



SOUTH AFRICAN RESERVE BANK  
Prudential Authority

12 August 2022

## **South African Reserve Bank imposes administrative sanctions on Nedbank Limited**

The South African Reserve Bank (SARB) has imposed administrative sanctions on Nedbank Limited (Nedbank) and directed the bank to take remedial action following an inspection conducted in 2019 in terms of the Financial Intelligence Centre Act 38 of 2001 (FIC Act).

Section 45 of the FIC Act mandates the Prudential Authority (PA) within the SARB to supervise and enforce compliance with the provisions of the FIC Act in respect of the accountable institutions (AIs) it supervises. Flowing from these responsibilities, the PA, inter alia, inspects AIs to assess whether they have appropriate and adequate measures and controls in place that would enable them to effectively comply with the provisions of the FIC Act.

The administrative sanctions were imposed because of Nedbank's failure to comply with certain of the administrative provisions of the FIC Act. 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 includes, inter alia, cautions, reprimands and a total financial penalty of R35 million, of which R15 million has been conditionally suspended.

The administrative sanctions imposed on Nedbank stem from the following non-compliance with the requirements of the FIC Act:

- a. 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 PA imposed a caution, a reprimand and a financial penalty of R5 million, of which R2 million has been conditionally suspended for 12 months.

- b. 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 R5 million, of which R3 million has been conditionally suspended for 24 months.

- c. 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 R25 million, of which R10 million has been conditionally suspended for 12 months.

- d. Nedbank failed to comply with section 42(2)(o) of the FIC Act and the Financial Intelligence Centre Directive 5/2019 in that it was unable to timeously determine when a transaction was reportable in terms of section 29 of the FIC Act.

The PA imposed a caution, a reprimand and a directive to take remedial action.

- e. 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.

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

**Issued by:**

**SARB Media Relations**  
[media@resbank.co.za](mailto:media@resbank.co.za)