SOUTH AFRICAN RESERVE BANK
Prudential Authority

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Prudential Authority imposes administrative sanctions on Discovery 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), and with any order, determination or directive made in terms thereof.

The PA has imposed administrative sanctions on Discovery Bank Limited (DBL) as a result of its non-compliance with certain provisions of the FIC Act, following an inspection conducted on DBL in 2021 in terms of section 45B of the FIC Act.[1]

The administrative sanctions imposed on DBL consist of four cautions not to repeat the conduct which led to the non-compliance, and a financial penalty totalling R3 million, of which R1 million is conditionally suspended for a period of 36 months as from 9 July 2025.

These administrative sanctions stem from the following non-compliance by DBL:

a. DBL failed to comply with section 29, read with section 42 of the FIC Act and Regulation 24(3) of the FIC Act Regulations, in that it failed to timeously report 24 Suspicious and Unusual Transaction Reports or Suspicious and Unusual Activity Reports to the Financial Intelligence Centre.

   The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R1 million, of which R500 000 is conditionally suspended for a period of 36 months.

b. DBL failed to comply with section 43 of the FIC Act as it failed to provide training as prescribed by its Risk Management and Compliance Programme (RMCP) in that:

   - 84 out of 155 of its new employees had not received training within 30 days of being appointed;

   - 47 out of 109 of its employees had not received annual refresher training within a period of a year; and

   - 2 out of 6 of its senior management had not received training within 30 days of being appointed.

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

c. DBL failed to comply with the FIC Act Directive 5/2019, in that it had failed to timeously attend to 2 281 of its automated transaction monitoring system alerts within the prescribed period of 48 hours.

[1] Samples assessed covered the period from 1 July 2019 to 31 May 2021

The PA imposed a caution not to repeat the conduct that led to the non-compliance and a financial penalty of R1 million, of which R500 000 is conditionally suspended for a period of 36 months.

d. DBL failed to comply with section 42 of the FIC Act, in that it failed to:

- provide evidence that it had documented the step-by-step working method/s and/or listed the trigger events that would require the bank to review its RMCP; and

- align its RMCP to define a business day for the purposes of identifying cash transactions to be reported in terms of section 28 read with section 42 of the FIC Act.

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

DBL has cooperated with the PA to undertake the remedial action required to address the identified compliance deficiencies and control weaknesses.

Issued by SARB Media Relations
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