections 31 and 56 and the relevant regulations.

Section 31 relates to the reporting of electronic cross-border transactions exceeding the prescribed threshold. Section 56 makes it a criminal offence to not report international electronic funds transfers exceeding the threshold or non-compliance could result in an administrative penalty. The promulgation of section 31 introduces a new reporting stream to the Financial Intelligence Centre (FIC), namely international funds transfer reports (IFTRs).

The FIC Act's section 31 requires certain categories of accountable institutions that may legally conduct transactions to transfer funds electronically into and out of South Africa to report prescribed information. It is important to note that only some categories of accountable institutions are authorised to conduct the business of cross-border funds transfers. These are institutions that are authorised in terms of the Regulations under the Currency and Exchanges Act, 1933 (Act 9 of 1933) (Exchange Control Regulations) to conduct authorised transactions under the Regulations. Institutions with this authorisation are Authorised Dealers (ADs) and Authorised Dealers with Limited Authority (ADLAs) as well as a category of financial services providers that have a direct reporting dispensation under the Exchange Control Regulations. In addition to ADs, ADLAs and financial services providers with a direct reporting

dispensation under the Exchange Control Regulations, the Post Office is also allowed to conduct transactions to transfer funds out of South Africa and to receive funds from outside South Africa and does so through the use of postal orders and money orders.

The regulation makes it compulsory for these institutions to report cross-border electronic funds transactions above the threshold of R19 999.99 (this means that transactions of R20 000 and above must be reported).

IFTRs will provide insights on the money flows associated with international organised crime syndicates, transnational money laundering and a broad range of other crimes with international footprints such as trade-based money laundering, human and illicit goods trafficking and tax evasion. These reports will assist the FIC in its work of interpreting and analysing transaction information to develop financial intelligence. It will also help where the FIC, as South Africa's financial intelligence unit conducts or is requested by foreign jurisdictions, to assist in the tracking and freezing of criminal and/or terrorist assets. These reports will be important for the FIC's interpretation and analysis which may uncover the behaviour and/or the transnational movement of money. The implementation of these sections and regulations is a step forward in the fight against illicit movement of money into and out of South Africa.

Section 31 of the FIC Act is in place to ensure that information relating to the electronic movement of funds into and out of South Africa is made available to the FIC.

IFTRs now form part of other regulatory reporting streams currently in place, namely:

- Cash threshold reports – on transactions exceeding the threshold of R49 999.99
- Suspicious and unusual transaction reports – on transactions deemed to be suspect
- Terrorist property reports – where the reporting institution is in possession of property related to terrorism or terrorist financing.

Regulatory reports are required to be submitted by institutions identified in the FIC Act as being vulnerable to possible abuse for money laundering or terrorist financing purposes.

The FIC interprets and analyses the information provided in the regulatory reports to develop various products including financial intelligence. These intelligence reports are used by law enforcement, prosecutors and other competent authorities for their investigations, prosecutions and applications for asset forfeiture.

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**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, in combating money laundering and in 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 registering with, and filing various regulatory reports to the FIC. The information provided in these reports forms the basis upon which analysis is conducted to develop financial intelligence reports for use by a wide range of law enforcement agencies, investigative 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.

The 2021/22 financial year saw initiatives which had been implemented in prior years take further root and yield results through collaboration and partnerships. Among these was the work of the Fusion Centre, a collaboration of law enforcement agencies and the FIC, and that of the public-private partnership, the South African Anti-Money Laundering Integrated Task Force. Both initiatives bring together necessary resources and focus attention on dealing with money laundering and terrorist financing.

The financial year also saw the adoption of the Financial Action Task Force mutual evaluation report in October 2021, following their assessment of the country's capability and capacity for combating money laundering, terrorist financing and proliferation financing. Work to address the identified deficiencies got under way in the 2021/22 financial year.

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

ITEM	2021/22
Total institutions registered	45 555
Regulatory reports received	>5.12 million
Cash threshold reports received	>4.5 million
Suspicious and unusual transaction reports received	533 277
Inspection reports issued by FIC and supervisory bodies	404 FIC and 739 supervisory bodies
Value of sanctions imposed	>R41 million
Financial intelligence reports disseminated	3 114
Responses to requests for financial intelligence	2 300
Proactive financial intelligence reports disseminated	782 of which 131 related to high-priority matters
Financial intelligence reports on illicit financial flows	32
Value of suspected criminal proceeds frozen	R204 million
Proceeds preserved and recovered through Fusion Centre over two years since the inception of the Fusion Centre	>R1.75 billion
Value of proceeds of crime recovered, in which the FIC's financial intelligence was used	>R5.1 billion
Collaboration between SAMLIT and the Fusion Centre over the last two years led to the preservation and directives to freeze accounts to this amount	R86 million