

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 154 [NO1630E]

DATE OF PUBLICATION: 9 SEPTEMBER 2014

★154. Dr D T George (DA) to ask the Minister of Finance:

With regard to the Financial Intelligence Centre Act, Act 38 of 2001, especially the need for banks to continually verify information from existing customers, has a cost-benefit analysis to the economy been conducted; if not, why not; if so, what are the relevant details?

NO1630E

REPLY:

It is incorrect to state that the Financial Intelligence Centre Act, 2001 (the FIC Act) requires banks to continually verify information from existing customers. The FIC Act requires financial and other institutions (such as banks, insurers, estate agents, casinos etc.) to establish and verify the identities of customers with whom they form business relationships, at the outset of those relationships. Subsequent to this being done, financial and other institutions must ensure that the information concerning their customers remains accurate and up to date which includes information about the suite of products and services offered to the same customer.

In practice, many institutions follow undesirable practices which entail repetitive identification and verification processes for customers which undermine the ability of those institutions to manage their money laundering and terror financing risks. The Financial Intelligence Centre has issued guidance to financial and other institutions in February 2014 to advise them of the desirability of forming a “single client view” in order to discourage the undesirable behaviour of repetitively verifying information from existing customers