

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1156

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Mr K S Mubu (DA) to ask the Minister of Finance:

Whether any measures are in place to prohibit laundered money from entering South Africa; if not, why not; if so, what are the relevant details?

NW1314E

REPLY:

The Financial Intelligence Centre Act, 2001 (Act 38 of 2001), provides for the regulatory control measures that allow for the transparent flow of funds and property. In other words, it establishes the regulatory framework to facilitate the prevention, detection, investigation and prosecution of money laundering and terror financing activities. The control measures apply to a variety of financial and non-financial institutions referred to in the Act as accountable institutions. The money laundering control measures under the Act imposes certain obligations on accountable institutions. One such obligation is the requirement to establish and verify the identities of their clients. The underlying principle of this obligation is that institutions must know who they are doing business with. Other requirements under the Act include the duty to keep records of their client's identities and their transaction activities. The purpose of this requirement is to ensure that a transaction or a series of transactions can be reconstructed during an investigation, clearly indicating not only what had transpired but also who was involved.

The Act also requires institutions to report information to the Financial Intelligence Centre such as the reporting of suspicious and unusual transactions. This obligation does not apply only to accountable institutions but to all businesses and also to all persons in charge of or employed by a business.

The Act further provides for two other reporting provisions. The first is the reporting of conveyance of cash by any person who either leaves or enters the Republic. The other reporting mechanism refers to the electronic transfer of funds into and out of the Republic.

This obligation is placed on all accountable institutions within the ambit of the Act. The amounts that have to be reported will be an amount in excess of a prescribed limit. However these reporting provisions have not yet been promulgated and will be enacted during the course of this year.

The measures, outlined above, provide for the transparency of funds and were therefore not specifically intended to prohibit laundered money from entering South Africa.