



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

FIC REPORTS 2010/11 STATISTICS TO THE STANDING COMMITTEE ON FINANCE

Wednesday, 12 October 2011: The Financial Intelligence Centre (FIC) today presented highlights of its Annual Report for the financial year 2010/11 to the Standing Committee on Finance, in Parliament.

In comparison to the previous financial year, the FIC has seen a 25 percent rise in the number of suspicious transaction reports (STRs) submitted. For the period 1 April 2010 to 31 March 2011, a total of 36 990 STR reports were submitted to the FIC. For the corresponding period in the last financial year, 29 411 STRs were received.

STRs are submitted by businesses where they suspect existing or potential unlawful financial activities taking place. STR's are an important source of information for detecting the potential proceeds of crime, money laundering activities or the financing of terrorism activities in financial transactions.

A new reporting obligation, cash threshold reporting on 18 sectors of business to report cash transactions of R25 000 or more – cash threshold reports – to the FIC, came into effect for gambling entities, attorneys and motor vehicle dealers, on 4 October 2010. The remaining sectors began reporting cash transactions to the FIC on 1 December 2010.

From 4 October 2010 to 31 March 2011, the FIC received 1 311 671 cash threshold reports with a minimum value of R32, 792 billion having been reported.

The FIC is pleased to report that at the end of the first full year of cash threshold reporting, on 4 October 2011, the FIC had received 4 227 253 reports, valued at least R105.8 billion.

As part of its function, the FIC analyses financial transaction reports gleaned from accountable and reporting institutions and, where necessary, passes on financial intelligence to law enforcement authorities for further investigation and follow up.

Together, the basket of reporting obligations provide the FIC with the tools for monitoring and analysing financial transactions which can be pointers to illicit transactions, proceeds of crime or the movement of illicit money through the economy.

During the course of the previous financial year, 331 referrals were made to law enforcement agencies. During the last financial year, this number rose to 697. The monetary value attached to these referrals was R4.6 billion. This meant that R4.6 billion that flowed through the South Africa's financial institutions required investigation to confirm if this was indeed the proceeds of crime.

Also in late 2010, the FIC started implementing the Financial Intelligence Centre Amendment Act 11 of 2008, which came into operation on 1 December 2010, and which added significant weight to the powers of the FIC and industry supervisory bodies to enforce compliance in terms of the FIC Act.

These amendments increase the oversight role of the FIC and industry supervisory bodies to deal proactively and reactively with failures to comply with FIC Act requirements.

The amendments also provide several mechanisms to enhance compliance including: the ability of the FIC or supervisory bodies to conduct inspections; and empowering these supervisory authorities to impose a range of administrative sanctions, including financial penalties not exceeding R10 million for natural persons, and R50 million for any legal person.

The new administrative sanction regime will enable the FIC and the supervisory bodies to leverage off the base of 192 on-site compliance reviews conducted by the FIC with supervisory bodies during the past financial year.

The registration of 8661 accountable and reporting institutions with the FIC during the period will further strengthen the FIC's supervisory capabilities.

As an indication of the traction the FIC is gaining and the quality of its work, there was a significant increase in the number of requests for analysis from local and foreign law enforcement agencies.

Local law enforcement agencies requested the co-operation of the FIC in 495 investigations. They requested assistance in the form of research and analysis; this was up by close to 26 percent on last year's figure of 393. Similarly, foreign law enforcement agencies submitted 112 requests in the last financial year, as opposed to 83 in the previous financial year, a rise of close to 35 percent.

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Note to editors: The Financial Intelligence Centre (FIC) was established in 2003, through the promulgation of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), with the purpose of identifying the proceeds of unlawful activities and combating money laundering and financing of terrorism. The organisation collects and analyses data sourced from reports submitted by accountable and reporting institutions. Where necessary, the FIC provides this analysis to the law enforcement authorities and the South African Revenue Service for further follow up. The FIC works closely with counterparts on the African continent as well as with international organisations. The FIC enhances levels of business compliance to the FIC Act, thereby reducing the possibility of financial and accountable institutions being exploited by criminal networks, which is core to enhancing the integrity of the country's financial system. Amendments to the FIC Act were announced on 1 December 2010, which gave the supervisory bodies and the FIC powers of inspection and enforcement of the FIC Act and Regulations.

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