



MEDIA RELEASE **PSA warns against ignoring FATF greylisting warning**

DATE 28 February 2023

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The Public Servants Association (PSA) has noted with extreme concern that South Africa has been greylisted by the Financial Action Task Force (FATF), an intergovernmental body established to combat money laundering.

Although the decision was expected, it is a distressing reality that South Africa is part of the group of 23 countries in the world with inefficient systems to combat money laundering and terrorism financing. The country cannot afford to be labelled as dangerous to trade with owing to failure to live up to global standards to combat money laundering, terrorism financing, and proliferation financing. Despite the country having at least two main legislative systems to combat money laundering, namely the *Prevention of Organised Crime Act of 1998 (POCA)* and the *Financial Intelligence Centre Act of 2001 (FICA)*, corruption and organised crime still thrive, as underlined during the state capture inquiry.

The FATF identified eight strategic deficiencies that South Africa must address to ensure removal from the greylist. The comment by the Minister of Finance that the country will work swiftly and effectively to address all these deficiencies is insufficient, noting government's inept attitude towards dealing with corruption, which is exacerbated by poor border control. The greylisting is set to deter investors of which the country is in dire need to resuscitate the dwindling economy and related high unemployment.

South Africa's greylisting was not an overnight decision as it was alerted of deficiencies well in advance. Potential risks were not addressed swiftly, making this warning shot even more urgent to avoid further economic disaster. The unfortunate yet expected decision by the FATF to greylist the country necessitates urgency and commitment towards rebuilding institutions that were weakened by massive corruption during the state-capture period. The fact that the cost of doing business in South Africa will increase, will make it even more difficult for small businesses to stay afloat and job creation will take a backseat which will not augur well for the country.

The PSA urges the Minister of Finance to put all measures and action in place to ensure that the situation is short-lived, and that South Africa is removed from the damning list soonest. The country cannot strengthen critical institutions without employing highly skilled and competent individuals to counteract criminality in state institutions in all its forms. Investment in information and communication technology infrastructure is further critical to enable linkage and integration of the systems to ensure timeous identification of anomalies.

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