



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

SOUTH AFRICA WELCOMES ANNOUNCEMENT OF NEW STANDARDS FOR ANTI-MONEY LAUNDERING AND COUNTER TERROR FINANCING MEASURES ANNOUNCED BY THE FINANCIAL ACTION TASK FORCE (FATF)

**PRETORIA
THURSDAY, 16 FEBRUARY 2012**

The Minister of Finance, Pravin Gordhan, today welcomed the announcement by the Financial Action Task Force (FATF) on the new, revised Recommendations for anti-money laundering and counter terror financing.

Minister Gordhan said: “The new Standards announced by the FATF today provide the policy basis and a practical roadmap for strengthening the fight against money laundering and terror financing. They also deal with the realities of technological development and the need for financial inclusion, which are big issues facing all developing countries.”

Gordhan encouraged all affected businesses, supervisors and other sectors to study the new FATF Standards.

The FATF sets global Standards for measures to combat money laundering, terror financing and the financing of the proliferation of weapons of mass destruction.

The new Standards came into effect immediately for the 36 members of the FATF. Through its global network of regional bodies, more than 180 countries apply the FATF Standards. South Africa is the only African member of the FATF.

The new Standards are intended to strengthen “... global safeguards and further protect the integrity of the financial system ... (and) are the basis on which all countries should meet the shared objective of tackling money laundering, terrorist financing and the financing of proliferation...”, the FATF said in its statement issued today.

South Africa has participated actively throughout the process to develop the new Standards and in doing so has also sought to include perspectives from developing countries.

For example, the FATF’s new clarity on the applicability of a risk-based approach gives countries flexibility in the way that they comply with the standards and allows countries to take into account their own circumstances and the particular risks they face from money laundering and financing of terrorism.

This approach also gives countries avenues for dealing with issues such as their social and economic need for financial inclusion. Another example of this is that it will be easier to cater for technological developments and new products, such as mobile banking.

Where possible, South Africa also sought to include perspectives from industry and facilitated their direct industry involvement in the FATF's consultations.

"Threats to security, growth and the maintenance of sound financial systems are a global concern, which require a targeted and deliberate approach.

"We will be working closely with supervisory bodies, law enforcement agencies and other key partners in industry and government to ensure that the new Standards are understood, and that the measures taken to meet these Standards are appropriate for South African circumstances," added Gordhan.

Following this latest revision of the Standards – the previous revision was announced in June 2003 – the FATF will conduct assessments across its member countries to determine levels of compliance to the global Standards. The FATF will focus on how effectively countries have implemented the Standards. These Standards will also be used by organisations such as the International Monetary Fund and the World Bank when they carry out assessments of the stability of countries' financial sectors.

Minister Gordhan said: "South Africa will therefore work hard to improve its measures to combat money laundering, terror financing and proliferation financing in line with the revised Standards.

"These measures make it even more possible for South Africa to take the profit out of crime and to enable our financial institutions to maintain their integrity which, in turn, will help to develop our economy to its full potential."

The full text of the FATF new Standards and media information is available at:

www.fatf-gafi.org

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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), as amended, with the purpose of identifying the proceeds of unlawful activities, combating money laundering and financing of terrorism. As South Africa's national financial intelligence unit, the FIC is tasked to provide financial intelligence to law enforcement agencies, intelligence agencies and the South African Revenue Service.

The FIC Act introduces a regulatory framework which obliges certain categories of business – accountable and reporting institutions – to: register with the FIC; to take steps regarding the identification and verification of the identity of their clients; to submit various reports to the FIC and other compliance obligations as outlined in the FIC Act.

The FIC collects, stores and analyses 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.

Amendments to the FIC Act in 2008 and announced on 1 December 2010 conferred additional powers upon the FIC and supervisory bodies including the powers of inspection and the ability to impose sanctions or fines for non-compliance to the FIC Act.

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 South Africa's financial system.

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