


Financial Action Task Force (FATF) Greylisting




On 19 December 2022, the Financial Action Task Force (FATF) released an amendment to its Schedule 1 which identified new accountable institutions (AIs) in terms of the Financial Intelligence Centre Act (FIC Act).

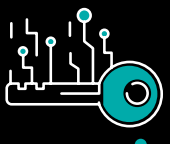
On 17 March 2023 the Financial Intelligence Centre (FIC) released a further statement urging the newly identified AIs to continue to register with Financial Intelligence Centre (FIC) even after the deadline of close of business Monday, 20 March 2023, to avoid being in non-compliance with the registration requirements and incur a possible fine of up to R50million. What you need to know is summarised below:




What is FATF?
They are an intergovernmental organisation initiated by the G7 to assist the global fight against **money laundering** and **terrorist financing**.




Mutual Evaluations are in-depth reports analysing a country's effectiveness in implementing measures to combat money laundering and terrorist financing.




What are the evaluations based on:
11 Effective Immediate Outcomes
40 FATF Recommendations




Reputational impact of Greylisting - The country's reputation certainly suffers, particularly from a business confidence perspective. The **second G20** greylisted (after Turkey). **ZAR weakened** post the announcement, and **Nigeria's FDI** is at record lows. IMF estimates an average reduction **capital inflows of 7.6%** of GDP.




Cross border complications as a like-likelihood that certain countries and organisations will increase their risk rating of SA and the processes required to permit **cross border trade** and **money flows may increase**.




Ultimate Beneficial Ownership
The Government has begun the process of obligating **CIPC** to collect this information, but additional pressure will also be placed on Accountable Institutions.




DNFBP
The December **FICA Amendment** has introduced a new set of organisations into the Accountable Institution net.




Mutual Evaluation
5 TECHNICAL recommendations were rated as non-compliant.
3 EFFECTIVENESS outcomes were rated low.




Reasoning for Greylisting:
The **8 primary deficiencies** identified by FATF and not remedied to the satisfaction of FATF




One International ML/TF investigations and confiscations. – any business




Two Ensure authorities have access to accurate UBO information – expanded



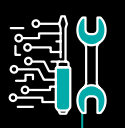
Three Increased investigations and prosecutions of ML/TF – expanded




Four Implement a national TF combatting strategy




Five Improve risk-based supervision of DNFBPs -




Six Law Enforcement to request and use data from the FIC – acceptance




Seven Enhance identification and seizure of proceeds of crime – expanded



Eight Ensure sanctions are imposed on domestic terrorism designationso almost



New AIs:
1. High-value goods dealers
2. Credit providers
3. Legal practioners
4. Trust and company service providers
5. Value transfer providers
6. Payment clearing service operators
7. Property Practioners
8. Crypto Asset Service providers
9. Life insurers



How Deloitte can help
Deloitte assists clients in developing and implementing their FinCrime prevention strategy. Our solutions include:
• Advisory
• KYC-as-a-service (managed service)
• Remediation
• AML programme optimisation
• AML analytics
• Digitisation



Should you require a more detailed discussion on any of the aspects related to registering with the FIC or the processes thereafter, please do not hesitate to contact Dean Chivers- Deloitte Africa FinCrime and Regulatory Leader (dechivers@deloitte.co.za) for more information.