

MEDIA RELEASE

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SOUTH AFRICA'S INHERENT RISK AND VULNERABILITIES TO TERROR FINANCING RISKS IDENTIFIED

TUESDAY, 12 APRIL 2022: Terrorism has broad and indelible impacts on the safety and wellbeing of people, society, economies and countries. For South Africa, the financing of terrorism poses a direct potential threat to the country's national security as well as the integrity and reputation of its financial system.

The Financial Intelligence Centre (FIC) today released the first [national assessment on the terror financing risks facing South Africa](#). With a wide array of means and options to raise funds through the financial and non-financial system, and due to ease of movement of money across borders, South Africa has the potential to be a haven, hub, destination and/or launch point for acts of terror. This is particularly relevant as the financing of terrorism can enable acts of terror locally and abroad.

The assessment has brought to light that there are inherent risks to South Africa's financial and non-financial systems being vulnerable to and used for the financing of terrorism.

"Terrorism financing poses a direct threat to South Africa's national security as well as the integrity and reputation of its financial system," states the report, which was produced through research and engagements between a broad base of government role players. The compilation of the report also relied on guidance developed by the international anti-money laundering and counter terrorist financing standards-setting body, the Financial Action Task Force, the United Nations Office on Drugs and Crime, the World Bank and the International Monetary Fund, international research and the expert opinions of key stakeholders in South Africa's own counter-terrorism financing regime.

Although the country has not directly experienced acts of terror, the financing of terrorism is a national security priority. South Africa is not immune to international, regional and domestic terrorism the report continued, and can thus not be complacent as terrorism knows no borders.

“Terrorism financing has the potential to finance and enable terrorist activities locally and abroad. Over and above posing a security threat, it also impacts the integrity of non-financial institutions such as charities and non-profit organisations which could be exploited, often unwittingly, for the financing of terrorism.”

The report identifies South Africa’s key vulnerability points for terror financing: cash and alternative remittance services, border integrity, charities and non-profit organisations, support for the Islamic State in South Africa, foreign terrorist fighters, the nexus between terrorism financing and organised crime and virtual currencies. It also outlines the legislative framework in place to counter the financing of terror.

The report calls for increased collaboration between government and the private sector and increased vigilance: “...to identify the preferred means, methods, and mechanisms terrorists use to raise, move, store and use funds in support of planned terrorist operations and activities”.

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Issued by:

The Financial Intelligence Centre

For more information, please contact communications@fic.gov.za or visit www.fic.gov.za.

Note to editors:

As South Africa’s national centre for the gathering and analysis of financial data, the Financial Intelligence Centre’s (FIC’s) role 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, and assist in combating money laundering, terrorist financing and proliferation 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 terrorist financing are met and up-to-date across government and the private sector.

Item	2020/21
Institutions registered with FIC as at 31 March 2021	44 499
Regulatory reports received	5.2 million
Cash threshold reports received	4.8 million
Suspicious and unusual transaction reports received	394 709
Inspection reports issued by FIC and supervisory bodies	749
Total number financial intelligence reports disseminated	3 206

Responses to requests for financial intelligence	2 080
Financial intelligence reports referred	1 126
Value of suspected criminal proceeds frozen	R613.2 million
Value of criminal proceeds recovered where FIC financial intelligence was used	R3 398.71 million

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