



financial intelligence centre REPUBLIC OF SOUTH AFRICA

FIC CAUTIONS ACCOUNTABLE INSTITUTIONS AGAINST TRANSACTING WITH CLIENTS BEFORE VERIFICATION IS COMPLETED

Wednesday, 25 March 2015: Financial institutions, which are listed as accountable institutions according to the Financial Intelligence Centre Act No 38 of 2001, need to ensure that their clients fulfil the necessary client identification and verification requirements prior to entering into a single transaction or business relationship with their clients.

Accountable institutions are in contravention of section 21 of the FIC Act, if they accept deposits from prospective clients before the clients have completed the necessary identification and verification processes. Furthermore, accountable institutions run the risk of being party to money laundering activities should they repay funds to a prospective client owing to uncertainty about the client's identity subsequent to funds being deposited into the accountable institution's bank account.

Accountable institutions are to refrain from encouraging their prospective clients to deposit funds into the bank account of the accountable institution prior to the client identification and verification process being completed. This includes the publishing of the institution's bank account details on its website.

The FIC has published guidance on this matter in Public Compliance Communication number 31 ([click here](#)).

Queries on this and other compliance matters can be directed to fic_feedback@fic.gov.za or call 0860 222 200.

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