



SOUTH AFRICAN RESERVE BANK
Prudential Authority

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Prudential Authority imposes administrative sanctions on HBZ 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 HBZ Bank Limited (HBZ) as a result of its non-compliance with certain provisions of the FIC Act, following an inspection conducted on HBZ in 2022 in terms of section 45B of the FIC Act.

The administrative sanctions imposed on HBZ consist of three cautions not to repeat the conduct which led to the non-compliance, two reprimands and a financial penalty totalling R9 million, of which R1.5 million is conditionally suspended for a period of 24 months as from 5 March 2025.

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

- a. HBZ failed to comply with its customer due diligence (CDD) obligations in terms of sections 21(1) and 21A of the FIC Act, in that it failed to adequately conduct CDD and enhanced due diligence (EDD) on 18 of its active medium-risk-rated and 5 of its active high-risk-rated client files respectively.

The PA imposed a caution not to repeat the conduct which led to the non-compliance as well as a financial penalty of R6 million, of which R1 million is conditionally suspended for a period of 24 months.

- b. HBZ failed to comply with sections 22 and 23 of the FIC Act, in that it failed to keep records in relation to one of its high-risk trade finance active and terminated client relationships.

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

- c. HBZ failed to comply with section 42 of the FIC Act, in that it failed to:
- evidence a documented rationale for reaching the conclusion that trade finance as a transaction type be assigned an inherent risk rating of 'medium' in the context of its business model;
 - evidence a precise or confirmed residual risk rating for trade finance as a transaction type;
 - implement its Risk Management and Compliance Programme (RMCP) in relation to seven of the assessed advance payment transactions; and
 - implement its RMCP in relation to its CDD and record-keeping obligations.

The PA imposed a caution not to repeat the conduct which led to the non-compliance, a reprimand and a financial penalty of R3 million, of which R500 000 is conditionally suspended for a period of 24 months.

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

Issued by SARB Media Relations
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