



SOUTH AFRICAN RESERVE BANK  
Prudential Authority

## Media release

27 September 2024

### **South African Reserve Bank imposes administrative sanctions on Old Mutual Life Assurance Company (South Africa) Limited**

The South African Reserve Bank (SARB) has imposed administrative sanctions on Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) 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 2020.

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 OMLACSA are due to its failure to comply with certain provisions of the FIC Act and consist of four cautions and a financial penalty totalling R15.9 million, of which R5.9 million is conditionally suspended for a period of 36 months as from 23 July 2024.

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

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

The non-compliance inter alia included failures to verify the physical address of clients and identify 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 R6 million, of which R2 million is conditionally suspended for a period of 36 months.

- b. OMLACSA failed to comply with its cash threshold reporting (CTR) obligations in terms of section 28 of the FIC Act, read with FIC Act Regulations 22B, 22C and 24(4), in that it failed to timeously report cash transactions above the prescribed limit to the Financial Intelligence Centre (FIC).

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R4.9 million, of which R1.9 million is conditionally suspended for a period of 36 months.

- c. OMLACSA failed to timeously report on suspicious and unusual transactions to the FIC in compliance with its suspicious and unusual transaction reporting (STR) obligations in terms of section 29 of the FIC Act, read with FIC Act Regulation 24(3).

The PA imposed a caution not to repeat the conduct which led to the non-compliance.

- d. OMLACSA failed to comply with section 42 of the FIC Act in that it failed to adequately develop and implement its Risk Management and Compliance Programme (RMCP), including to:
- i. identify, assess and monitor its money laundering, terrorist financing and proliferation financing (ML/TF/PF) risks;
  - ii. adequately risk rate clients prior to onboarding;
  - iii. evidence that the ML/TF risk rating methodology is applied consistently;
  - iv. implement its secondary ML/TF risk indicators;
  - v. evidence that it had documented its consideration of local geographical location risks; and
  - vi. adequately implement anti-money laundering and countering the financing of terrorism (AML/CFT) obligations and controls in relation to its CDD, CTR and STR obligations.

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 million is conditionally suspended for a period of 36 months.

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

**Issued by:**

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