



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Media release

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South African Reserve Bank imposes administrative sanctions on HSBC Bank Plc – Johannesburg Branch

The South African Reserve Bank (SARB) has imposed administrative sanctions on HSBC Bank Plc – Johannesburg Branch (HSBC) as a result of its non-compliance with the provisions of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), following a FIC Act inspection conducted in 2021.

The Prudential Authority (PA), operating within the administration of the SARB, is mandated to supervise and enforce compliance by accountable institutions with the provisions of the FIC Act or any order, determination or directive made in terms thereof.

The administrative sanctions imposed on HSBC are due to its failure to comply with certain provisions of the FIC Act and consist of three cautions and a financial penalty totalling R9.5 million, of which R4 million is conditionally suspended for a period of 36 months as from 10 June 2024.

The administrative sanctions imposed on HSBC stem from the following non-compliance:

- a. HSBC failed to comply with its customer due diligence (CDD) obligations in terms of sections 21(1) and/or 21A to 21H of the FIC Act in that it failed to adequately conduct CDD on sampled active customer relationships.

The non-compliance inter alia included deficiencies in the identification and verification of the beneficial owners of clients.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R5 million, of which R2.5 million is conditionally suspended for a period of 36 months.

- b. HSBC failed to comply with FIC Act Directive 5 of 2019 in that it failed to attend to automated transaction monitoring system (ATMS) alerts within the required 48-hour period.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R1.5 million.

- c. HSBC failed to comply with section 42 of the FIC Act in that it failed to adequately develop, document and/or implement its Risk Management and Compliance Programme (RMCP) that would effectively enable it to identify and verify beneficial owners of clients.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R3 million, of which R1.5 million is conditionally suspended for a period of 36 months.

The PA confirms that HSBC cooperated with the PA and has undertaken the necessary remedial action to address the identified compliance deficiencies and control weaknesses.

Issued by:

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