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Avoid FICA sanctions as a property practitioner

By now, most entities operating in the property industry are well aware of the need to comply with Financial Intelligence Centre Act (FICA) regulations – especially after South Africa was greylisted by global financial crime watchdog the Financial Action Task Force in February 2023.

The real estate sector, in particular, has a bigger responsibility than most other sectors to comply, and harsh consequences if they don't, says Sameer Kumandan, Managing Director of [SearchWorks](#), an innovative data aggregation platform that allows users to conduct live, accurate searches on individuals and companies and in-depth KYC checks online. "This sector is especially vulnerable to money laundering activities and has therefore been listed under 'accountable institutions' in the FIC Act, along with credit providers, legal practitioners, high-value goods dealers, gambling institutions, and more. These institutions have a direct influence on the greylisting – and South Africa's removal from the list."

And yet, a year after the greylisting, [only 50%](#) of those operating in the property industry had fully complied with the Act. Non-compliance not only puts these entities at risk of inspections and sanctions, says Kumandan, but hurts the broader economy as well as international perceptions of the property industry – directly impacting potential transactions. "It's crucial for those operating in the property sector to understand what is required of them by the FIC Act, and to comply as soon as possible. FICA compliance has really become a matter of national importance."

Here's what real estate entities need to do:

1. Appoint a compliance officer

Appoint and train a compliance officer to oversee FICA compliance. Only this person should have access to the goAML website.

2. Register with the FIC

All accountable institutions must register with the FIC. Registration is free and must be done electronically on the FIC's [goAML](#) system.

3. Develop an RMCP

Develop, implement, and maintain a formal document known as a Risk Management and Compliance Programme (RMCP). Your RMCP should detail how your company complies with the necessary regulations and the steps it takes to prevent financial crime. This should include, but is not limited to, aspects such as governance, risk assessment, customer due diligence measures, and record keeping procedures. It must also include a detailed description of the reporting process to be followed by employees when suspecting suspicious transactions.

4. Perform KYC checks

Know Your Client (KYC) checks should be performed to establish and verify the identity of clients before doing business. This includes the collection and verification of identity documentation, screening against warning or sanctions lists, risk assessments, and investigations into the client's financial transactions.

These checks are not always easy to perform, so it's best to use specialist services to ensure compliance, says Kumandan. "SearchWorks, for example, offers a variety of search types that can be used for KYC and ongoing due diligence. This includes an ID photo verification search, spousal verification checks, and comprehensive Politically Exposed Person (PEP) and Sanctions checks."

5. Keep records

Develop a system to store records of all KYC checks and transactions for at least five years. These records must be secure and confidential, but easily accessible to the FIC if requested.

6. Start training

Create a training programme to ensure all employees understand what is required of them in terms of the FIC Act. FICA further requires a record of this training to determine employee attendance.

For now, only estate agents are included in the list of accountable institutions in the property sector, but this may well change in the future, says Kumandan. "All property practitioners may one day be deemed as accountable institutions and, even if they're not, FICA compliance enhances your business practices and consumer trust, so it's always good to ensure you're compliant. This includes auctioneers, managing agents, business brokers,

trustees, bond or mortgage originators, bond brokers, property developers, and homeowners' associations. Start ensuring you're compliant today, so that you can continue to operate a successful and secure business well into the future."

Ends.