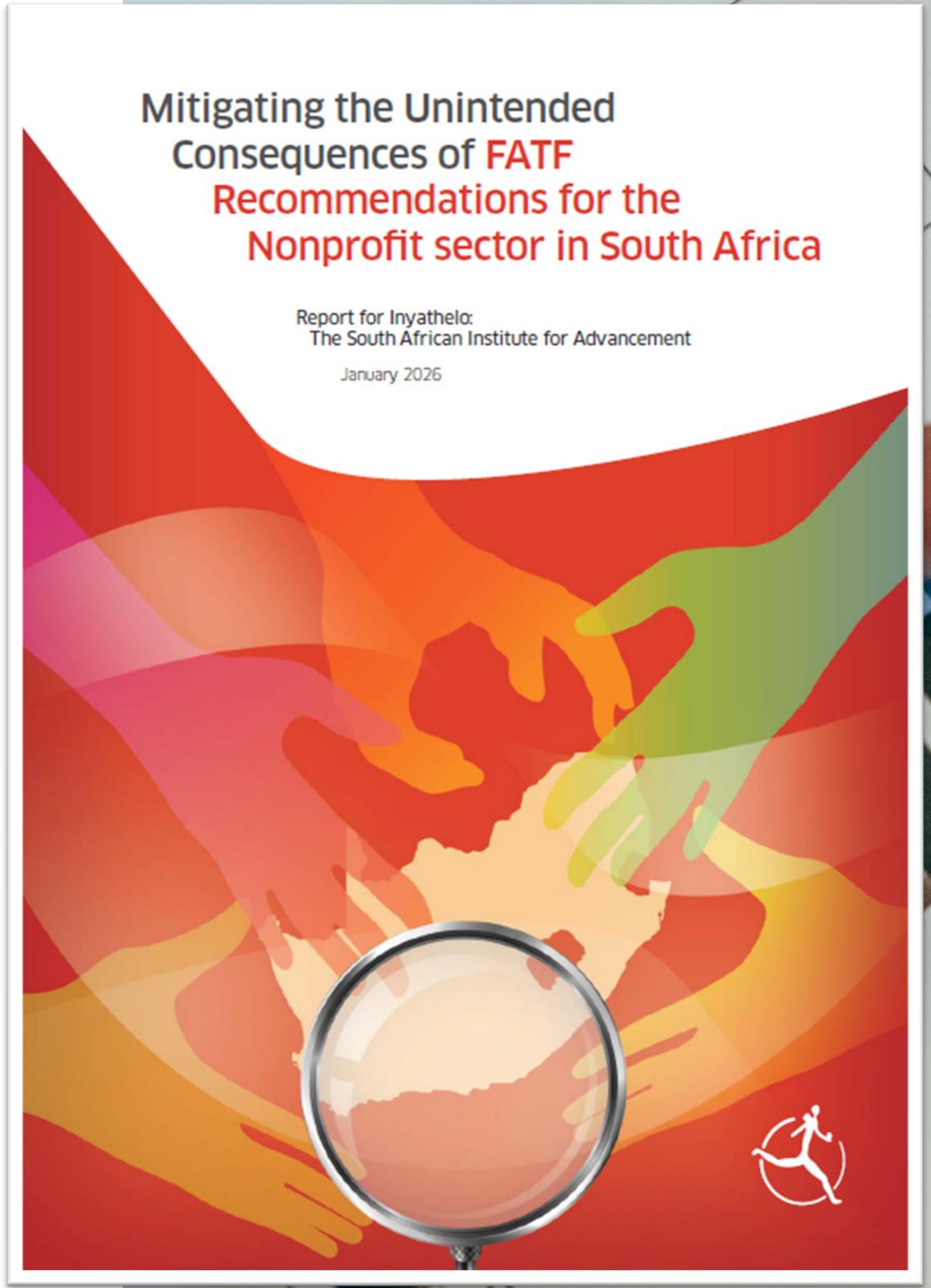
INYATHELO
The South African Institute for Advancement

RESEARCH REPORT LAUNCH

Wednesday, 28 January 2026



NPO WORKING GROUP
Collaborating to create a vibrant civil society

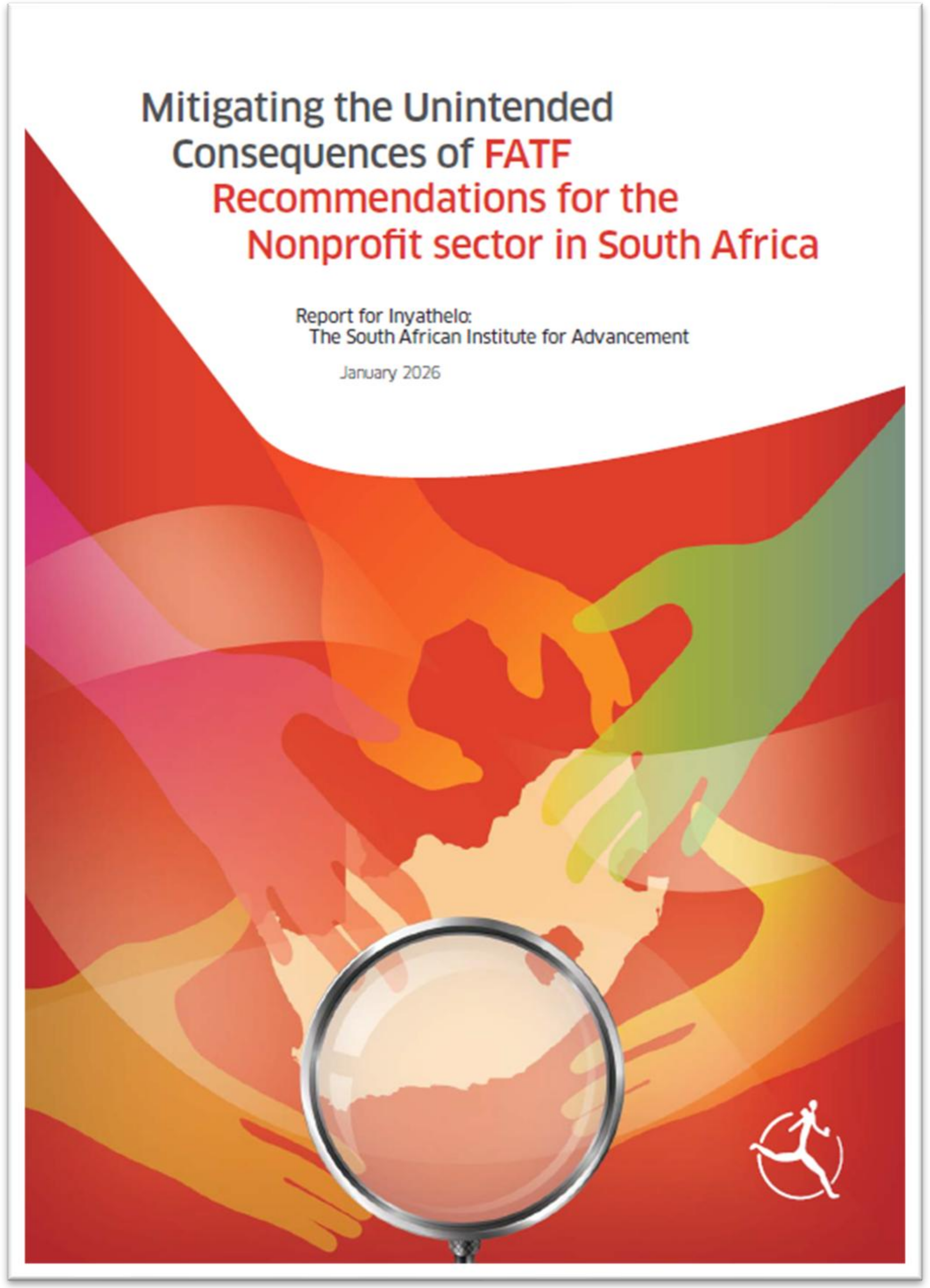
FATF

Ford Foundation

WELCOME & INTRODUCTION

Feryal Domingo, Inyathelo

INYATHELO
The South African Institute for Advancement



PROGRAMME

INYATHELO
The South African Institute for Advancement

TOPIC	SPEAKER
Survey Methodology & Findings	**Dr Michael Cosser**
Focus Group Methodology & Findings	**Dr Maxwell Maseko**
Key Informant Interview Methodology & Findings	**Adv Gary Pienaar**
Overview of Recommendations	
Panel Discussion **Panellists:** • **Ms Lize van Schoor** Senior Policy Advisory, Financial Intelligence Centre • **Ms Mineé Hendricks** Segment Head, SARS – Tax Exempt Institutions (TEI) Segment • **Mr Luyanda Ngonyama** Acting Chief Director, DSD – NPO Directorate • **Mr Jimmy Gotyana** National Convenor, Alliance of Nonprofit Networks (ANNET) • **Mr Ricardo Wyngaard** Ricardo Wyngaard Attorneys	Moderator: **Mr Glenn Farred**
Q&A	
Closing Remarks	**Feryal Domingo**

ABOUT THE RESEARCH PROJECT

INYATHELO
The South African Institute for Advancement

- Convenor of the NPO Working Group
- Ongoing civil society response to FATF Recommendation 8
- Needed to understand NPO experiences on the ground
- Concerns existed, but limited evidence
- Independent research commissioned (late 2024)
- Acknowledgements

RESEARCH TEAM

Adv Gary Pienaar

Dr Michael Cosser

Dr Maxwell Maseko

STUDY AIMS AND OBJECTIVES

Inyathelo commissioned the study with the aims of:

1. Understanding the activities of regulating authorities and other stakeholders
2. Measuring their impact on NPOs / civil society organisations (CSOs) in South Africa
3. Analysing trends within the regulatory environment in response to the FATF Recommendations; and
4. Responding effectively on behalf of affected CSOs.

The objectives of the study in support of these aims were to:

1. Undertake research into the evolving regulatory environment in order to enable Inyathelo to monitor and assess the impact on CSOs
2. Establish a framework and methodology for future assessments to measure changes and developments; and
3. Contribute to Inyathelo's programme to raise awareness among South African CSOs through the production and dissemination of this information.

STUDY METHODOLOGY

A mixed-methods approach was adopted:

- Literature review and legal impact assessment (LIA)
  - Literature review focused on FATF and its key Recommendation 8 affecting the nonprofit sector
  - Legal impact assessment reviewed the impact on the sector of the FATF Recommendations and recent legislative changes.

- The literature review and LIA were foundational to the design of questions posed to stakeholders in an online survey, focus group discussions (FGDs), and key informant interviews (KIIs):
  - Online quantitative survey of the nonprofit sector in South Africa – 5,490 participants
  - FGDs with CSOs in each of the nine provinces – 9
  - KIIs – 20
  - Draft report discussed at a workshop with independent reference group

ONLINE SURVEY METHODOLOGY

INYATHELO
The South African Institute for Advancement

- Online survey conducted via the Survey Monkey app between 15 April and 4 July 2025.
- Total of 147,937 email invitations derived from DSD NPO database and a small number derived from Inyathelo database went out to non-profit organisations.
- Overall response was 5,490 organisations (5.9%) – very low for any survey
- Response rate depends on:
  - Non-profit organisation access to email
  - Non-profit organisation facility with completing online surveys
  - Extent to which organisation feels invested in non-profit organisation profit sector
  - Actual number of non-profit organisations in South Africa

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

1. Because the total population of non-profit organisations in South Africa is unknown, the findings from the survey cannot be generalised to the whole population and are therefore indicative only.
2. While all findings are disaggregated by organisation type, the fact that the total population is unknown means that findings pertaining to a particular organisation type cannot be extrapolated to all organisations of that type.
3. There is a fair amount of ignorance within the non-profit sector about its regulatory dispensation (for example, organisations not understanding what being registered means).

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

4. Many organisations were found to be non-operational – chiefly because of a lack of funding to register, to maintain registration, or to continue operations.
5. Notwithstanding the lack of information about sectoral size, by far the largest number of non-profit organisations operated in two sectors: Social services (1,765, or 39.6%); and Education and research (1,042, or 23.4%) – numerical advantages being reflected across all five organisation types.
6. More than a quarter of organisations (28.7%) had adequate human capacity in only one of six specified areas (Administration, ICT, Finance, Tax compliance, Governance, and Legal), while 37.5% – almost two in five organisations – had no capacity in any of the six areas.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

7. Again, notwithstanding the lack of information about sectoral size, the majority of non-profit organisations (2,291, or 51.9%) were shown to comprise 1 to 5 staff members, rendering them, in terms of South African SME definitions, micro enterprises. This finding explains the lack of human capacity mentioned in the previous point.
8. Nearly one in five organisations (800, or 18.4%) was found to be unbanked.
9. Three-fifths (62%) of organisations whose bank / other financial institution accounts were frozen or closed cited financial impecuniousness as the reason for this – a measure of the financial stress many non-profit organisations are under. The freezing or closing of accounts was found to have palpably inconvenienced more than half (53.6%) of the organisations whose accounts had been frozen or closed.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

10. Almost a third of banked organisations (31.1%) did not know whether their account fees were higher than those for individuals or businesses – suggesting a fairly large measure of financial illiteracy among non-profit organisations.
11. The financial institution of just under a third (31.2%) of organisations asked about their activities, while the financial institution of just over a third (36.9%) asked about the source of their funds.
12. Fifty-eight percent of organisations had an accounting officer not the CEO, 67.8% produced annual financial statements, the financial statements of 71.1% were audited by an external auditor, and the financial statements of 69.0% were reviewed by an external accountant.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

13. Just under half (48.6%) of organisations submitted annual financial statements to DSD only, 21.9% to DSD and SARS, 10.5% to SARS only, and 6.9% to DSD and CIPC and SARS. Smaller percentages submitted statements to CIPC and SARS, to CIPC only, and to DSD and CIPC, while negligible percentages of organisations submitted statements to other combinations of authorities.
14. Sixty percent of all organisations were registered with SARS as a taxpayer, but only half (50.9%) of Registered voluntary associations were thus registered.
15. Fifty-three percent of organisations submitted tax returns to SARS (though it is not clear whether these were differentiated from annual financial statements), only a quarter (25.7%) deducted and paid PAYE to SARS, and only 17.3% were registered as a VAT vendor.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

16. Two out of five organisations (42.3%) had no written policies in place for any of the risks specified in the survey (corruption, cybercrime, human trafficking, money laundering, financing of proliferation and weapons of mass destruction, and terrorism).
17. The ability of nearly a third of organisations (29.7%) to access funding had been reduced as a result of increased regulatory and reporting requirements, while such requirements had increased the administrative burden of nearly a quarter of organisations (23.8%).
18. Donations appeared to play a small part in non-profit organisations' operations. Nearly two-thirds of organisations (64.0%) received no donations at all, while the next highest percentage (13.6%) only received donations of under R10,000. Individual donors were mostly known to the vast majority of organisations (84.7%) rather than anonymous.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

19. While for reasons discussed earlier any findings about sector size cannot be generalised, half the non-profits (49.6%) declared they were neither fund-raising nor grant-making organisations.
20. The majority of fund-raising organisations (78.0%) had set no limit for receipt of cash, traveller's cheques, money orders, and virtual assets. Of those organisations that had set limits, around 90% had set a limit below R250,000 for each of these money receipt types.
21. The majority of fund-raising organisations (86.5%) had not received inflows from individuals / organisations based in foreign jurisdictions in the last fiscal year.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

22. Eighty-six (of 3,621) organisations (2.4%) said they had been approached to launder money on behalf of an individual / organisation, while 38 organisations (1%) said they had been approached to raise, safeguard or transfer money for terrorist activity.

- Importantly, organisations were not asked whether they had *agreed* to launder money or process money for terrorist activity.
- Since the survey was anonymous, and since the vast majority of email addresses had @gmail / @outlook / @yahoo suffixes, NPOs cannot in any event for the most part be identified.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

23. A total of 35 organisations (25 of which were Non-profit companies) had transacted with individuals or organisations based in one or more of the countries listed by the United States as state-sponsored terrorist countries (Iran, North Korea, Syria), 31 (18 of which were Non-profit companies) had transacted with organisations or members of organisations listed by the United Nations as terrorist organisations / terrorists, and 28 (15 of which were Non-profit companies) had transacted with individuals classified as politically exposed persons (PEPs).

- The nature of such transactions was, however, neither asked for nor disclosed.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

24. Twenty-eight (of 3,632) organisations had been investigated by government on suspicion of money laundering, while 19 (of 3,621) had been investigated by government on suspicion of terrorist financing.
25. Nineteen (of 3,621) organisations had been investigated by a bank / financial institution on suspicion of money laundering, while 17 (of 3,621) had been investigated by a bank / financial on suspicion of terrorist financing.
26. The largest number of respondents (1,545 of 3,621, or 42.7%) had never reviewed their records for signs of suspicious activity.

KEY FINDINGS: ONLINE SURVEY

INYATHELO
The South African Institute for Advancement

27. A majority of organisations (88.3% – those unsure factored out) had not been informed by government of the country's potential grey-listing before it happened, while 95.6% (those unsure factored out) had not been informed by government of the country's actual grey-listing.
28. Eighty-eight percent of respondents (those unsure factored out) had received no advice or guidance from government on how to reduce the potential risk of terrorist financing.
29. Eight-six percent of respondents (those unsure factored out) were unaware of any terrorist financing risk assessment having been undertaken by the state.

KEY FINDINGS: ONLINE SURVEY

30. A quarter of respondents (24.9%) were aware of FATF; 76.8% knew either nothing or a little about what FATF did, while only 4.5% had a lot or a great deal of knowledge about FATF's work.
31. Forty-four percent of respondents, however, were aware of Recommendation 8.
32. More than half of the organisations (56.1%) had either not implemented Recommendation 8 at all or done so only to a small extent, fewer than one in five (18.6%) having implemented the recommendation to a large or very large extent.

- Respondents may not have made the connection between FATF and Recommendation 8 when they answered these questions – hence the discrepancy.

FOCUS GROUP DISCUSSION FINDINGS

INYATHELO
The South African Institute for Advancement

The focus group discussions (FGDs) in each of South Africa's nine provinces revealed distinct dominant themes about key priority areas for NPOs.

However, common concerns across the sector were:

- A lack of capacity and support for NPOs nationwide
- Unfavourable banking systems; and
- A lack of public awareness programmes about FATF recommendations or FATF-related regulations

FGDs: CHALLENGES (1)

INYATHELO
The South African Institute for Advancement

- Limited capacity to comply with financial regulations on money laundering (ML) and and terrorist financing (TF).
- Need for increased funding from the Department of Social Development (DSD) to strengthen NPO capabilities.
- Need for a database of financial experts to assist NPOs, particularly smaller and rural organisations, to comply with general financial laws governing the sector – including access to specialised auditing skills.
- Concerns raised about new legal requirements that could impose additional burdens on smaller NPOs, which often struggle to manage these demands because of limited resources.
- Frustration expressed over:
    - Inadequate laws addressing financial crimes
    - Complications arising from the existence of multiple databases for monitoring NPOs
- Widespread belief that government and banks have a responsibility to ensure the safe transfer of money both domestically and internationally.

FGDs: CHALLENGES (2)

INYATHELO
The South African Institute for Advancement

- Banking issues and practices, including:
  - Risks of account deactivation due to inactivity
  - Regulatory pressures from banks and SARS that could lead to derisking and deregistration
  - Need for civil society collaboration to negotiate better terms for financial services for NPOs (e.g., zero/lower fees and longer periods of inactivity)
- Banking regulations that discourage formal banking for low-income organisations
- Low awareness of FATF Recommendations due to insufficient government support
- Lack of a central repository for compliance information and inadequate funding for compliance management
- NPO sector capacity constraints, especially access to digital technology in rural areas (affects awareness and compliance)

FGDs: POSSIBLE SOLUTIONS

INYATHELO
The South African Institute for Advancement

- Participant proposals included:

  - Government and private sector collaboration on public awareness programmes about FATF Recommendations and enhanced governance and risk management for NPOs
  - Provision of training for NPO staff
  - Fostering advocacy and collaboration among stakeholders
  - Establishment of a single authority for NPOs
  - Addressing high banking fees for small and rural NPOs

KEY FINDINGS: KIIs

- KIIs conducted with 20 regulatory, civil society, academic, and private sector representatives

1. Has South Africa's response to FATF grey-listing been effective?

1.1 Mixed assessments of effectiveness: some view government's response as symbolic with inadequate dissemination of essential information to the nonprofit sector, while others see the necessity of legislative changes, as well as improvements in implementation and coordination.

1.2 The General Laws Amendment Act (GLAA) and beneficial ownership registries are viewed as significant steps, but implementation capacity remains a challenge.

1.3 The diverse nonprofit sector's ML/TF risk is generally considered medium to low but evolving, requiring nuanced and balanced regulation without overreach.

1.4 The importance of continuous risk assessments and engagement between government, regulators, and nonprofits was emphasised.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

2. Do legislative amendments align with FATF best practice?

2.1 Broad agreement that FATF's risk-based principles are appropriate, but concerns raised about overregulation and associated administrative burdens, especially for smaller and informal NPOs.

2.2 Legislative measures, such as beneficial ownership registers, enhance transparency and tracking of individuals who control (but do not own) NPOs.

2.3 Implementation challenges, including resource constraints among regulators and within the nonprofit sector, and weak prosecutorial capacity impact effectiveness.

2.4 There is debate over whether regulations are truly risk-based or more rule-based, with calls for clearer differentiation of risk profiles among NPO types and clearer identification of actual risk within individual NPOs.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

3. Application of FATF-defined NPOs

3.1 General acceptance of FATF parameters, but challenges in interpretation and practical compliance, particularly regarding cross-border activities.

3.2 There remains confusion around overlapping regulations for NPOs and nonprofit companies (NPCs).

3.3 Many respondents called for clearer, more contextual application of FATF standards suitable for South Africa's diverse nonprofit sector, which includes a large informal component.

3.4 Broad recognition, including among regulators, that most NPOs face a low risk of ML/TF, but widespread governance weaknesses and informality make some especially vulnerable to abuse.

3.5 A need for ongoing risk assessment and improved governance standards to adapt to changing threats.

KEY FINDINGS: KIIs

4. Intended impacts of regulatory changes

4.1 Most respondents regard the objectives as being to improve internal NPO governance, and accountability and transparency in the NPO sector.

4.2 Several respondents identified enhanced data reliability and inter-agency collaboration among CIPC, SARS, FIC, DSD and other government agencies.

4.3 Traceability of board members was viewed by several respondents in regulatory authorities and in the nonprofit sector as a positive step towards accountability.

4.4 Some respondents identified dual objectives of the regulatory changes as being to address FATF evaluation deficiencies and to extend AML/CTF monitoring reach.

KEY FINDINGS: KIIs

5. Gaps in the regulatory framework

5.1 Coordination and information-sharing among regulators have improved, but remain incomplete.

5.2 Limited resources hamper implementation, enforcement and compliance.

5.3 Some respondents indicated that an option missing from the framework is <u>support for self-regulation as a risk mitigation strategy</u>, drawing lessons from Kenya.

5.4 There was widespread debate about the conceptual justification for and relevance of NPO-focused regulation, with some respondents pointing out that the evidence base for a focus on the sector is still outstanding. In addition, several respondents indicated that ML risks have, in any event, shifted to individuals and cryptocurrencies.

5.5 Several respondents expressed concerns that broader public sector governance and corruption issues undermine AML/CTF effectiveness.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6. Challenges and unintended consequences

6.1 Public Awareness and Outreach

6.1.1 Many small and rural NPOs remain unaware of new regulatory and reporting requirements, with the digital divide excluding those without access.
6.1.2 Several nonprofit sector representatives called for in-person outreach, roadshows, and a central information hub.
6.1.3 Regulators tended to emphasise sector responsibility, but acknowledged the need for government-led education.

KEY FINDINGS: KIIs

6.2 Administrative burden

6.2.1 Fragmented regulatory requirements continue to cause confusion and give rise to duplication and increased workloads for NPOs.
6.2.2 Beneficial ownership reporting requirements are sometimes misapplied, with banks rather than regulators driving this requirement.
6.2.3 Regulators noted improvements in inter-agency coordination and collaboration. While some NPO sector representatives welcomed the move toward increased digitisation of records and online systems as facilitating reporting obligations, others cautioned that this did not benefit less well-resourced NPOs.
6.2.4 There may be a significant distinction between well-established large NPOs and smaller, sometimes temporary or unregistered ones that potentially pose a higher ML/TF risk. The establishment of the latter type of NPO may be encouraged or even driven by avoidance of the administrative burden of compliance with the new regulatory regime.

INYATHELO
The South African Institute for Advancement

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.3 Foreign founders and directors

6.3.1 Documentation requirements associated with FATF regulatory compliance have discouraged foreign board members' participation and donations from their networks.
6.3.2 Certification processes are burdensome, costly, and time-consuming.
6.3.3 There is potential for structural or organisational distortions within NPOs and accountability gaps due to compliance pressures.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.4 Risk of regulatory overreach

6.4.1 Regulators are not fully capacitated and there is a risk that overburdening the sector through weakly nuanced regulation may suppress legitimate activities in the nonprofit sector.
6.4.2 There is a need for more targeted risk-based oversight focusing on high-risk NPOs while minimising burdens on low-risk ones.
6.4.3 Concerns were expressed about conflicts of interest involving DSD's dual role as funder and regulator, and the implications for its ability to effectively regulate in accordance with FATF guidance and principles.

KEY FINDINGS: KIIs

6.5 Responses by nonprofits

6.5.1 Fear and confusion about stricter regulations may lead some NPOs to withdraw or avoid registration, increasing ML/TF risks.
6.5.2 Registration incentives are widely preferred over broad mandatory regulation.
6.5.2 Regulators reported no evidence of significant deregistrations by NPOs due to the new regulations. Those deregistrations that did occur were linked to non-compliance by NPOs, many of which were reregistered after compliance.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.6 Problems with multiple databases

6.6.1 Multiple registries held by the various regulators <u>create inefficiencies</u> and entail duplicated reporting by NPOs.
6.6.2 There is broad support for either a <u>single integrated database or a set of interoperable databases</u>, with <u>divergent views</u> on which oversight agency should <u>host</u> it.
6.6.3 On balance, there is a <u>preference for data sharing and triangulation</u> over full centralisation; the latter is seen as legally challenging and technically complex.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.7 Fragmentation and capacity of regulators

6.7.1 The fragmented regulatory landscape with varying mandates and capacity create challenges for the nonprofit sector.
6.7.2 Respondents proposed improvements including one or more of: stronger self-regulation; clear incentives for NPO registration; and improved capacity among both regulators and nonprofits.
6.7.3 Trust in effective systems and reliable results is essential for encouraging information-sharing and compliance by NPOs.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.8 Relationship with government

6.8.1 There is a widely shared perception of a lack of genuine consultation by government with the nonprofit sector, which results in a weak partnership between government and the nonprofit sector.
6.8.2 There is, however, some recognition that there has been increased attention from government after the regulatory changes, but trust issues persist.
6.8.3 Corruption undermines AML/CTF efforts, while ethical leadership in all sectors was highlighted as a key enabling factor.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.9 Relationship with the banking sector

6.9.1 Concerns were expressed about banks' alleged practices of overzealous and misguided derisking such as by closing underused ('dormant') accounts, which create barriers to government's stated policy objective of financial inclusion.
6.9.2 Participants among all stakeholder groups called for better communication between banks and the nonprofit sector, and improved understanding by banks of NPOs' experiences and needs.
6.9.3 Concerns were expressed over the effect of financial exclusion of NPOs limiting AML/CTF monitoring.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.10 The responsibilities of regulators

6.10.1 All stakeholders emphasised the value of and need for collaborative, multi-stakeholder approaches.
6.10.2 Stakeholders also support financial inclusion being prioritised to avoid excluding legitimate NPOs and to support effective oversight of AML/CTF.
6.10.3 Stakeholders emphasised a need to balance security with enabling legitimate and socially vital NPO operations.

KEY FINDINGS: KIIs

6.11 Impact of anti-corruption efforts

6.11.1 Addressing corruption is generally seen as <u>essential</u> to countering ML/TF.
6.11.2 <u>Leadership and ethical governance</u> is required from <u>all</u> stakeholders

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.12 Options to address challenges

6.12.1 <u>Enhanced self-regulation</u> is seen as a complement to effective and nuanced regulatory oversight.
6.12.2 To <u>incentivise compliance</u> from the nonprofit sector with necessary regulatory requirements, both for NPOs' self-interest and for the country's compliance with appropriate FATF requirements, there is support for a proposed <u>accreditation model through a recognised independent body</u>.
6.12.3 Sector <u>modernisation and improved governance</u> within NPOs, as well as <u>improved outreach,</u> were advocated.
6.12.4 Also supported is <u>capacity building for regulators and nonprofits</u>, and especially for rural and small NPOs/CBOs.

KEY FINDINGS: KIIs

INYATHELO
The South African Institute for Advancement

6.12 Options to address challenges (continued)

6.12.5 While the digital revolution can enable and facilitate NPOs' compliance with regulatory requirements, the challenges arising from the persistent digital divide and from new digital vulnerabilities require attention.
6.12.6 Multi-stakeholder collaboration and sustained engagement is seen as essential by all stakeholders.
6.12.7 There is broad recognition of the challenges posed by applying international AML frameworks and standards in developing country contexts.

KEY RECOMMENDATIONS

INYATHELO
The South African Institute for Advancement

1. **DSD needs to update the NPO database as a matter of urgency** if any proper record-keeping is to occur. Such updating will be particularly important to support NPOs as they navigate the envisaged interoperable network of regulatory databases.
2. **The regulatory dispensation for the NPO sector needs to be reviewed and streamlined** so that all role-players have clarity about their roles and all stakeholders have clarity about how the registration system operates.
3. **The role of the NDA should be assessed** to determine whether its mandate is appropriately aligned with sectoral needs and whether it is adequately structured and resourced to provide the support and capacity-building that NPOs have indicated they need.
4. **Government and the NPO sector should promote and incentivise self-regulation in the nonprofit sector** by establishing an independent statutory body to provide credibility through accreditation for NPOs that meet good governance standards.

KEY RECOMMENDATIONS

INYATHELO
The South African Institute for Advancement

5. The NPO sector should revise the NPO Code of Ethics and develop clear and succinct good governance guidance for NPOs that includes appropriate FATF compliance.

6. As a complement to self-regulation, government and the NPO sector should foster enhanced collaborative engagement and communication to ensure <u>sustained, inclusive dialogue</u> between stakeholders and partners to <u>continuously review and adapt</u> regulatory requirements and their implementation, ensuring they are proportionate, risk-based, targeted, effective and sensitive to the <u>sector's realities</u>.

7. To meet the FATF guidelines of targeted, risk-based and focused oversight, the funding regime and the regulatory framework for the NPO sector need to be considered in conjunction with each other. Many NPOs indicated that they're unable to afford the costs of formalising and registering themselves, and maintaining a bank account, quite apart from raising funds to remain operational and compliant with regulatory requirements.

KEY RECOMMENDATIONS

INYATHELO
The South African Institute for Advancement

8. The NPO sector, government and other stakeholders should seek to facilitate the creation of partnerships for building capacity in NPOs' core governance, financial, tax and compliance literacy and capabilities. The development of standardised templates with core content should be considered.

9. Government and regulators need to enhance the risk-literacy of the NPO sector through the provision of dedicated training programmes.

10. NPOs should be encouraged to review their records regularly for signs of suspicious activity, whether or not related to ML or TF.

11. NPOs need to be capacitated to draft and implement written policies for various risks pertaining to financial and other controls. The provision of standardised templates with core content should be considered.

KEY RECOMMENDATIONS

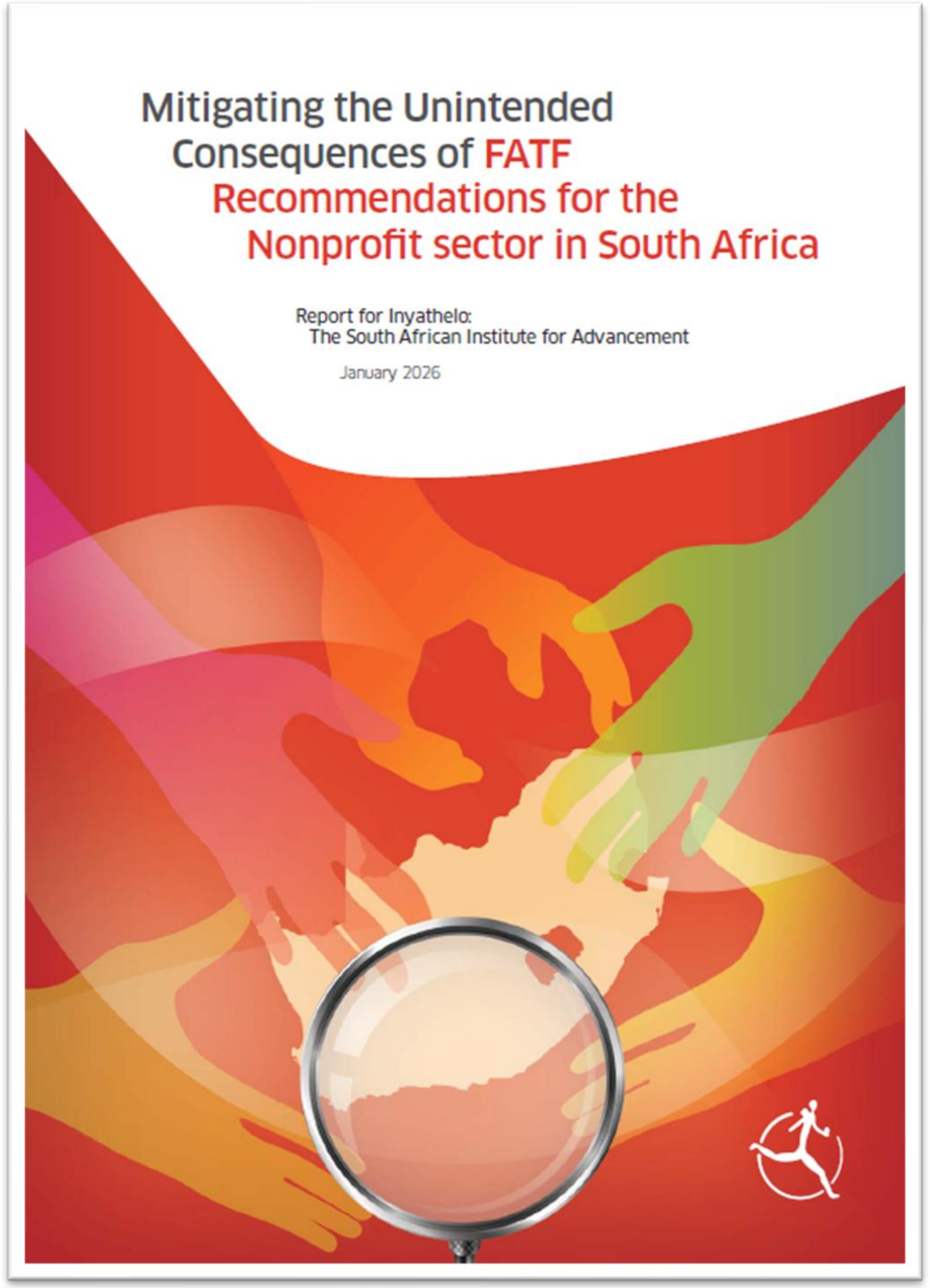
12. The banking status of NPOs needs to be investigated further in the context of the risk analysis management regimens pursued by financial institutions. The NPO sector should seek closer collaboration with the banking sector to enhance mutual understanding of needs and constraints and promote financial inclusion.

13. Government – whether through DSD or another (dedicated) entity – needs to communicate more clearly, extensively and timeously with the NPO sector regarding FATF recommendations and guidance, any regulatory changes, and FATF or other risk-based assessments concerning NPOs. Information sharing and awareness raising should emphasise the benefits of and incentives for improved internal governance and regulatory compliance.

PANEL DISCUSSION

Moderator: Glenn Farred

INYATHELO
The South African Institute for Advancement



INYATHELO
The South African Institute for Advancement

Moderator

Mr Glenn Farred

Panellists

Ms Lize van Schoor

Mr Luyanda Ngonyama

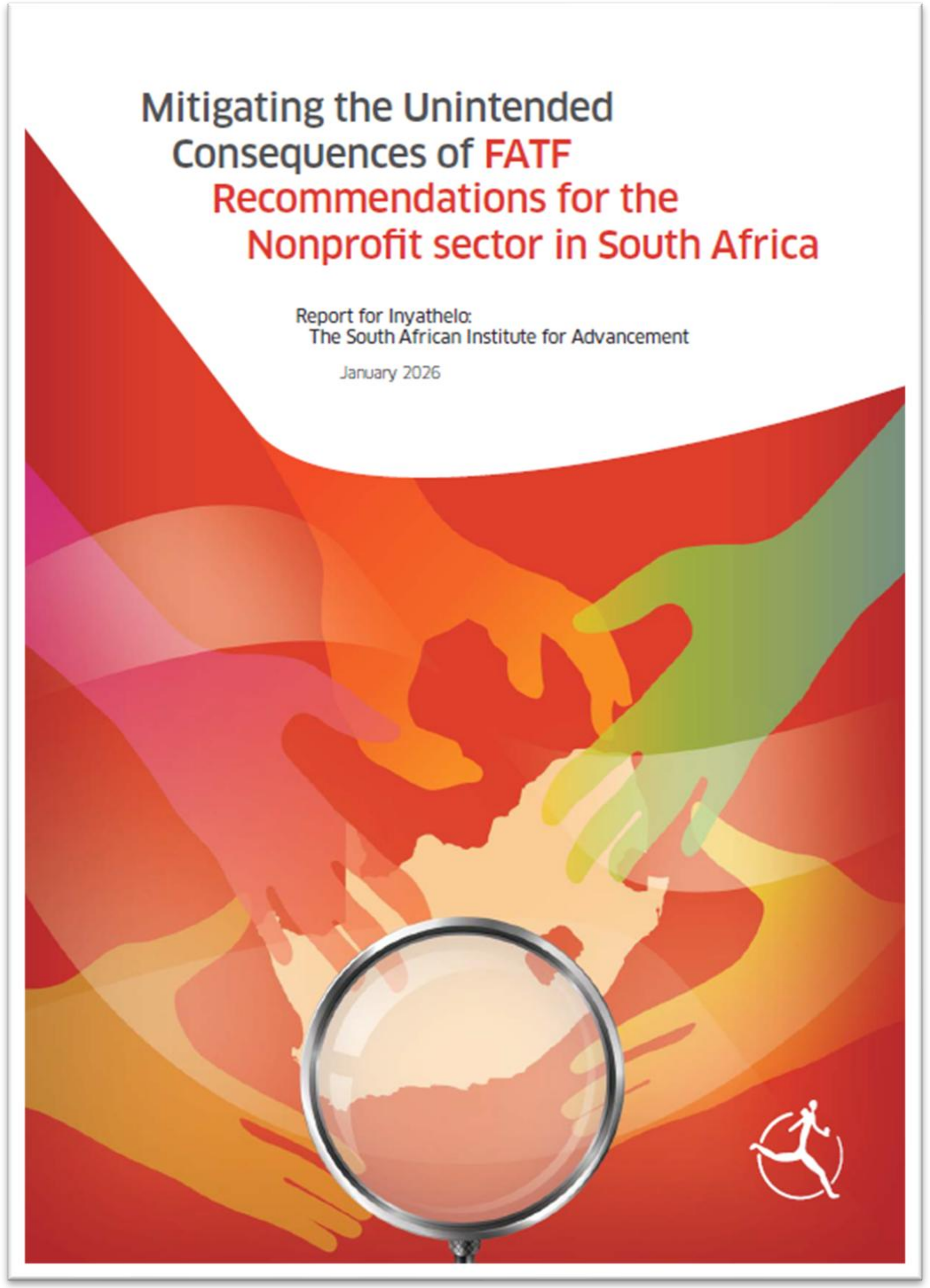
Mr Ricardo Wyngaard

Mr Jimmy Gotyana

Ms Mineé Hendriks

Q&A

Moderator: Glenn Farred

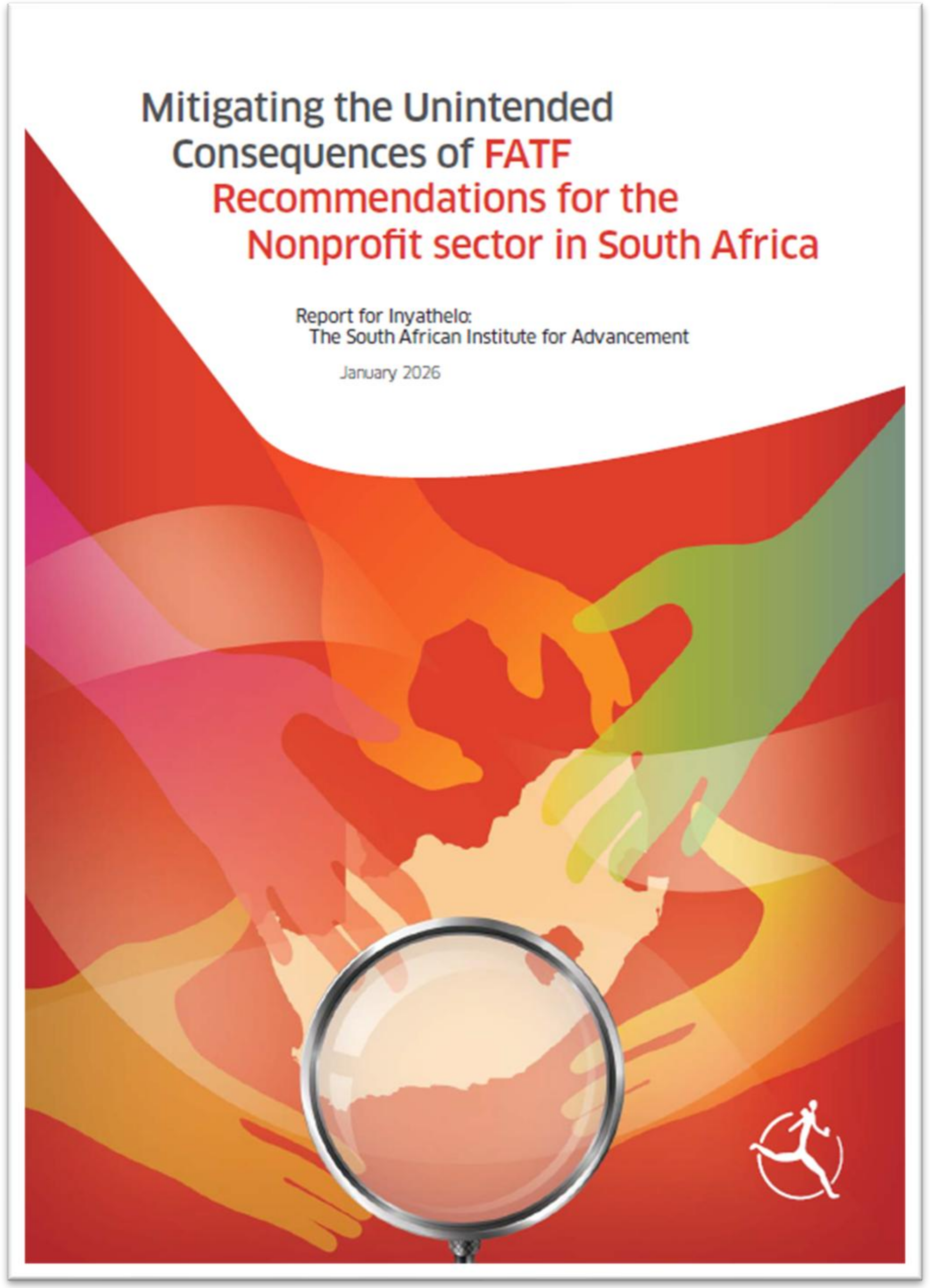


INYATHELO
The South African Institute
for Advancement

CLOSING REMARKS

Feryal Domingo, Inyathelo

INYATHELO
The South African Institute for Advancement



INYATHELO
The South African Institute for Advancement

THANK YOU

28 January 2026