



South African Reserve Bank

Press Statement

Friday, 02 February 2018

SARB imposes administrative sanctions on China Construction Bank

The South African Reserve Bank (SARB) has imposed administrative sanctions on China Construction Bank Corporation - Johannesburg Branch (CCB) for non-compliance with the Financial Intelligence Centre Act 38 of 2001, as amended (FIC Act) and has directed CCB to take remedial action. This was after the SARB conducted an inspection in terms of the FIC Act and found weaknesses in CCB's anti-money laundering and combating the financing of terrorism control measures.

The FIC Act mandates the SARB to ensure that banks have adequate controls in place to combat acts of money laundering and the financing of terrorism. Flowing from these responsibilities, the SARB inspects banks to assess whether they have appropriate measures in place as required by the FIC Act.

It should be noted that the administrative sanctions were not imposed because CCB was found to have facilitated transactions involving money laundering or the financing of terrorism but because of weaknesses in the bank's control measures.

The administrative sanctions imposed on CCB are as follows:

A financial penalty of R75 million and a directive to take remedial action in the following areas:

- identifying and verifying customers' details (better known as *know-your-customer* or *KYC* requirements) in terms of section 21 of the FIC Act;
- failure to comply with record keeping requirements in terms of section 22 of the FIC Act;
- failure to comply with cash threshold reporting requirements in terms of section 28 of the FIC Act;
- failure to formulate and implement adequate processes and working methods to detect and report property associated with terrorist and related activities in terms of section 28A of the FIC Act.
- failure to comply with suspicious and unusual transaction reporting requirements in terms of section 29 of the FIC Act.

However, R20 million of the financial penalty is suspended, in terms of section 45C(4)(c) of the FIC Act, for a period of three (3) years from 28 November 2017, subject to CCB adhering to certain conditions imposed by the SARB.

CCB is cooperating with the SARB and has taken measures to address the identified compliance deficiencies and control weaknesses.

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