

Nedbank slapped with R35m administrative sanction

The South African Reserve Bank (SARB) has imposed a R35m administrative sanction on Nedbank Limited for failure to comply with certain administrative provisions of the Financial Intelligence Centre Act (Fica).



Image source: Wolfgang Zwanzger – [123RF.com](https://www.123RF.com)

The SARB on Friday also directed the bank to take remedial action following an inspection conducted in 2019 in terms of Fica.

In a statement, the central bank said the administrative sanctions were imposed because of Nedbank's failure to comply with some of the administrative provisions of Fica.

"It is important to highlight that there was no evidence of Nedbank being involved in or facilitating transactions involving money laundering or the financing of terrorism.

"The administrative sanctions imposed in terms of section 45C(3) of the FIC Act include, inter alia, cautions, reprimands and a total financial penalty of R35m, R15m of which has been conditionally suspended."

The SARB found that Nedbank failed to comply with its Risk Management and Compliance Programme obligations, in terms of sections 42(1), 42(2) and 42(2A) of the FIC Act, in that it failed to:

- apply a risk-based approach across its business clusters, in accordance with its Risk Management and Compliance Programme;
- apply enhanced due diligence controls;
- risk-rate its clients;
- provide evidence that it had developed and documented end-to-end procedures and working methods relating to its systems and processes used to onboard clients; and
- provide evidence that its controls and/or oversight measures were able to extract the correct data that would allow it to accurately risk-rate its clients.

The Prudential Authority (PA) imposed a caution, a reprimand and a financial penalty of R5m, with R2m of it being conditionally suspended for 12 months.

Nedbank failed to comply with its record-keeping obligations, in terms of sections 22, 23 and 24 of the FIC Act.

The PA imposed a reprimand and a financial penalty of R5m, R3m of which has been conditionally suspended for 24 months.

“Nedbank failed to comply with its cash threshold reporting obligations, in terms of section 28 of the FIC Act, in that it failed to report a significant number of cash transactions that exceeded the threshold of R24,999.99. The PA imposed a caution, a reprimand and a financial penalty of R25m, of which R10m has been conditionally suspended for 12 months,” the authority said.

The PA also found that Nedbank failed to comply with section 42(2)(o) of the FIC Act and the Financial Intelligence Centre Directive 5/201, in that it was unable to timeously determine when a transaction was reportable in terms of section 29 of the FIC Act.

In this regard, the PA imposed a caution, a reprimand and a directive to take remedial action.

The PA said Nedbank failed to comply with its anti-money laundering and counter financing of terrorism governance-related obligations in terms of sections 42A(1), 42A(2), 42A(3), 42(2)(b), 42(2)(d) and 42(2)(f) of the FIC Act, in that it was unable to evidence that senior management approval was obtained for its customer due diligence requirements prior to implementation.

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

The SARB said Nedbank is cooperating with the PA and continues to undertake the necessary remedial actions to address the identified compliance deficiencies and control weaknesses.