

Financial Intelligence Centre recovers R5bn in criminal assets

The Financial Intelligence Centre's focus on providing and deriving value from its partnerships and collaborative efforts has seen its financial intelligence assisting in the recovery of more than R5bn in criminal assets during the 2021/22 financial year.



Source: [Ftxabay](#)

The FIC's work with law enforcement, revenue authorities, intelligence services, supervisory bodies, and other competent authorities is central to its mandate of identifying proceeds of crime and assisting in combating money laundering and the financing of terrorism.

In his foreword, the Minister of Finance, Enoch Godongwana, emphasised: "The pooling of resources is critical to the security of our financial system in support of our growing economy."

A core starting point is that accountable and reporting institutions, listed in Schedules 1 and 3 to the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act) respectively, meet their compliance obligations.

Filing of regulatory reports

Among these obligations is the requirement for these institutions to register with and file various regulatory reports with the FIC. The 45,555 institutions registered with the FIC at year end filed more than five million regulatory reports, including 533,277 suspicious and unusual transaction reports.

The banking sector was the largest contributor of regulatory reports, having filed close to four million cash threshold reports and 379,363 suspicious and unusual transaction reports in 2021/22.

Using the regulatory reports it received from accountable and reporting institutions and other data, the FIC produced 3,114 financial intelligence reports during 2021/22, for use by law enforcement and other competent authorities in their investigations, prosecutions and applications for forfeiture of assets.

Seven sectors undergo risk assessment

To assist various institutions in identifying, mitigating and managing inherent money-laundering and terrorist-financing risks they face, the FIC published risk-assessment reports on seven sectors including property practitioners, legal practitioners and gambling institutions.

The risk assessments were based on a combination of research and consultation with the sectors, international experience as well as the FIC's industry knowledge.

The FIC and supervisory bodies are authorised to conduct inspections to ascertain whether Schedule 1 and 3 institutions are meeting their compliance obligations. A total of 1,143 such inspections were conducted by the FIC and supervisory bodies in the financial year. Following their inspections, the FIC, the Prudential Authority of the South African Reserve Bank and Financial Sector Conduct Authority imposed financial penalties for non-compliance, to the value of more than R41.6m.

Sanlit gains fresh ground

Chaired by the FIC's director, Xolisile Khanyile, the South African Anti-Money Laundering Integrated Task Force (Samlit) gained fresh ground.

Established in late 2019, the public-private partnership consists of regulatory authorities (the FIC and Sarb), 26 banks and banking industry bodies including The Banking Association South Africa and the South African Banking Risk Information Centre.



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During the financial year, law-enforcement agencies and competent authorities such as the National Prosecuting Authority's Investigative Directorate and Asset Forfeiture Unit, the South African Police Service's Directorate for Priority Crime Investigation, South African Revenue Service and the Special Investigating Unit have joined Samlit.

The various expert working groups in Samlit are assisting in identifying financial-crime trends and associated money flows, while important insights on criminal behaviour are being revealed. Samlit's tactical operations groups assist in addressing specific financial-crime investigations by providing details for analysis to the FIC and the Fusion Centre, which is also housed at the FIC.

Improving banks' information flow

This is helping to facilitate improved information flow between the banking sector and the Fusion Centre. In the working

relationship between Samlit and the Fusion Centre, there were successful interventions over the last two years, which led to the preservation and directives to freeze accounts in the amount of R86m in criminal assets.

The Fusion Centre consists of law-enforcement authorities, security agencies and investigative bodies in the justice, crime prevention and security cluster which collaborate within their own mandates and jurisdiction.

Partners in the Fusion Centre are brought together on a case-by-case basis to share knowledge, expertise and to expedite investigations, applications for asset forfeiture and prosecutions.

Over the last two years, the work of the Fusion Centre alone yielded the preservation and recovery of criminal assets of approximately R1.75bn.

“Over the past few years, there has been a noticeable increase in the uptake and use of the FIC’s financial intelligence,” said the director of the FIC, Xolisile Khanyile.

“The focus on following the money flow is critical in uncovering individual and syndicated crimes.

“The FIC plays a pivotal role in its provision of financial intelligence to law enforcement and other competent authorities for their investigations and applications for asset forfeiture as the FIC does not itself conduct investigations.”



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27 Oct 2022



The FIC also continued to work with fellow financial intelligence units on the African continent during the financial year. This has led to the FIC heading up a new initiative to develop an information-exchange platform for members of the Eastern and Southern Africa Anti-Money Laundering Group.

The platform, which is intended to promote swift and safe information sharing, will use artificial intelligence to assist in combating money laundering and terrorist financing in the region.

Addressing the shortcomings

In 2019, South Africa underwent an assessment of its capability and capacity for combating money laundering, the financing of terrorism and the financing of the proliferation of weapons of mass destruction by the anti-money laundering and counter financing of terrorism division.

The assessment team, made up of the Eastern and Southern Africa Anti-Money Laundering Group, International Monetary Fund and Financial Action Task Force, compiled a mutual evaluation report, which was adopted in October 2021.

The assessment team identified several shortcomings. The financial year saw the FIC take on board actions and approaches which fell within its ambit, and it became part of the National Treasury-led Interdepartmental Committee on anti-money laundering and counter financing of terrorism, focused upon addressing the shortcomings.