

MEDIA RELEASE

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MINISTER AMENDS THE SCHEDULES TO THE FINANCIAL INTELLIGENCE CENTRE ACT

Wednesday, 30 November 2022: The Minister of Finance, Mr Enoch Godongwana, has amended the Schedules in the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act), which comes into effect from 19 December 2022.

The amendments, contained in [Government Gazette 47596](#) published on 29 November 2022, relate to changes affecting accountable institutions listed in Schedule 1, supervisory bodies listed in Schedule 2, and reporting institutions listed in Schedule 3 of the FIC Act. National Treasury, on behalf of the Minister, published proposed amendments to the Schedules in Government Gazette No 43447 on 19 June 2020 for comment.

The Minister made these amendments following several years of consultation between the Financial Intelligence Centre (FIC) and affected sectors, industry bodies and supervisory bodies. Where relevant, comments provided by the sectors were taken into consideration and the amendments re-drafted. The Minister approved the tabling of the amendments in Parliament for consideration and approval on 30 March 2022 and, on 17 May 2022 they were tabled. Parliament's Standing Committee on Finance and Select Committee on Finance held public hearings and adopted reports approving the amendments. Both Houses of Parliament subsequently approved the amendments.

Closing gaps in sectoral coverage

The changes will significantly increase the number of sectors included as accountable institutions in Schedule 1 to the FIC Act. This increased sectoral coverage will enhance anti-money laundering, combating the financing of terrorism and countering proliferation financing (AML/CFT/CPF) supervision and monitoring, thereby addressing the scope of coverage weaknesses identified in the 2009 and 2019 Financial Action Task Force (FATF) mutual evaluations of South Africa.

In meeting their FIC Act risk and compliance obligations, the additional sectors will improve the FIC's ability to obtain information concerning the financial activities of customers from a wider range of financial, non-financial institutions, and crypto asset service providers (CASPs). Furthermore, this will enrich and help augment the quality of financial intelligence reports the FIC provides to law enforcement, supervisory bodies, and policy formulating entities.

With the amendment to the Schedules, new designated items consisting of co-operative banks, company service providers, a wider category of credit providers, high-value goods dealers, the South African Mint Company, CASPs, informal money or value transfer providers (hawaladars), and payment clearing service operators are now included in Schedule 1 of the FIC Act.

The inclusion of these sectors as accountable institutions will align South Africa's AML/CFT/CPF framework more closely with standards set by the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog. FATF, of which South Africa is a member, sets international standards and measures for combating money laundering, the financing of terrorism and proliferation financing.

The new sectors will be required to register with the FIC as accountable institutions and fulfil certain regulatory obligations. These include implementing customer identification and verification, customer due diligence, appointing a compliance officer, training employees on FIC Act compliance and ML/TF/PF risk exposure, undertaking business risk assessments for ML/TF/PF, and maintaining and implementing a risk management and compliance programme.

Accountable institutions are also required to file regulatory reports relating to suspicious and unusual transactions, cash transactions exceeding the prescribed threshold and on property that is linked to sanctioned persons, terrorist activity or terrorist organisations.

Items amended which widen the scope

Some of the amendments relate to widening of the scope of activities of businesses under Schedule 1. These include item 2 (trust and company service providers), item 11 (credit providers), item 19 (money or value transfer providers which includes informal money remitters). Amendments to widen the scope of these items also ensure alignment with the FATF standards.

Similar to existing accountable institutions, all new Schedule 1 accountable institutions, will be required to fulfil FIC Act risk and compliance obligations, which entail implementing a risk-based approach to combating money laundering and terrorist financing.

Removal of Schedule 3 reporting entities

As a consequence of the inclusion of high-value goods dealers as a category of accountable institutions, items under Schedule 3 to the FIC Act are removed. Schedule 3 lists motor vehicle dealers and Kruger rand dealers as reporting institutions. Certain entities that fall under these two categories of reporting institutions will now be included in the new category of high-value goods dealers in Schedule 1 of the FIC Act. High-value goods dealers include businesses dealing in high-value goods receiving payments in any form of R100 000 or more per item, whether payment is a made in a single transaction or more transactions.

Change in supervisory oversight and enforcement

The amendments will also bring about changes to the supervisory body structure. The FIC will oversee and enforce FIC Act risk and compliance adherence among non-financial sectors including trust and company service providers, legal practitioners, high-value goods dealers, South African Mint Company, CASPs, and credit providers.

Furthermore, technical amendments have been made to some items to bring the Schedules in line with changes to various laws such as the Financial Sector Regulation Act, 2017 (Act 9 of 2017) and the Legal Practice Act, 2014 (Act 28 of 2014).

Transitional supervisory approach

In the first 18 months from the date of commencement of the amendments, the FIC and supervisory bodies will focus on entrenching the FIC Act risk and compliance provisions and implementation among the new sectors in Schedule 1 to the FIC Act. Supervisory bodies will conduct inspections and, where warranted, issue remedial administrative sanctions, based on a risk-based approach, to correct identified areas of non-compliance. In respect of the new sectors, the FIC and supervisory bodies do not envisage issuing financial penalties for non-compliance with the FIC Act during the transitional 18-month period.

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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 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

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