



Prudential Authority imposes administrative sanctions on Bank of Baroda, South Africa

The Prudential Authority (PA) has imposed an administrative sanction on Bank of Baroda, South Africa (Bank of Baroda) for non-compliance with certain provisions of the Financial Intelligence Centre Act 38 of 2001, as amended (FIC Act).

The FIC Act mandates the PA, in terms of section 45, to supervise and enforce compliance with the provisions of the FIC Act insofar as accountable institutions (AI) regulated or supervised by it are concerned. Flowing from these responsibilities, the PA, inter alia, inspects AIs to assess whether they have appropriate and adequate measures and controls in place, which would enable them to effectively comply with the requirements of the FIC Act.

In 2014, the then Bank Supervision Department (BSD) – since 1 April 2018 the PA – conducted an on-site inspection in terms of section 45B of the FIC Act at Bank of Baroda. Following the inspection, deficiencies relating to compliance with the FIC Act were identified, as well as weaknesses in controls to counter potential money laundering and terrorist financing. BSD instructed Bank of Baroda to rectify the weaknesses identified. Bank of Baroda assured BSD that such compliance deficiencies had been remediated.

In 2016, the PA conducted a follow-up inspection, following which it was found that some deficiencies in controls remained, thus impacting on the ability of Bank of Baroda to ensure compliance with the FIC Act.

BSD initially imposed administrative sanctions, including a combined financial penalty of R11 million for non-compliance with the FIC Act and deficiencies in respect of money laundering controls. The deficiencies in controls related mainly to Bank of Baroda's processes for the reporting of transactions as required by the FIC Act. Bank of Baroda lodged an appeal in terms of section 45D of the FIC Act. The Appeal Board substituted the R11 million financial penalty with a R400 000 financial penalty for Bank of Baroda's non-compliance with the reporting requirements in terms of the FIC Act.

BSD lodged an appeal at the North Gauteng High Court to review the decision of the Appeal Board. The North Gauteng High Court upheld the decision of the Appeal Board to reduce the financial penalty from R11 million to R400 000.

This statement is to notify members of the public that, in terms of the disclosure requirements of section 45C (11) of the FIC Act, an administrative sanction comprising a financial penalty in the amount of R400 000 has been imposed on Bank of Baroda for failure to comply with the cash threshold reporting requirement in terms of section 28 of the FIC Act.

Bank of Baroda paid the imposed financial penalty into the Criminal Assets Recovery Account as required by section 45C 7)(a) of the FIC Act.