

Bank of Baroda slapped with R400k fine

The Prudential Authority (PA) has issued the Bank of Baroda a R400,000 administrative sanction for non-compliance with certain provisions of the Financial Intelligence Centre Act.



The South African Reserve Bank (Sarb), of which the PA is an entity, said the sanction related to a five-year on-site inspection of the bank.

“In 2014, the then Bank Supervision Department (now known as the PA) – conducted an on-site inspection in terms of section 45B of the FIC Act at Bank of Baroda. Following the inspection, deficiencies relating to compliance with the FIC Act were identified, as well as weaknesses in controls to counter potential money laundering and terrorist financing.

“The Bank Supervision Department (BSD) instructed the Bank of Baroda to rectify the weaknesses identified. The Bank of Baroda assured the BSD that such compliance deficiencies had been remediated,” said the Sarb.

In 2016, reads the statement, the PA conducted a follow-up inspection, following which it was found that some deficiencies in controls remained, thus impacting on the ability of the Bank of Baroda to ensure compliance with the FIC Act.

The BSD had initially imposed administrative sanctions, including a combined financial penalty of R11 million for non-compliance with the FIC Act and deficiencies in respect of money laundering controls.

“The deficiencies in controls related mainly to Bank of Baroda’s processes for the reporting of transactions as required by the FIC Act. Bank of Baroda lodged an appeal in terms of section 45D of the FIC Act. The Appeal Board substituted the R11 million financial penalty with a R400,000 financial penalty for Bank of Baroda’s non-compliance with the reporting requirements in terms of the FIC Act,” said the Sarb.

The BSD then lodged an appeal at the North Gauteng High Court to review the decision of the Appeal Board. The North Gauteng High Court upheld the decision of the appeal board to reduce the financial penalty from R11m to R400,000.

The Sarb said the Bank of Baroda had since paid the imposed financial penalty into the Criminal Assets Recovery Account, as required by section 45C 7)(a) of the FIC Act.

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