



South African Reserve Bank imposes administrative sanctions on five banks

The South African Reserve Bank (SARB) has imposed administrative sanctions on five banks and directed them to take remedial actions. The SARB found weaknesses in each of the banks' money laundering control measures following routine inspections conducted in terms of the Financial Intelligence Centre Act 38 of 2001 (FIC Act).

The five banks are the Standard Bank South Africa Limited, GroBank Limited (formerly known as The South African Bank of Athens Limited), Ubank Limited, Bank of China, Johannesburg Branch and HBZ Bank Limited.

The FIC Act mandates the PA, in terms of section 45, to supervise and enforce compliance with the provisions of the FIC Act for accountable institutions (AIs) it supervises. Flowing from these responsibilities, the PA, inter alia, inspects AIs to assess whether they have appropriate and adequate measures and money laundering/terrorist financing controls in place that would enable them to effectively comply with the provisions of the FIC Act.

It should be noted that the administrative sanctions were imposed because of weaknesses identified in banks' compliance with the provisions of the FIC Act, and not because the said banks were found to have facilitated transactions involving money laundering or the financing of terrorism.

The administrative sanctions imposed in terms of section 45C(3) of the FIC Act are as follows:

Standard Bank of South Africa Limited

A financial penalty of R30 million and a directive to take remedial action for failure to comply with suspicious and unusual transaction reporting requirements in terms of regulation 24(3) read with regulation 29(7) of the Money Laundering and Terrorist Financing Control Regulations of the FIC Act.¹

R7.5 million of the R30 million financial penalty is, however suspended, in terms of section 45C(4)(c) of the FIC Act, for a period of three (3) years from 25 September 2019, subject to Standard Bank of South Africa Limited adhering to certain conditions imposed by the SARB.

GroBank Limited (formerly known as South African Bank of Athens Limited)

A financial penalty of R5 million and a caution not to repeat the conduct which led to non-compliance in the following areas²:

- failure to comply with cash threshold reporting requirements in terms of section 28 of the FIC Act;

¹ The inspection was conducted in 2018

² The inspection was conducted from 13-31 August 2018

- failure to comply with suspicious and unusual transactions reporting requirements in terms of section 29 of the FIC Act; and
- failure to comply with the training requirements in terms of section 43(a) of the FIC Act.

The financial penalty of R5 million is, however suspended, in terms of section 45C(4)(c) of the FIC Act, for a period of three (3) years from 13 August 2019, subject to GroBank Limited adhering to certain conditions imposed by the SARB.

Bank of China - Johannesburg Branch

A financial penalty of R2 million and a directive to take remedial action for failure to comply with cash threshold reporting requirements in terms of section 28 of the FIC Act³.

The financial penalty of R2 million is, however suspended, in terms of section 45C(4)(c) of the FIC Act, for a period of three (3) years from 21 August 2019, subject to Bank of China - Johannesburg Branch adhering to certain conditions imposed by the SARB.

Ubank Limited

A financial penalty of R500 000 and a directive to take remedial action for failure to comply with the cash threshold reporting requirements in terms of section 28 of the FIC Act.

A caution not to repeat the conduct which led to non-compliance, and a reprimand are the administrative sanctions imposed for deficiencies relating to section 43(a) and section 43(b) of the FIC Act respectively⁴ (training and monitoring of compliance).

HBZ Bank Limited

A caution not to repeat the conduct which led to non-compliance was imposed for failure to comply with suspicious and unusual transaction reporting requirements in terms of regulation 24(3) read with regulation 29(7) of the Money Laundering and Terrorist Financing Control Regulations of the FIC Act, and for the failure to comply with training requirements in terms of section 43(a) of the FIC Act⁵.

The five banks are cooperating with the SARB and have agreed to the necessary measures to address the identified compliance deficiencies and control weaknesses.

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³ The inspection was conducted in 2018

⁴ The inspection was conducted in 2018

⁵ The inspection was conducted in 2018