



SOUTH AFRICAN RESERVE BANK
Prudential Authority

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Prudential Authority imposes administrative sanctions on Absa Bank Limited

The Prudential Authority (PA) is mandated to supervise and enforce compliance by accountable institutions with the provisions of the Financial Intelligence Centre Act 38 of 2001 (FIC Act) or any order, determination or directive made in terms thereof.

The PA has imposed administrative sanctions on Absa Bank Limited (Absa) as a result of its non-compliance with certain provisions of the FIC Act, following an inspection conducted on Absa in terms of section 45B of the FIC Act in 2022.

The administrative sanctions imposed on Absa are due to the failure to comply with certain provisions of the FIC Act and consist of two cautions not to repeat the conduct which led to the non-compliance, a reprimand and a financial penalty totalling R10 million.

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

- a. Absa failed to fully comply with sections 21(1) and 21A of the FIC Act in that it failed to adequately conduct customer due diligence and enhanced due diligence in respect of the sampled client files as follows:
 - i. failure to adequately conduct customer due diligence on four of its foreign prominent public official (FPPO) client files and two of its politically exposed persons (PEP) in respect of state-owned enterprises; and
 - ii. failure to adequately conduct enhanced due diligence on three of its domestic prominent influential persons (DPIPs) client files and five of its FPPO client files.

The PA imposed a caution not to repeat the conduct which led to the non-compliance, a reprimand and a financial penalty of R7 million.

- b. Absa failed to comply with FIC Act Directive 5 of 2019 in that:
 1. 8 559 reported automated transaction monitoring system (ATMS) alerts were not timeously attended to within 48 hoursⁱ;
 2. four of the non-reportable ATMS alerts were not attended to within 48 hours; and
 3. two non-reportable suspicious transaction report/suspicious activity report alerts were closed beyond the 15-day reporting period as stipulated by regulation 24(3) of the FIC Act Regulations.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R3 million.

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

Issued by SARB Media Relations
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ⁱ Submitted within the reporting period stipulated in regulation 24(3) of the Regulations to the FIC Act