

## MEDIA RELEASE

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### FINANCIAL INTELLIGENCE CENTRE AT HELM OF NEW STATE FORENSIC CAPABILITY

**4 April 2023:** The Financial Intelligence Centre (FIC) has established a new shared forensic service initiative termed a state forensic capability (SFC) unit within the FIC, which will see specialised resources in forensic accounting, financial analysis and related services working together to support the work of law enforcement and other competent authorities in their pursuit of high priority criminal matters.

The SFC shared service will provide forensic service support to mandated entities in terms of section 40 of the FIC Act, 2001, as amended by the General Laws Amendment Act, 2022 (Act 22 of 2022), which extended the objectives of the FIC to produce forensic evidence.

The SFC initiative, which was established in the FIC with effect 1 April 2023 is the result of a project conducted by a multi-faceted task team of officials drawn from agencies in the Anti-Corruption Task Team (ACTT) which task team commenced in October 2020. While the SFC task team was headed by Christopher Malan, executive manager for compliance and prevention at the FIC, the decision on where to house the forensic capability was decided by the ACTT principals.

The need for a state forensic capability was identified by the ACTT to assist law enforcement and other competent authorities in their pursuit of high end, complex and impactful fraud, corruption, and other financial criminal matters.

Work to establish the SFC unit will begin immediately, with a small core team focusing on increasing capacity. It is expected that the set up phase for the SFC will take six months, with the capability being launched as fully operational by month seven.

Initial funding for setting up the SFC unit was derived from funding received following the February 2023 Budget, in which the Minister of Finance allocated the FIC an additional R265.3 million to tackle organised and financial crime, including corruption, over the medium term.

As a result of South Africa being grey listed, and as part of the Financial Action Task Force action plan, the police are expected to send more requests to the FIC for financial intelligence. The SFC unit will assist in dealing with an increase in complex money laundering matters that the police refer to the FIC, and do more than only conduct analysis. The SFC unit will be able to produce forensic reports that law enforcement agencies can use in complex money laundering cases. This unit will also be available to go to court and testify on the financial flows and the forensic products that they share with law enforcement agencies, such as the police and prosecutors, as listed in section 40 of the FIC Act. The FIC sees this as a game changer in enhancing the use of intelligence that it shares with law enforcement agencies.

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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