FACT SHEET

Understanding FICA: *A guide to money laundering legislation*

There can be few who have not heard of ”FICA”, the Financial Intelligence Centre Act, No. 38 of 2001, as amended by The Financial Intelligence Centre Amendment Act, 1 of 2017. The Acts have established a regulatory anti-money laundering system for South Africa.

FICA is not to be taken lightly. It has had major implications for the ‘accountable institutions’ such as: Banks, Estate agencies, Unit trust and Insurance companies, Attorneys, Accountants and Gambling institutions. The requirements of the Act are demanding and the penalties upon conviction of an offence are severe.

It is important that not only ‘accountable institutions’, but also their employees, understand and fulfill their responsibilities and obligations in terms of the Act. All employees have a legal obligation in terms of FICA and can be held personally liable for failure to apply and follow anti-money laundering procedures.

FICA forms part of a 'big picture' that has major implications for South African business at an international level and therefore for our country and its people as a whole.

A reputation for having integrity is probably the most valuable asset a financial system, and the institutions that form a part of that system, can possess. Economies where high legal standards and ethical principles are not upheld, fail to attract stable financial investment, to say the very least.

FICA is a critical component towards maintaining South Africa's place in the global economy as a compliant and cooperative country in the fight to combat money laundering and terrorism financing globally.

The publication is based on Unit Standard 242593 – *Explain South African money laundering legislation and the implications for accountable institutions in transacting with clients. NQF level 4; 3 credits.*

Target market

All persons responsible for the establishment of an anti-money laundering and counter-terrorism financing risk management regime in an accountable institution. It will be useful for employees of accountable institutions required to do client identification such as those employed by accountants, attorneys, banks, gambling, investment and insurance institutions.

Exams

20 Non-verifiable hours can be allocated.
This course, together with Understanding FAIS course will prepare you for the FSCA Regulatory Examinations for Representatives and for Key Individuals.

Publication includes

- Links to relevant websites and Acts
- More than 40 activities and quizzes
- Final online assessmen

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Publication content

Chapter 1:
South African Money Laundering Legislation

- Overview
- Money Laundering Concepts: Background to money laundering; Organised crime; Stages in the money laundering process
- South African Money Laundering Legislation: The Prevention of Organised Crime Act; The Financial Intelligence Centre Act; The Protection of Constitutional Democracy Against Terrorist and Related Activities Act; The Money Laundering and Terrorist Financing Control Regulations; Exemptions in terms of the Financial Intelligence Centre Act
- Role players in the money laundering control regime: The Financial Intelligence Centre; Accountable institutions; The Financial Action Task Force; The Eastern and Southern African Anti-Money Laundering Group; The Egmont Group; The Financial Sector Conduct Authority (FSCA); The South African Revenue Service (SARS); Reporting institutions
- Key role players in the FICA compliance process in an accountable institution.

Chapter 2:
Control measures in the combating of money laundering and terrorism financing: Customer Due Diligence

- Overview
- A risk-based approach to the combating of money laundering and terrorism financing
- Customer Due Diligence: The concept of Customer Due Diligence and the principal requirements; Enhanced due diligence; Ongoing due diligence; Doubts about the veracity of previously obtained information; Inability to conduct CDD; CDD in respect of foreign prominent public officials and domestic prominent influential persons
- Identification and Verification: Know your client; Establishing identity; When should identity be established; Source of the funds
- The “how” and “what” of establishing and verifying identity: Natural persons
- Legal persons: Legal Persons – Verification
- Partnerships
- Trusts
- A person acting on behalf of another person
- Exemptions from the “KYC” requirements.

Chapter 3:

Record-Keeping, Reporting and Measures to promote compliance

- Overview
- Internal processes to support FICA compliance
- Record Keeping: Objectives of record keeping; Information to be recorded; Period of retention of records; How and where should client records be retained
- Reporting: Instances giving rise to a reporting duty; Cash transaction reporting; Reporting on property associated with terrorism or related activities; Suspicious or Unusual Transactions; Conveyance of cash to or from the Republic (not yet in operation); Electronic transfer of money to or from the Republic (not yet in operation); Method of reporting
- Measures to promote compliance: Overview; Implementation of a Risk Management and Compliance Programme; Responsibility for the governance of anti-money laundering and counter terrorist financing compliance; Awareness and Training relating to anti-money laundering and counter terrorist financing compliance.

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