

CONFIDENTIAL



Financial
Intelligence Centre

INTRODUCING THE FINANCIAL INTELLIGENCE CENTRE

20 August 2019

AREAS COVERED

- **Background on the FIC**
- **Framework for anti-money laundering and counter the financing of terrorism**
- **Domestic and regional footprint**
- **Outputs**
- **Prioritisation of focus**

Background



Financial
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- Established to administer the Financial Intelligence Centre Act, 2001 (Act 38 of 2001)

- Started in February 2003; received first suspicious and unusual transaction report (STR) in same year

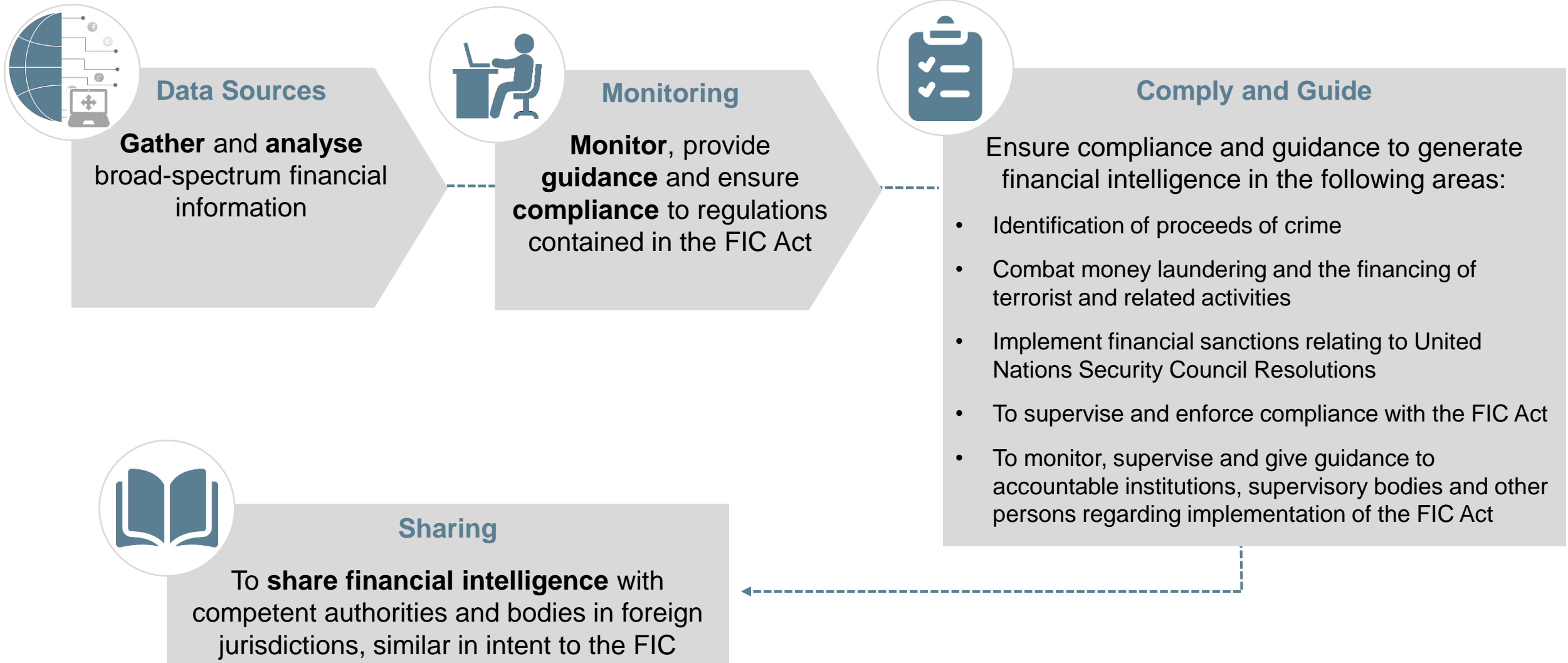
- Only entity authorised to receive and analyse suspicious transaction reports

- South Africa's national centre for gathering of transaction data and providing financial intelligence

- **HAS NO AUTHORITY OR MANDATE TO CONDUCT INVESTIGATIONS**

- Funded from the National Budget, reports to the Minister of Finance and is accountable to Parliament

FIC role and function



FIC in the criminal justice system

CRIMINAL JUSTICE SYSTEM

DATA SOURCES

Accountable and reporting institutions.
Legislation and compliance monitoring

RECEIVE INPUT

Regulatory reports and other data
STRs ▪ CTRs ▪ IFTRs ▪ TPRs

PROCESS

Analyse using datasets.
E.g. CIPC, deeds, government data. Selection criteria:
Government outcomes (MTSF),
previous matters, multiple reports,
media reports, open source, priority areas

OUTPUT

Dissemination of financial intelligence reports
1.Low and medium impact matters
2.High impact matters



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Referrals

Requests



OUTCOME

COMPETENT
AUTHORITIES &
INTERNATIONAL
PARTNERS

Investigation /
Prosecution /
Forfeiture



OUTCOME

GOVERNMENT, SAFETY,
SECURITY, INTEGRITY
OF SA'S FINANCIAL
SYSTEM

Business and the FIC Act

FIC Act identifies financial and non-financial sectors vulnerable to money laundering including:



Estate agents



Banks



Attorneys



Gambling sector



Motor vehicle dealers



Forex dealers

Minimum requirements from these sectors are:

Identify and
verify client
identities

Develop risk
management
and compliance
programme

Keep records
of
transactions

Provide ongoing
training on FIC Act
requirements to
staff

Submit
reports to the
FIC

Register with
the FIC

Comply with the
FIC Act

The Act provides foundation for **supervision**, **enforcement** and ability to **receive regulatory** reports from the identified sectors and other business.

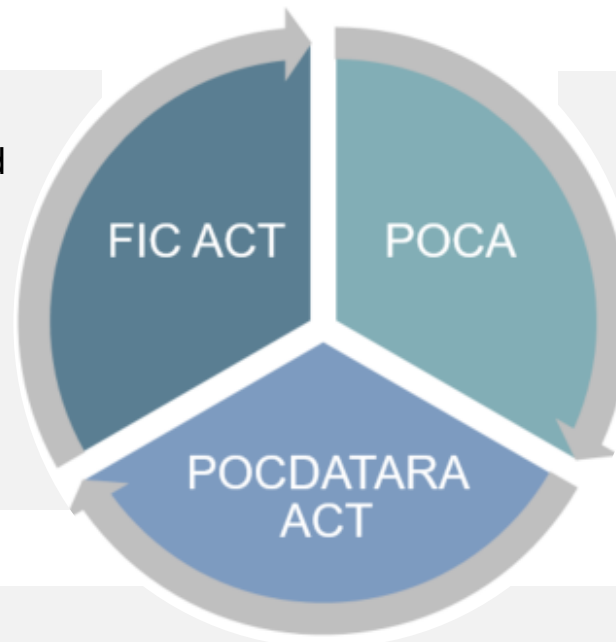
In turn, enables dissemination of financial intelligence reports to competent authorities and partners.

FIC Act and South Africa's AML/CFT framework

The FIC Act is one of three legislative facets to South Africa's anti-money laundering and combating of financing of terrorism (AML/CFT) regime

FIC ACT

- South Africa's national centre for the gathering and analysis of financial transaction and related data.
- Reporting and other obligations on accountable institutions and all business
- Able to 'follow the money', aimed at removing the business from the 'business of crime'



The Proceeds of Crime Act, 1996 (Act 76 of 1996) [commenced 16/5/97], followed by the Prevention of Organised Crime Act, 1998 (Act 121 of 1998) (POCA)

- Criminalises money laundering
- Sets the penalties associated with a conviction

Protection of Constitutional Democracy against Terrorist Activity (POCDATARA) of 2005

- Addresses terrorist activities and offence of terrorism
- Introduced measures to address the financing of acts of terrorism

Domestic and international footprint

Agreements aimed at speeding up due process and follow through in criminal justice system

South African Reserve Bank	Special Investigating Unit	State Security Agency
South Africa Fraud Prevention Service	Public Protector	Financial Sector Conduct Authority
National Prosecuting Authority	Insurance Crime Bureau	South African Revenue Service



FIC represents South Africa at the Financial Action Task Force (FATF)

FATF intergovernmental body focusing on combating ML and TF policy making and standards setting body.

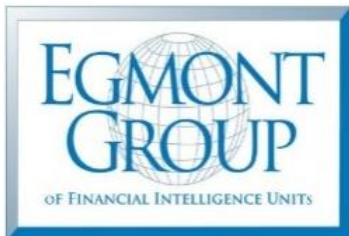
Domestic and international footprint (cont.)



Represents South Africa at Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)

A regional body, comprising 19 members, which deals with combating money laundering and terror financing.

Angola	Botswana	eSwatini	Ethiopia	Kenya
Lesotho	Madagascar	Mozambique	Malawi	Mauritius
Namibia	Rwanda	Seychelles	South Africa	Tanzania
Uganda	Zambia	Zimbabwe		



FIC is a member of the Egmont Group of Financial Intelligence Units

To build partnerships and effect timeous information and knowledge sharing

FIC's outputs: Geared to make the financial system intolerant to abuse

Legislative framework, international positioning

- Updated and internationally current AML/CFT legislation for SA and the FIC
- Advancement of AML/CFT capacity on the continent – security and development intent

Increase levels of compliance

- Guidance to financial and non-financial institutions to ensure awareness and compliance
- Enforcement of FIC Act – inspections, enforcement and penalties

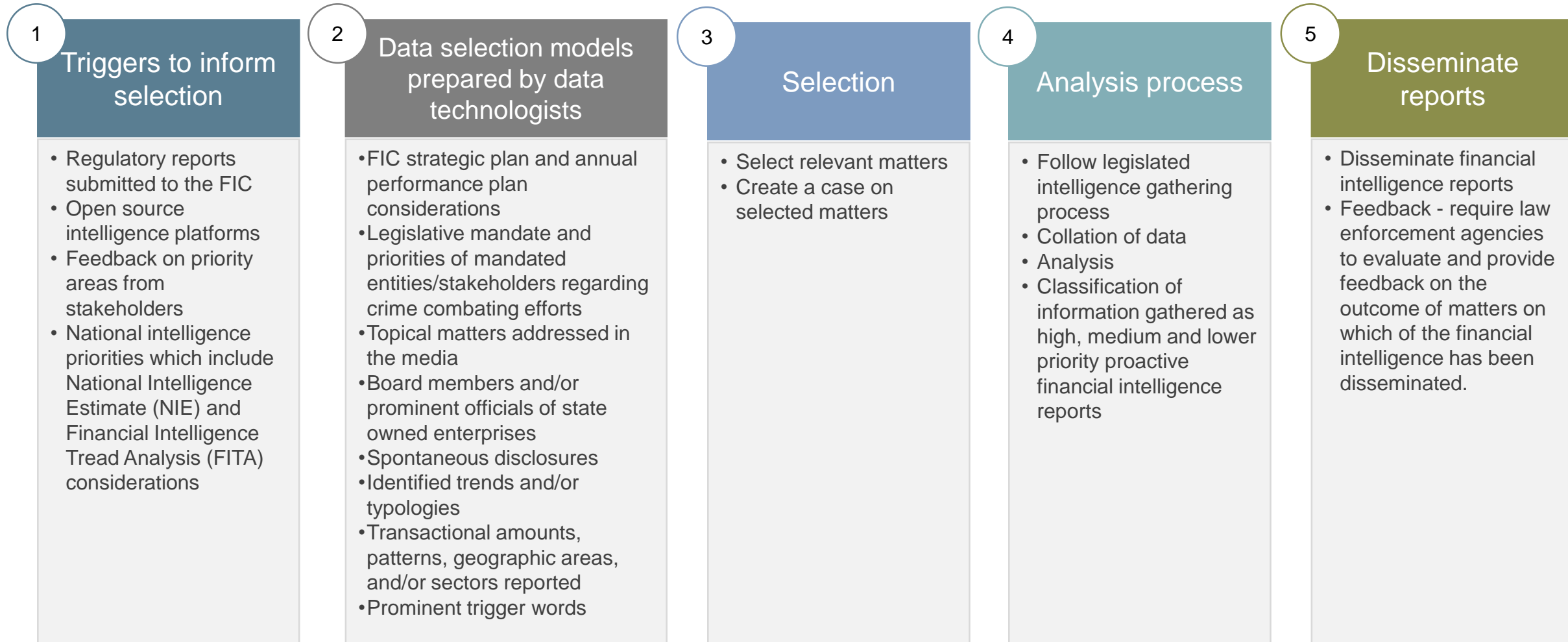
Deliver information for use in the criminal justice system

- Financial intelligence reports

Effective administrative management

- ICT system optimal for use of external and internal stakeholders
- Effective use of allocated funds

Identification and selection of proactive financial intelligence



Proactive financial intelligence reports: Criteria for high, medium and lower priority focus

■ High priority: 16 to 18 | ■ Medium priority: 12 to 15 | ■ Low priority: 6 to 11

Nature and type matter / extent and complexity	
National security matter (the safety of the community at large)	3
Terror related	3
Matter of national interest	3
Money laundering	3
Serious corruption / all serious corruption matters under consideration of the ACTT	3
Serious fraud	3
Registered project – DPCI/CI (major investigations, programmes, projects)	3
Matters related to IFF (illicit financial flows)	3
Ponzi / Pyramid schemes	3
Other (Targeted Financial Sanctions; Weapons of Mass Destruction; Assassination plots also re PIPs)	3
Cash service robberies	2
Corruption	2
Cyber crime	2
Narcotics	2
Wildlife crime	2
Other examples not addressed above	1

Monetary value of alleged crime involved	
> R5 million – more than R 5 million	3
R1 million < & > R5 million – more than R 1 million but less than R 5 million	2
< R1 million – less than R 1 million or value unknown	1

Profile of alleged perpetrator(s) involved	
Seniority of the subject (e.g. domestic PIP, senior position in public or private sector, JSE listed company / well established entity)	3
Crimes committed by a syndicate	3
Links to local or international extremist groupings, including "lone wolf" scenario	3
Foreign national (e.g. foreign PIP, Nationality / Country of origin of subject - consider high risk countries)	2
Listed company	2
Other	1

Profile of victim(s) involved	
Government (domestic or foreign)	3
Foreign person or entity	3
Targeted individual or groupings (e.g. Religious/Racial)	3
General public	2
Single person / other / unknown	1

Actions required by the FIC (Product)	
Requirement to monitor an account – section 35	3
Requirement to block funds – section 34	3
Requirement - an affidavit from FIC	3
Intelligence Report	1

Public interest	
Extensive media coverage	3
Request from foreign stakeholder	3
Imminent threat	3
Media reports	2
No media reports	1

Achievements 2017/18

ITEM	VALUE OR AMOUNT
Suspicious and unusual transaction reports received	330 639
Cash threshold reports received	4.88 million
Total number reports received	5.2 million
Registrations total	40 799
Value of funds blocked through FIC interventions	R55 million
Value of asset forfeitures as proceeds of crime	R3 billion
Judicial actions contributed to	37
Requests for information	2 243
Total number of inspections (FIC and supervisory bodies)	859



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THANK YOU