A consciously, unconscious case of FIC for Credit Providers ...a journey

9 October 2025

BACKGROUND

- 1 July 2003 - Financial Intelligence Act (FIC Act) came into effect
- 2021 – Financial Action Task Force's (FATF) Mutual Evaluation report – identified strategic deficiencies in South Africa's fight against Money Laundering, Proliferation and Terrorist Financing initiatives
- 19 December 2022 – Credit Providers became Accountable institutions (almost 20 years after FIC came into effect)
- 24 February 2023 - South Africa placed on the (FATF) Grey list
- 1 April 2023 – all Credit providers had to register with the FIC

SOME STATS

2023/2024

- 51,020 Institutions registered
- 7.4m reports submitted
- 3.1m cash threshold reports submitted
- 414,984 suspicious and unusual transaction reports
- 111 reports on illicit financial flows were recorded
- R295m frozen on suspicion of criminal proceeds
- Estimated that Money Laundering in south Africa could be costing RSA between R16Bn and R64Bn…2024

IT IS A COLLECTIVE RESPONSIBILITY

- Criminal elements have found safe-haven in RSA due to a lack of enforcement and prosecution
- R1Bn of cocaine dropped off the coast in Kommetjie (Cape Town). Supplied by Columbian drug Cartels for distribution to Cape Town street gangs
- Criminal activity is a cash business…crypto on the rise
- Can you afford as a responsible corporate citizen not to be compliant?

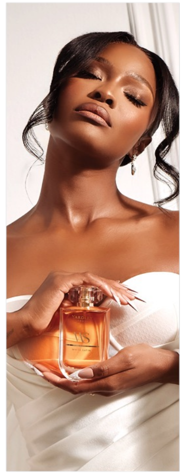
OUR JOURNEY

- Needed to get familiar with all facets of the FIC act by Jan 2023
- Develop a Risk Management and Compliance Program (RMCP) by February 2023.
- Group legal had to review the proposed RMCP by March 2023. We were still debating whether we should register as an AI.
- Board approval of RMCP by 31 March 2023 as next board meeting would have only taken place in September 2023 – Missing the registration deadline
- Registration of Business Units as AI's by 1 April 2023 – Credit Providers and High Value Goods supplier
- Screen all existing customers (+- 5,700 customers) by June 2023
- Screen all employees by June 2023
- Train key employees by June 2023 in 4 countries and 6 business units

  - Very tight deadlines with much research and activity to be compliant

RISKS ENCOUNTERED

- Timely Registration. Opening us up to possible scrutiny and sanction / fines
- Loss of Customers and Sales
- A RMCP that might not stand up to scrutiny and address the requirements under the Act
- Potential a hit on key staff members for Sanctions or Political Exposure (PEP) and how would we respond
- Potential a hit on existing customers for Sanctions or Political Exposure (PEP) and how would we respond



CHALLENGES

- Understanding the legislative, registration, operational and management requirements to be fully compliant
- Change Management in an organization of +- 7,000 employees and across 6 legal entities
- Additional cost associated with on-boarding and on-going due-diligence of customers
- Additional cost associated with on-boarding and on-going due-diligence of employees
  - In 2018 Lexus Nexus estimated that it costs South Africa R24bn for AML compliance…fast forward to 2025 and new accountable institutions
- Compliance had an impact in our competitive advantage – at least in the short-term
- Redefine customer and employee onboarding to cater for FIC requirements

CHALLENGES
CONTINUED

- Registration challenges on FIC sites
- Constant PCC and Guidance note updates. FIC was fine-tuning as they became aware of the ‘new’ accountable institutions challenges and sought to provide guidance
- Every solution supplier had a ‘fix’. How do you choose?
- No central Ultimate Beneficial Ownership (UBO) repository that ‘new’ credit providers could access (an issue all new Accountable Institutions faces)
  - CIPC started collecting UBO information from 24 May 2023 through annual returns
- CIPC only shares the UBO with law enforcement and the Banks (Traditional Accountable Institutions)
- FIC helpline and response times. Significantly improved from 2024
- No point of reference with other Credit Providers as AVI were early adopters

LEARNINGS

- Read…Read…Read – Understand. Execute
- Your RMCP is not a copy-paste exercise
- Choose a solution provider that will assist in your compliance journey…price is not everything
- Your program is never ‘bulletproof’ and needs constant re-imagining and re-engineering. If you think it is a well-defined program…Look again
- Customer push-back on due-diligence requirements. Constant friction with existing and new customer. ‘Your competitors are not this intrusive…’
- Get everyone in your organization aligned to your RMCP. You quickly become the ‘sales prevention department’
- Rally support from your responsible persons in the business unit and drive the understanding that they are the responsible people for training and compliance in the respective business units
- You will learn more about your customers legal entity structures as apposed to what you assumed you knew about them

RECOMMENDATIONS

- CIPC to make UBO information available to all registered AI's, based on your unique Org ID. We are as accountable under FIC and getting off the grey list is the responsibility of all AI's.
- Get onto Webinars and conferences, on the topic. The power is in the network.
- FIC to level the playing field for credit providers by driving registration as AI's
- Re-look your credit application forms to support your RMCP
- Re-look employee onboarding processes and documents
- Understand and segment customers – Enhanced Due-Diligence

Thank You !

QUESTIONS?

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